



Forget Shopify (TSX:SHOP)! This 1 TSX Tech Stock Has More Potential

Description

The e-commerce industry probably grew more in 2020 than it did in any single year before that. While 2021 is expected to carry the torch forward, the e-commerce market might not see growth at the same level as it saw last year. The recent wave of pandemic is dying down, and the vaccines are making people hopeful again. Despite the lingering fear of new virus strains, the economies are opening up, and retailers might see footfall growing in 2021.

That's the argument **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) used to substantiate the claim that the revenue [growth in 2021](#) might not be on par with 2020's growth. Even if the e-commerce industry saw robust growth *before* the pandemic struck, the growth during the pandemic was unprecedented. But the momentum is expected to slow down a bit.

While it hasn't actually "started" yet, the Shopify stock has fallen about 11.8% during the last two weeks, which is the deepest dip of the year yet. The precariously overpriced Shopify might suffer more from consumers returning to brick-and-mortar stores (if only to get rid of the feeling of being cooped up) than other e-commerce businesses like **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)).

The new "Shopify"

Lightspeed is often called the next Shopify, and that's valid for a few reasons. The company operates in the same e-commerce sphere, and it has grown at a compelling pace since its inception. In fact, if we compare the growth since the beginning of the company to the next two years, Lightspeed actually wins the competition.

But there are differences as well. Since its inception, Lightspeed has grown about 400%, but it's also a younger company. And once it spends as many years in the business as Shopify has, it might grow as much as Shopify did. But for Lightspeed, the precedent was set thanks to Shopify, whereas Shopify got the early-bird advantage in the industry.

But one reason why Lightspeed *might* be a better bet than Shopify right now is that the former isn't as overpriced as the latter.

Lightspeed's potential

Lightspeed targets SMBs in three specific categories: retail, golf, and restaurants, but there are a lot of SMBs that fall out of this limited spectrum. So, if Lightspeed wants to expand its consumer pool, the company might find a lot of room for growth and new revenue-generation avenues.

Its revenue has grown quarter over quarter in both 2019 and 2020 at a relatively more sustainable rate compared to Shopify. It means there is relatively less dissent between the financial growth and the stock's growth.

Lightspeed might keep growing for a relatively long time and offers better long-term potential than its overpriced and overgrown e-commerce peer Shopify.

Foolish takeaway

It's important to note that just because Lightspeed isn't as overvalued as Shopify or some other stocks in the tech sector, that doesn't mean it's not [fundamentally overvalued](#) as well. But with the e-commerce market growth prospects and Shopify's growth trajectory as a precedent, there is a high probability that Lightspeed might reach new heights, despite its current overvaluation.

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2. Tech Stocks

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2. NYSE:SHOP (Shopify Inc.)
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