



Lightspeed POS (TSX:LSPD): How to Convert \$6,000 to \$100,000 in 5 Years

Description

The year and the decade is coming to an end, and hopefully, the pandemic too. The next decade will see the emergence of the digital world. Data will fuel almost every industry's growth. A better way to start 2021 is by investing in technology that will change the face of every industry. Here I will focus on the future of retail.

While e-commerce has been here since the 1990s, it was only in 2020 that it became a new normal. If you invest in the right e-commerce stock now, it can convert your \$6,000 to \$100,000 by 2025. One such stock is **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)).

The future of retail

The future of retail is immersive. Your kids might shop at the physical store, and you check their cart and make the payment at the comfort of your home. This is just local. It might also go global. Sitting in Canada, you can buy groceries for your parents in India. Lightspeed POS and **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) gave Canadians a glimpse of the future of retail in 2020.

According to U.S. Census Bureau [data](#), e-commerce retail sales formed 11.8% of all U.S. retail sales in the first quarter. When the pandemic confined everyone to their homes, e-commerce contribution rose to 16.1% of U.S. retail sales in the second quarter. That is where **Amazon** and Shopify flourished. Their stocks surged 110% and 224%, respectively, between March and early September.

As the economy reopened in late September, e-commerce retail sales contribution fell to 14.3% in the third quarter. That is where Lightspeed flourished, with its stock rising 106% between October and December. Its omnichannel solution goes beyond e-commerce and helps retailers and restaurants operate their online and physical stores on a single platform and the company saw a sudden dip in subscriptions in the second quarter as physical store traffic moved online.

Lightspeed therefore enhanced the immersive nature of its platform. It [introduced](#) curbside pickup, online booking, and food ordering. When the stores opened, retailers and restaurants saw a surge in traffic through online booking and online purchases. In an interview, Lightspeed CEO Dax Dasilva said

that the Lightspeed platform is turning from being “a nice to have” technology to be a necessity.

Lightspeed stock five years from now

Lightspeed is on the verge of becoming the next Shopify. It earns money through subscriptions and transaction-based commissions. The only way it can grow is by increasing the volume of subscriptions and transactions and retaining this volume. For that, it is expanding its operations geographically and broadening its customer base. It is currently facing the challenge of customer retention. But it is continuously enhancing its platform to make it sticky.

Lightspeed can achieve the level of growth Shopify achieved. It is expanding in the United States through acquisitions (ShopKeep and Upserve). It has also broadened its customer base to include golf clubs and is now serving more than 1,000 golf courses worldwide.

At present, Lightspeed has a gross transaction volume (GTV) of \$8.5 billion. Shopify was at this level in the fourth quarter of 2017. Today, Shopify has a GTV of \$30.8 billion. In these three years, Shopify stock converted a \$10,000 investment to \$110,000.

If Lightspeed replicates Shopify’s growth even in five years, it’s a remarkable feat. The major challenge will be competition from bigger players like **Square** and Shopify. Shopify has come up with a retail POS to tap the immersive retail opportunity.

How to invest in Lightspeed through TFSA

Even though Lightspeed stock has surged more than 600% in the last nine months, it has the potential to grow another 3,000%, pandemic, or no pandemic. When investing in such high-growth stocks, you might attract high taxes. Hence, I would suggest using the Tax-Free Savings Account (TFSA) contribution limit of \$6,000 to invest in Lightspeed. However, the growth stock has the risk of volatility, so invest with caution.

CATEGORY

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2. Tech Stocks

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:LSPD (Lightspeed Commerce)
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