



## Lightspeed Commerce and Nuvei Were Hit With Short Reports: What Should You Do Now?

### Description

Some short reports contain very outrageous theses; however, they're still no laughing matter. Short reports can have significant negative consequences on a stock, and **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) and **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) shareholders should be well aware of this by now. Both stocks were targeted by Spruce Point Capital Management in recent months and have seen their value plummet. As of this writing, Lightspeed and Nuvei stock trade about 70% and 60% down from their recent highs, respectively. What should investors do now?

### What to do about Lightspeed

Lightspeed started off as a POS company, enabling small- and medium-sized businesses to upgrade from their older systems. Using its technology, merchants have more control and can make better use of analytics, customer loyalty, accounting, and more. It should be noted that Lightspeed's technology appeals to both online and brick-and-mortar retailers, giving the company a very large addressable market.

Lightspeed has done an excellent job of growing via acquisitions over the past few years. Through the acquisitions of companies like Upserve, Kounta, iKentoo and more, Lightspeed has been able to significantly grow its footprint within the POS space.

In the short report published by Spruce Point Capital, the company was accused of inflating its pre-IPO numbers. The report goes on to say that Lightspeed's organic growth is deteriorating as seen by slowing organic growth. Lightspeed responded to the short report by pointing out the many inaccuracies presented. The company also pointed out that Spruce Point stated it was set to benefit if a decline in Lightspeed stock were to occur.

Short reports aren't uncommon for [disruptive growth stocks](#). Investors would be wise to view this as a buying opportunity.

## What to do about Nuvei

For those that are unfamiliar, Nuvei provides an omnichannel payments platform to merchants. Using its platform, merchants are able to accept mobile, online, in-store, and unattended payments. This ability to accept payments through many different methods is what separates Nuvei from its competitors, which tend to focus on one or two specific payment types. It's also very important for businesses, as they attempt to incorporate online methods of sales with in-person sales due to the rising penetration of the e-commerce industry.

Like Lightspeed, Nuvei has focused on growing via acquisitions. While it's not the preferred method of growth for many growth investors, it does help Nuvei enlarge its presence within the payments industry very quickly.

Regarding the short report, I don't believe there was anything that investors should really be worried about. Much of it was focused on statements that weren't at all business related. For instance, Spruce Point mentioned that Nuvei's CEO had a previous driving infraction and questioned his educational background. Nuvei's board also stated that it believes the report was intentionally misleading. The board also stated that it would continue to give the company its full support. Analysts also see a [115% potential upside](#).

This short report has given growth investors a tremendous buying opportunity.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:NVEI (Nuvei Corporation)

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