



Lightspeed POS: A Stock With Tremendous Growth Potential

Description

As the number of global e-commerce users surged by 9.5% during the pandemic, e-commerce companies witnessed massive stock price appreciation. While **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) continues to dominate the market, I think **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) can turn out to be a more lucrative play for growth investors.

Recently, Lightspeed has emerged as a [top player](#) among TSX growth stocks. In fact, it is now one of the higher-growth, higher-risk options in the market that provides investors with excellent growth potential. Accordingly, young investors looking to park risk capital in a Tax-Free Savings Account are intrigued by this stock.

Here's why young investors might want to take a chance with this Montreal-based growth stock.

Excellent growth strategy

There are reasons to believe that there's a strong growth-to-value rotation underway. That said, growth stocks continue to enjoy high demand in the market today. Indeed, if you look at the broader picture, you will see that risk assets have still outperformed defensive options by a wide margin over the past year.

Of late, Lightspeed has managed to garner significant traction with its customers. As a result, it enjoys excellent organic growth in its business. Moreover, the company's robust core product portfolio and focus on innovation work in favour of Lightspeed and its investors.

This company has recently adopted an aggressive acquisition strategy to improve its market share and long-term growth prospects. For example, in November 2020, Lightspeed acquired POS system ShopKeep for \$145 million. In the next month, this company acquired Upserve for \$430 million. Judging by the scope of both acquisitions, this company currently has its eye on the restaurant and retail POS businesses as it plans to expand long term.

All bets on continuous acquisitions

Some analysts are quick to state that the POS market in North America is quite fragmented, and most SMEs have a variety of options to choose from. However, given how Lightspeed has leveraged its existing platform and acquisition strategy, this market could become much less fragmented in the years to come.

In fact, the way this company has managed to thrive amid this pandemic suggests it knows what it's doing when it comes to growth. Accordingly, many investors are now bullish on this stock.

Nevertheless, I feel this company's future growth rate will depend on the continuity of acquisitions, at least for some time. How well Lightspeed can execute its growth-by-acquisition strategy will be a primary metric upon which this company is assessed.

Bottom line

I believe Lightspeed has massive growth potential over the long term. It's a company consolidating a highly fragmented industry. Additionally, the demand for omnichannel platforms and POS solutions will likely only rise over the long term.

That said, this stock isn't cheap. Investors will be assessing how successful the company's acquisitions strategy pans out to be over the long haul. There remain unanswered questions with this stock, so investors should size this position accordingly today.

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TICKERS GLOBAL

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

3. TSX:LSPD (Lightspeed Commerce)
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