



## This Tech Stock Could Beat Shopify (TSX:SHOP) in 2021

### Description

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) was one of the best-performing TSX stocks of 2020. Up 166%, it absolutely crushed all relevant benchmarks. Whether you compare SHOP to the TSX, the S&P 500 or even the NASDAQ, it outperformed.

But in 2021, all that could come to an end. Many people are expecting the COVID-19 vaccine rollout to ramp up this year, possibly ending the pandemic. If that happens, then retail businesses will be allowed to operate normally. And that will take a bite out of the “jet fuel” that propelled Shopify’s revenue growth in the first and second quarter.

That is what it is. But it’s no reason to worry. There’s another Canadian tech stock that’s similar to Shopify in many ways, but much better positioned to profit from the normalization of retail business. In this article, I’ll explore that stock in detail.

### Lightspeed

**Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) is a Canadian company that supplies [POS software for retail businesses](#). Its main software offering is tablet-based POS app that comes with data and supply chain management features. The company also offers e-commerce services for vendors, making it somewhat similar to Shopify.

Most people didn’t expect LSPD to do well in 2020. As a retail POS company, its business looked like it was going to take a hit from COVID. But in the second quarter, it surprised everyone, with 62% year-over-year revenue growth. As it turned out, Lightspeed had some e-commerce services of its own. And it used them to help its retail vendors transition to online sales.

### Better positioned for the COVID-19 recovery?

It’s possible to argue that Lightspeed is better positioned for the COVID-19 recovery than Shopify is.

As a company with both e-commerce and POS offerings, Lightspeed can earn money no matter what happens with the recovery. If lockdowns remain in effect, then its customers will continue selling online. If they're lifted rapidly, then they will move back to mostly retail sales. Either way, Lightspeed can earn fees. In the second quarter, much of LSPD's 62% revenue jump was due to an 80% jump in e-commerce sales. Those customers won't go away if retail comes back in fashion. Instead, they'll switch back to using Lightspeed's retail POS.

Shopify [has retail POS offerings as well](#). But it's far better known for its e-commerce platform. As evidence of this, we can point to its massive 97% revenue surge during the COVID-19 lockdowns. That wouldn't have happened if SHOP's customers were using the company's retail and e-commerce services evenly.

By contrast, Lightspeed's revenue growth post-COVID was much more similar to its pre-COVID figures, suggesting that the same vendors are using it for both sides of their business. So, Lightspeed has paths to continued growth whether retail comes roaring back or not. That's less the case for Shopify, which really depended on the e-commerce boom to fuel its 2020 growth.

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## TICKERS GLOBAL

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

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