



## Shopify or Lightspeed: Which Is the Better Buy Today?

### Description

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) and **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) are two of the most popular growth stocks in Canada. Both companies have grown from being small Canadian startups to global enterprises. There's no doubt that both companies have bright futures ahead. However, if you had to choose either Shopify or Lightspeed, which would be the better buy today? In this article, I'll compare two of the most popular stocks on the **TSX**.

### Overview of these two top growth stocks

Shopify provides merchants of all sizes with a platform and all the tools necessary to operate online stores. As of its Q2 earnings presentation, Shopify claimed the second-largest share of the American online retail industry (8.6%). In September, it was reported that in Q2, Shopify stores [totaled more traffic](#) than **Amazon** for the first time. As e-commerce continues to increase in penetration around the world, it's hard to imagine Shopify not being a large player in that space.

Lightspeed also operates in the commerce industry, although in a different sense. The company's breakthrough success came as a provider of modern POS systems, which allows merchants to streamline their sales. In fact, in its Q1 presentation, Lightspeed announced that it had secured SpaceX as a new customer. Per the agreement, Lightspeed will help operate the café at SpaceX headquarters, in addition to managing inventory, point of sale, and ordering. This indicates a major move away from Lightspeed's previous focus on small- and medium-sized businesses.

*Note: Shopify's fiscal year ends on December 31, whereas Lightspeed's ends on March 31. Therefore, Q2 to Shopify is an appropriate analogue to Q1 for Lightspeed.*

### The money doesn't lie

It's clear that both companies have excellent opportunities ahead. However, how do their financials stack up? In Shopify's Q2 report, it reported US\$1,119 million in quarterly revenue. That represents a year-over-year increase of 57%. Shopify also reported US\$42.2 billion in terms of gross merchandise

volume in Q2, representing a 40% increase year over year.

Switching over to Lightspeed, the company reported US\$115.9 million in quarterly revenue in its Q1 presentation. That represents a 220% increase year over year. It's important to note that Lightspeed's numbers do become inflated in comparison due to its recent acquisitions. However, moving forward, there's no denying that those acquisitions could result in greater organic growth. Lightspeed's gross transaction volume totaled US\$16.3 billion in Q1.

In terms of financial growth, Lightspeed appears to be the more impressive stock when comparing these two companies.

## Stock performance

Year to date, Shopify stock has gained about 32%. Over the past year, Shopify stock has also gained about 32%. This indicates that the stock doesn't have much momentum on its side. At a market cap of \$228 billion, it could be difficult to see five-fold returns in the next five years.

In comparison, Lightspeed stock has risen about 41% since the start of the year. However, many investors will know that Lightspeed stock has been hit hard in recent weeks, after a short report caused it to drop more than 30%. Looking back at a one-year period, Lightspeed stock has risen 164%. Despite a much greater gain over that period, compared to Shopify, Lightspeed is still only valued at about \$18 billion. A five-fold return over the next five years seems more likely here; however, the company faces very stiff competition. Shopify and **Square** have been tough competitors over the years, and Amazon has recently been reported as a potential future competitor within the POS market.

Looking at the performances of each stock, it seems as though Lightspeed may provide a more attractive opportunity.

## Foolish takeaway

Shopify and Lightspeed are top growth stocks. Both companies are continuing to show high growth rates. In addition, both Shopify and Lightspeed have recently reported very positive updates. In Shopify's case, it's the company's achievement of surpassing Amazon in total customer traffic for the first time. Meanwhile, Lightspeed's ability to secure SpaceX as a customer signals that the company may be considering adding larger enterprises to its customer base.

With the information given, Lightspeed appears to be the better investment opportunity, despite the [recent short report](#).

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. NYSE:SHOP (Shopify Inc.)

3. TSX:LSPD (Lightspeed Commerce)
4. TSX:SHOP (Shopify Inc.)

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