



Should You Buy Shopify (TSX:SHOP) or Lightspeed (TSX:LSPD) Stock?

Description

The TSX recovered its losses on September 13, 2021, after four consecutive trading days of decline. Energy (+42.98%) remains the top-performing sector year-to-date, followed by the [technology sector](#) (+31.03%). **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) enjoys a 29.87% gain, although **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) flies higher with 67.20%.

The tech sector was TSX's winner in 2020 and will most likely end among the top three out of 11 sectors in 2021. If you were to [invest for growth](#) today, should you pick Shopify over Lightspeed or vice versa?

Tech phenomenon

Shopify is the face of TSX's IT sector, if not the index itself. Canada's largest publicly listed company has returned 838.83% (110.67% CAGR) and 3,333.29% (102.68% CAGR) in the last three and five years, respectively. However, at the current share price of \$1,866.68, the trailing one-year price return is only 54.59%.

The \$232.94 billion company has successfully reduced the barriers to business ownership. Investors made tonnes of money from Shopify, while entrepreneurs and merchants continue to grow their businesses through the e-commerce platform. Amy Shapiro, Shopify's CFO, said the company fired on all cylinders in Q2 2021 (quarter ended June 30, 2021).

Shopify's total revenue (subscription and merchant solutions) climbed 78% versus Q2 2020. Net income was US\$2.29 billion compared to the US\$55.75 million net loss in the same period last year. During the quarter, management said Shopify was busy helping merchants and developers build the future of commerce on the internet.

Besides the new features in the Shopify Fulfillment Network, there were upgrades in Shop, Shop Pay, and Shopify Checkout. Shopify Capital released a record US\$363 million in merchant cash advances and loans. While Shopify expects the industry growth trends to continue, the overall improvement in the economic environment could slow down the pace.

Shapiro believes consumer spending to begin rotating back to services and offline retail in the second half of 2021. Still, the company anticipates more merchants joining the platform.

Long-term vision

Lightspeed Commerce is the new name of Lightspeed POS. The change in corporate name on August 9, 2021, signals [massive growth on the horizon](#). Dax Dasilva, Lightspeed's founder and CEO, said, "We are the one-stop commerce platform for merchants around the world, and so our company name needs to align with our current offering and our long-term vision."

The tech stock's total return in 2.52 years is an impressive 694.76% (127.59% CAGR). Had you invested \$10,000 on March 8, 2019, you'd be \$79,476.19 richer today. Also, Lightspeed Commerce's current share price of \$150.21 is 260% higher than it was a year ago.

In Q1 fiscal 2022 (quarter ended June 30, 2021), Lightspeed proudly reported a 115%, 220%, and 453% increase, respectively, in recurring subscription revenue, total revenue, and transaction-based revenue versus Q1 fiscal 2021. Net loss, however, grew 136% year over year.

Its chief financial and operations officer Brandon Nussey said, "Lightspeed achieved outstanding results this quarter as demand for both our software and payments solutions were bolstered by economies reopening around the world." Nussey added the strong recovery by its customers helped accelerate gross transaction value growth.

Unlike Shopify, Lightspeed Commerce increased its fiscal 2022 revenue expectations. The one-stop commerce platform expects revenue to be 130% higher than fiscal 2021.

Faster growth

Shopify and Lightspeed Commerce cater to the backbones of economies. Small- and medium-sized businesses thrive because of their e-commerce platforms. However, it appears Lightspeed could grow faster than Shopify in the post-pandemic world.

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