



Could Lightspeed Commerce (TSX:LSPD) Become Canada's Next Growth Hero?

Description

As the Great One, Wayne Gretzky, used to say, "I skate to where the puck is going, not where it has been." Undoubtedly, the piece of advice has been invaluable in ice hockey, but the same rule can also apply to the volatile world of [growth investing](#).

Indeed, [value investors](#) are reluctant to pay up a hefty price-to-revenue multiple for an unprofitable company with only a promising growth story to stand by. That said, I think there could be ample value to be had in early-stage growth companies for those who are willing to go the extra mile and do the added homework that comes with hyper-growth stocks.

Growth investing for beginner investors

There are no earnings to go by, so you'll need to conduct a careful analysis of the TAM (total addressable market), the management team, the product, and a firm's strategy to carve out a growing share of a TAM. And, of course, later on, one must also check out growth verticals that can keep the growth alive.

Undoubtedly, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is a firm that's spreading its wings beyond just e-commerce. It's thriving with payments, and I wouldn't at all be surprised if the Canadian success story can continue raising the bar on itself.

But is it possible that Shopify is where the puck is at right now? Possibly. While you could still do very well by skating towards where the puck is currently, your chances of scoring a huge gain could be considerably less.

Shopify is the first of what could be many Canadian growth heroes that could attract the attention of international growth investors. Many TSX exclusives are hitting the U.S. exchanges, and they could continue to enjoy meaningful momentum for years to come.

Consider **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)), formerly Lightspeed POS, a commerce enabler with a long growth runway.

Lightspeed Commerce

I'd pounded the table on Lightspeed stock before and after it broke out past its pre-pandemic highs late last year. Despite having shares fall from \$45 and change to \$13 and change during the 2020 stock market meltdown, shares ended up doubling up many times over to surpass the \$120 mark — an unfathomable level thought impossible back in the depths of March 2020. If you bought, as others sold, you may very well have bagged a 10-bagger. And while it seems like the opportunity has come and gone, I still think there's a strong case for continuing to hold the name as its market cap continues to swell.

The nearly \$18 billion company led by its visionary CEO Dax Dasilva can easily continue raising the growth bar on itself, just as Shopify has. It fits the bill for having a huge TAM, a brilliant management team, and the ability to expand into new market segments. As an e-commerce and point-of-sale (POS) company, I'd argue that the firm can drive ARPU's (average revenue per user) at a greater rate than the likes of Shopify. Not only because Lightspeed is the smaller company, but because it's an effective onramp into the digital for online-first retailers and vice versa. In prior pieces, I've praised the firm for this overlooked advantage.

Moreover, I think it's clear that the future of retail is omnichannel, not just online. And that's why I continue to be a raging bull on Lightspeed, even after soaring over 800% since the March bottom.

Lightspeed stock: Canada's next growth hero?

Although shares have been on a tear, I certainly would not bet against Lightspeed stock joining the likes of a Shopify in a few years down the road. Dax Dasilva is a brilliant manager, and he's worth betting on.

Personally, I'd much rather wait for a broader market pullback. Over the past two-and-a-half years, we've seen no shortage of +30% drawdowns. Another could be on the horizon, and that's when I'd look to pounce.

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