



3 Reasons to Buy Lightspeed Stock (TSX:LSPD) in October

Description

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) [announced](#) last week that it will move forward with the launch of its Lightspeed Restaurant platform in North America. The launch is appropriately timed, with a short-seller report sending shares of Lightspeed stock down by 30% before climbing back up this week.

Despite the slight rebound from the news, Lightspeed stock certainly has a long way to go. Not just in share price, but in convincing shareholders it's a company to be trusted. This comes after a defamatory short-seller report accused the company of hiding behind acquisitions and poor metrics.

Still, shares of Lightspeed stock are up 148% in the last year. As of writing, there is an average potential upside of 25%, with most analysts stating the stock a buy. In fact, Lightspeed stock could be a compelling buy before earnings come out in November.

Weathering the storms

Yes, do mean plural. First, there was the pandemic. Lightspeed stock was a point-of-sale system focusing on the retail and restaurant industry and brick-and-mortar locations when the pandemic hit. The company had achieved record status when it came on the market, only to see its main source of income plummet.

But the company shifted from POS to include e-commerce. And this was not just doubled-down, but again and again, through a series of acquisitions totalling over US\$2 billion since January 2020.

Lightspeed stock now looks to achieve global status by landing and launching its e-commerce and point-of-sale systems around as many countries as possible. And its last quarter seemed to achieve that.

Total revenue for the quarter increased 220% year over year, according to management, with recurring subscription revenue up 115%. The company attributed much of this growth to its recent acquisitions. Furthermore, it believes second-quarter revenue will be between \$120 and \$124 million, with fiscal

2022 reaching between \$510 and \$530 million. This would be helped along by the gradual lessening of COVID-19 restrictions.

But not every storm has passed

Now, of course, a storm Lightspeed stock continues to wage against is the short-seller report by Spruce Point Fund Management. The report stated these metrics were all “smoke and mirrors,” including the revenue made through the acquisitions. In response, Lightspeed stock stated that Spruce Point would benefit from a short-sell in the stock. And Spruce Point, although sometimes successful in the past, has had several poor judgment calls, according to analysts.

So, management made a brief statement and appeared to leave it at that, reaffirming its recent quarterly growth. And now, we have another quarter coming down the line. Should the company reach its [expectations](#), it's likely there will be another share hike in the near future.

Foolish takeaway

Frankly, Lightspeed stock doesn't seem to be all that affected by the short-seller report — at least, not as much as initially thought. Furthermore, we aren't likely to see any analyst responses until after the quarterly report. For now, analysts remain confident Lightspeed stock has a long path of growth ahead of it. Even with stiff competition, the company remains a strong long-term choice within the POS and e-commerce industry.

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