



## This 5-Year Prediction for Lightspeed POS (TSX:LSPD) Might Surprise You

### Description

**Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) stock surged as investors priced in their bullish estimate. But was it the company's promising future or just the extra cash people had from the stimulus checks that drove its rally? The answer is both. The stock market has both long and short-term investors. Short-term investors only look at the top gainers of the market and jump on to the rally to make some quick profits and then cash out when they see a slowdown in growth and jump on to another top gainer.

Long-term investors don't look only at the price, but also the value the stock brings. They study the business model, the management, competitiveness, fundamentals, and future growth potential of the business and not the stock. If the business and management are strong, the stock will automatically grow in a conducive business environment.

### Behind Lightspeed stock's recent dip

Investors pushed Lightspeed stock to great heights from \$18 to \$100 in 2020 on the back of the pandemic-induced growth. As the stock's growth normalized with the easing of the pandemic threat, many short-term traders cashed out. Lightspeed stock fell 15% year to date.

But the fact that it is trading at 53 times its sales per share (below \$73) shows some investors are in it till the end game. The stock has now entered the oversold category. So if you are a long-term investor who wants to up his or her game, this is a good window to [buy the dip](#).

Still not convinced? Wait until you read my five-year prediction for Lightspeed.

### Lightspeed's growth strategy

Lightspeed aims to become the Android of the point of sale (POS) platform that caters to small- and mid-sized businesses. Large enterprises are not on its radar as they need custom platforms.

With this aim, Lightspeed accelerated its growth on the organic and acquisition front since going public in 2019. It has acquired seven companies in two years to expand geographically as well as on the

technology front and across various verticals. Its platform received the much-needed boost during the pandemic when it became a need-to-have instead of a nice-to-have technology. This stickiness is what drives all cloud-based businesses.

## My five-year prediction for Lightspeed

The next step in the land and expand strategy is to expand, which means cross-sell products to existing customers. The strategy aims to make the platform an integral part of the customers' business so they can't imagine working without it. Today, **Amazon's** marketplace has become such an integral part of our lives that it now has a trillion-dollar valuation.

Lightspeed aims to reach that level. For that, it needs to gain market share, remove competition, and become the preferred platform of choice for every retailer or restaurant in the world. To achieve this, it is enhancing the application of its omnichannel platform.

Lightspeed has enhanced the POS platform to go beyond billing, swiping cards, and giving rewards. Today, the platform allows merchants to offer services like online booking of a table, select pick up slots, schedule deliveries, order ahead, and check the inventory of local shops. The features keep enhancing. Merchants can also advertise on **Google** and run an e-commerce store alongside physical stores.

Lightspeed is also [acquiring](#) competition to consolidate the fragmented market and become the market leader. It is shaping the face of retail and equipping small merchants to compete with the e-commerce giants.

The 2020 decade created some large tech giants that disrupted the competition. They are now under fire for misusing their monopoly. People and governments are promoting localization. The 2020 decade accumulated power in the hands of a few, and the 2030 decade will distribute the power to everyone. Lightspeed will play an important role in democratizing tech platforms. It will win from transaction volumes.

## Investor takeaway

Lightspeed does well when its merchants do well, creating a win-win situation for both. Today, the stock is volatile. But it has the potential to hit the long-term upside in the coming five years as it gains market share.

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## **Author**

pujatayal

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