



The Next Shopify: This Tech Stock Can Make You Rich!

Description

Canada's health care and technology sector led the losses that piled up on the **S&P/TSX Composite Index** in mid-morning trading on February 23. **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is nearly a year removed from its plunge below the \$500 mark during the March market pullback. Shares of this Ottawa-based tech stock have climbed over 150% year over year at the time of this writing. However, the stock was down 6.2% in trading today.

Today, I want to look at another tech stock that may hold similar potential to Shopify. I want to discuss its prospects going forward. Moreover, I'll look at the similarities between the two companies. Let's dive in.

What do these companies have in common?

In September, I'd discussed how [Canadians could invest](#) in the promising e-commerce space. **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) provides commerce enabling Software as a Service (SaaS) platform for small and midsize businesses. Shopify provides a commerce platform and services to its merchant client base. The COVID-19 pandemic has lured even more customers to digital shopping channels.

Shopify achieved record sales of \$5.1 billion during the Black Friday Cyber Monday shopping weekend, surpassed the previous year's record highs by the middle of the weekend. Full year 2020 revenue grew 86% in 2020 on Gross Merchandise Volume (GMV) of 96%. Moreover, GMV volume reached \$120 billion for the year.

A recent report from Grand View Research projected that the global e-commerce market would post a compound annual growth rate (CAGR) of 14.7% from 2020 through 2027.

Does this tech stock have Shopify's potential?

Shares of Lightspeed POS have [climbed](#) over 170% year over year. Not only has it kept pace with

Shopify, but it has also outperformed its peer in the e-commerce space. The tech stock slipped below triple digits in late morning trading on February 23. Lightspeed POS has proven to be one of the best holds since its debut on the **TSX** back in the spring of 2019.

The company released its third quarter fiscal 2021 results on February 4. Its revenue climbed 79% year-over-year to \$57.6 million. Meanwhile, customers locations rose to nearly 115,000 around the world. Lightspeed reported recurring software and payments revenue of \$52.5 million – up 85% from the prior year. However, its adjusted net loss still grew to \$7.1 million compared to an adjusted net loss of \$5.9 million in Q3 FY2020.

Lightspeed has seen more small and midsize businesses adopt its omnichannel strategies in the face of the COVID-19 pandemic. The company has been powered by the recent acquisitions of ShopKeep and Upserve. Even without these acquisitions, Lightspeed's customer locations were still up 66,000 from the prior year. Investors should watch Lightspeed closely as it walks in Shopify's very successful footsteps.

Should you buy Lightspeed POS today?

Shares of Lightspeed were down 3.83% in late morning trading today. However, the tech stock is still trading near its 52-week high. Value investors may want to wait out buying Lightspeed as the market suffers some convulsions. Still, central banks worldwide have made it clear that loose monetary policy will be here to stay as the recovery marches on. This means investors should take advantage as stocks shed some of the froth that has built over the past year.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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