



Lightspeed (TSX:LSPD) Stock: The Best Is Yet to Come

Description

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) stock has been on an incredible run these past few years. Driven by a string of impressive earnings releases, it has risen 733% post-IPO. If you'd invested \$10,000 in LSPD at market close on its IPO date, your position would be worth \$83,300 today.

And the incredible part is, the best is yet to come. Lightspeed is currently going through one of its biggest growth spurts ever. Acquiring competitors and growing revenue like wildfire, it is expanding at a rapid pace. Ever since the COVID-19 pandemic hit, LSPD has been getting stronger and stronger. In this article, I'll explain why that could continue to be the case.

LSPD making acquisitions

One of the biggest reasons why LSPD's rapid growth could continue is because the company is making valuable acquisitions. Over the past 12 months, the company has acquired at least three smaller firms:

- Vend: A cloud-based retail management company (for \$204 million in cash)
- Upserve: A restaurant cloud software company
- ShopKeep: A cloud service platform provider

These are all up and coming businesses that share synergies with Lightspeed. Vend increases LSPD's retail presence; Upserve gives it access to more restaurant customers; and ShopKeep gives it an increased edge in cloud services. So, Lightspeed is increasing its customer base and industry presence with these acquisitions, which is crucial in an industry as historically fragmented as POS software.

Impressive revenue growth

Another big thing Lightspeed has going for it right now is strong revenue growth. In its most recent quarter, the company [grew its sales at 220% year over year](#) — the highest growth rate on record.

Throughout 2020, the growth rates were very high as well. This is one company where growth is not only strong but actually accelerating (i.e., getting stronger). So, its stock could easily be worth more tomorrow than it is today.

Similar stocks rising high

A final factor that provides a basis for optimism toward Lightspeed stock is the fact that [similar stocks are rising high in the markets](#). In the past few years, we have seen a number of payments companies rise dramatically in a short period of time:

- **Paypal Holdings:** Up 719% since 2015
- **Square:** Up 2,900% since its 2015 IPO
- **Shopify:** Up 5,300% since its IPO

Those are pretty impressive results to put it mildly.

And they aren't the only payments companies that are making waves. The Irish payments giant Stripe is set to go public this year. It's rumoured to be doing about \$1 billion a year in revenue, and its IPO is one of the most hotly anticipated of the year.

Do all of the gains posted by Lightspeed's competitors mean that Lightspeed itself will perform similarly?

No. Stocks are correlated, but the correlation is not one — there is room for variance. Additionally, all of the stocks named above have been trading for much longer than LSPD. If a tech stock selloff hits soon, then LSPD may underperform for a while. For now, though, it looks like it's in good company.

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Date

2025/08/30

Date Created

2021/09/13

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