



This 1 TSX Stock Could Dethrone Shopify (TSX:SHOP)

Description

If there is one thing **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) has always been good at, it is defying expectations. It's the only stock in recent history that has dethroned the king of the TSX — i.e., **Royal Bank of Canada** — for such a long time, and it has continued to grow past the levels its valuation *should* have capped it at.

If we discard the relatively “menial” performance in the last 12 months, Shopify has been one of the most powerful and consistent growth stocks on the TSX. It has grown over 4,000% in the last six years, and even though it might seem that the stock has run out of growth momentum and reached its peak, Shopify still has a lot of room to grow.

But now, there is another contender in the wings, waiting to dethrone Shopify as the ultimate e-commerce stock on the TSX.

Another e-commerce giant

Lightspeed ([TSX:LSPD](#))([NYSE:LSPD](#)) started out as a relative underdog. And even though its market capitalization is a mere fraction of Shopify's (5.4%), Lightspeed has proved its mettle as both a powerful player in the e-commerce arena and an amazing growth stock. Take the last 12 month's progress as an example. Compared to Shopify's 24% growth, [Lightspeed grew](#) by about 150%.

And even though it might not be an apt comparison, since it includes a full-blown market crash, Lightspeed has grown more since its inception (if we compare Shopify for the same period — i.e., about two years and two months). Lightspeed is also cross-listed here and across the border, and it's just as overpriced as Shopify (if not more).

There are differences as well. Shopify has been posting positive net operating income for the past four quarters, whereas Lightspeed is still in red, but that only endorses the fact that Lightspeed is on its way to becoming the next Shopify.

Growth potential

Lightspeed has a completely different approach to e-commerce. Unlike Shopify, which offers an online platform to create and run an online e-commerce store (among other things), Lightspeed is offering thoroughly integrated POS solutions to SMBs. And if we compare Lightspeed POS to Shopify POS, the former has a definitive edge (since it's Lightspeed's core competency).

Shopify is currently focused on the retail, restaurant, and golf businesses, which doesn't cover the whole spectrum of potential e-commerce businesses. If Lightspeed starts penetrating other, relatively untapped market segments and starts putting its powerful international presence, its national and international footprint, the company can scale up at an unprecedented pace. The company also has a relatively loyal clientele, judging by its 91% repeat subscription rate.

Foolish takeaway

If we go by valuation alone, Lightspeed looks quite expensive. But if the company is destined to follow Shopify's footsteps, it might keep growing despite its overvaluation. The stock also didn't fall as hard as most other tech stocks did in the last 12 months. The e-commerce market is expected to keep growing for a few years at least, and Lightspeed is [poised to grow](#) alongside it.

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