



Retire Early: 1 Tech Stock Growing Faster Than Shopify and Lightspeed Combined!

Description

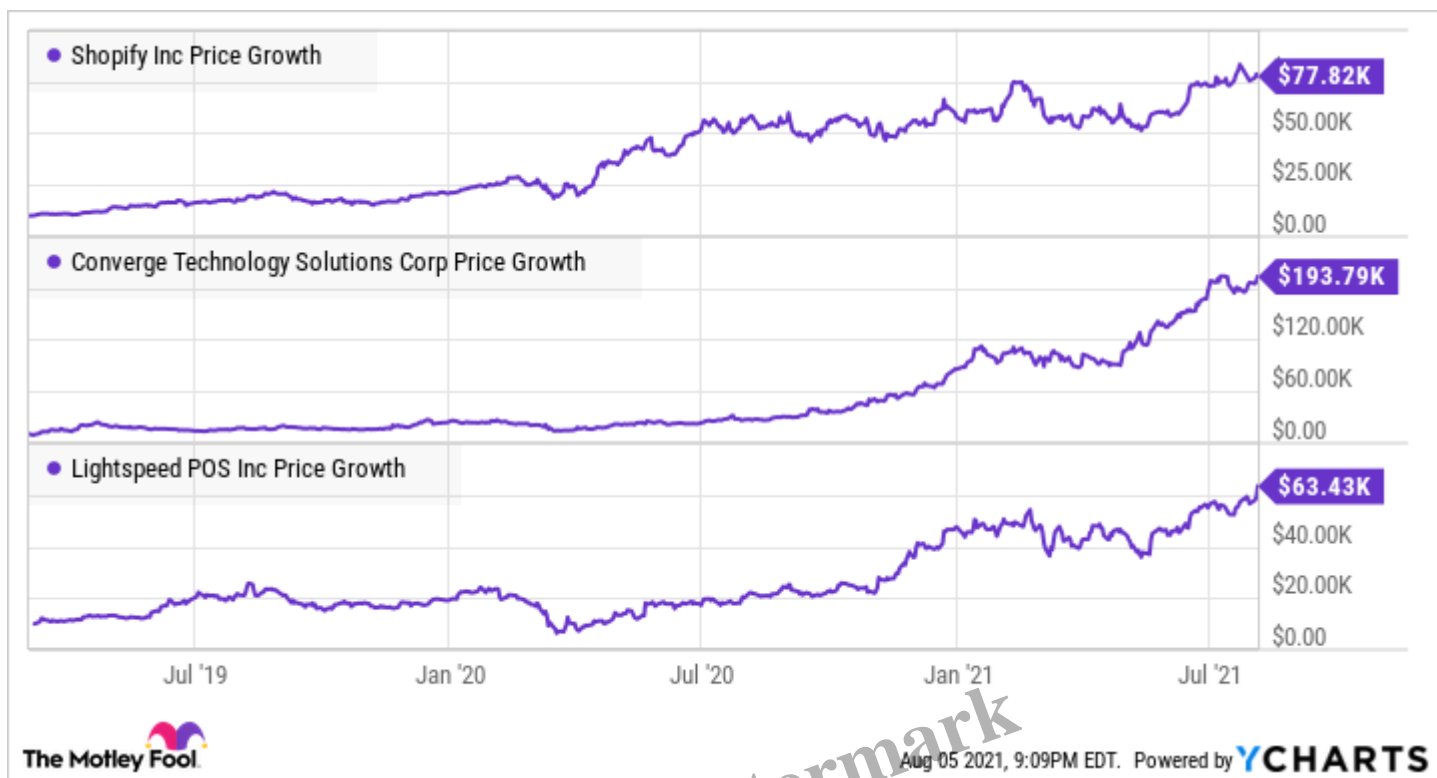
When it comes to [retirement planning](#), there is lots to think about. How much do you need to retire with the lifestyle you want? How are you going to grow your retirement fund to the amount you need to retire comfortably? How might the Canada Pension Plan and Old Age Security play a role in contributing to your retirement income?

In any case, as a part of your diversified investment portfolio, buying tech stocks with strong growth potential early could push forward your retirement date by a lot.

For example, a \$10,000 invested in **Lightspeed POS** stock just three years ago would be worth more than \$60,000 today. The e-commerce stock has become well known by the investment community thanks to the frequent comparison as a younger version of **Shopify**.

Ideally, you want to find tech stocks with growth potential when they're still small. Here's a tech stock that's less well known right now — **Converge Technology Solutions** ([TSX:CTS](#)). Believe it or not, the growth stock has been a greater wealth generator than Shopify and Lightspeed *combined* lately. In the last 12 months, Converge stock has been a seven-bagger.

Here's a chart that displays the recent price appreciation of the growth stocks from an initial investment of \$10,000. Converge is the clear winner. However, it is growing very differently from the e-commerce stocks.



Data by YCharts.

Grow your retirement fund with this tech stock

Converge has been growing fast via acquisitions. Importantly, its acquisitions have been accretive to its overall business, as the management team is able to integrate the new businesses quickly. This is a benefit of being a smaller business that is simpler than a massive business. Additionally, the team has been adding value across all its businesses by cross selling its diverse offerings.

The small tech company sits on a market cap of about \$2.1 billion with a forward annualized revenue of about \$2 billion thanks to its latest acquisitions. Over time, it has expanded its products and services, which now include advanced analytics, cloud, cybersecurity, digital infrastructure, managed services, and tech talent acquisition.

From 2017 to 2020, Converge acquired 16 companies, averaging four a year. If anything, it appears to be accelerating its growth rate with planned acquisitions of three to five companies per year *each* in North America and Europe.

It just achieved the milestone of making its first acquisition in Europe this week. Specifically, Converge acquired a 75% interest in REDNET AG, which opened its doors to the large market in Germany. REDNET is a perfect fit, as it is an IT services provider that specializes in serving a wide range of clients across the education, healthcare, and government or public sectors. Moreover, Converge has the option of buying the remaining 25% interest three years later.

In the press release, the company highlighted that “The purchase price for the acquired interest

represents a multiple of ... just over [five] times REDNET's projected 2022 EBITDA of €24 million." This is a cheap valuation for a company that's expected to grow its EBITDA by 50% from 2021 to 2022. Let's not forget the cross-selling potential can further boost the EBITDA!

The Foolish investor takeaway

Buying growth stocks can greatly increase your retirement fund, thereby pushing your retirement date sooner than you expect! Researching [tech stocks](#) could be a quicker way to filter for solid growth stocks, as technology tends to make business operations more efficient and less costly.

Converge is a great growth stock example. The tech stock is just getting started on its expansion strategy in Europe (and continuing its North American expansion). It has its sights set for \$5 billion revenue by the end of 2025 while improving its EBITDA margin. For more clarity on its latest development and plans, watch out for Converge's Q2 financial results in the coming week.

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