



## 3 Reasons Why Lightspeed (TSX:LSPD) Stock Could Be the Next Shopify (TSX:SHOP)

### Description

The Canadian tech firm **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) [reported](#) its solid June quarter results last week. The company crushed analysts' consensus revenue estimates, as its sales accelerated further in the first quarter of its fiscal 2022. These strong results boosted investors' confidence and triggered a buying spree in LSPD stock, as it rose by nearly 14.3% last week against a minor 0.9% increase in the **TSX Composite Index**.

The recent exponential growth in Lightspeed's financials reflects its outstanding future growth potential. This massive financial growth could even help its stock yield outstanding returns like its home market [tech industry](#) peer **Shopify**. Let's take a closer look at three key factors that make Lightspeed stock worth buying right now.

### Strong demand and sales growth

The Montréal-based tech company posted a 220% YoY (year-over-year) rise in its June quarter revenue to US\$115.9 million. It was also 25% better than analysts' expectation of US\$92.8 million. A strong 78% YoY organic software and payments sales growth boosted Lightspeed's total revenue.

Similarly, the ongoing economic recovery and improved businesses growth helped the company post a stellar jump of about 203% in its GTV (gross transaction volume) from a year ago. It included 91% YoY organic GTV growth — excluding the impact of any new acquisitions.

### Growing popularity and demand

Lightspeed's management also attributed its solid GTV growth to a sharp recovery in the hospitality sector. That's why its hospitality sector GTV in Q1 rose by nearly 380% from a year ago. While commenting on this massive growth, the company founder and CEO Dax DaSilva highlighted that "as economies reopen and new business creation accelerates, Lightspeed's one-stop commerce platform is emerging as the technology of choice for retailers and restaurateurs the world over."

As I've [pointed](#) out in some of my recent articles, the recent pandemic phase has encouraged more businesses to build their online presence. And Lightspeed's omnichannel commerce platform seems to be helping small- and medium-sized businesses build and manage their secure online presence with ease. This could be one of the key reasons for the platform's rising popularity.

## Immense future growth potential

In the last couple of years, Lightspeed's innovative business model has showcased the ability to consistently grow, even in difficult times like the global pandemic. While its sales growth in the recent quarters has been excellent, its management continues to focus on expanding the business to accelerate the growth.

Lightspeed's acquisitions of small businesses, like Vend, ShopKeep, and Upserve, have already started contributing to its robust sales growth. I expect LSPD's new acquisitions of businesses like NuORDER and Ecwid to further improve its overall financial position in the coming years.

Apart from its quality acquisitions, Lightspeed's consistently expanding customer locations could help it expand faster than most other businesses in the commerce services segment. In the last quarter, its total customer locations rose by about 95% from a year ago to more than 150,000.

## Could LSPD stock be the next Shopify?

In the last five years, Shopify stock has risen by nearly 3,820%. Its consistent earnings and sales growth have kept investors' confidence high and driven its impressive stock rally. While Shopify's sales growth is expected to see a dip in the coming quarters, Lightspeed's consistently improving business growth prospects amid reopening economies could help its stock yield Shopify-like returns in the long term.

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**Author**

jparashar

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