



Lightspeed (TSX:LSPD): Why This Stock Could Double in 2021

Description

From pre-pandemic levels, **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) has more than doubled already. From March lows, this is a stock that has had a nine-fold increase in just a few short months. The idea that another doubling could be on the horizon in 2021 is certainly not out of the question.

In this article, I'm going to discuss why similar growth could be on the menu for Lightspeed investors in 2021.

Platform poised for growth in a post-pandemic world

Fellow Fool contributor Sneha Nahata believe's Lightspeed's [omnichannel platform](#) is the key to its growth potential. She writes: "The company provides an omnichannel payment platform, which is in high demand as small- and medium-sized businesses are transitioning from traditional selling models to the e-commerce platform amid increased consumer demand. The structural shift towards multi-channel selling models has presented a multi-year growth opportunity for Lightspeed. I expect the company to deliver strong organic growth in 2021 due to the elevated demand."

I think Nahata is on to something here. Indeed, 2021 is shaping up to be a year of transition for many businesses. Forced to turn to e-commerce channels to survive, we've seen the demand for multichannel platforms like the one offered by Lightspeed continue to soar. I think we'll continue to see even more business jump to using more versatile point of sales systems. In this regard, Lightspeed built its product right from the onset. This company has positioned itself well for a pandemic and has experienced the growth benefits its product design has provided.

Future acquisitions a key growth driver

Lightspeed's well-timed acquisitions in the past have allowed this POS provider to gobble up market share. Lightspeed operates in an intense and competitive space. I anticipate more acquisitions could be on the horizon for Lightspeed. This thesis is bolstered by the company's rapidly rising share price. Acquiring a company in exchange for shares seems like a prudent idea, particularly when any

company has seen the valuation bump Lightspeed has of late.

Bottom line

As with any stock that has the potential to double, this stock also carries a significant amount of risk. The possibility of shares halving is real. High levels of volatility, unfortunately, works in both directions. As we saw during the pandemic-driven selloff in March, Lightspeed was one of the worst-performing technology stocks at this time. I think investors looking for momentum exposure ought to be very careful with stocks like Lightspeed right now.

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