

Overview

Lightspeed is a SaaS company that has recently listed on the Toronto Stock Exchange. The company offers software for retailers and restaurants, they are introducing payments functionality during 2019 with an associated change in their revenue and business model. If successful, this will have a meaningful business impact.



Cloud based commerce platform for retailers and restaurants. Includes point of sale, customer loyalty, payments, inventory management, product and menu management.

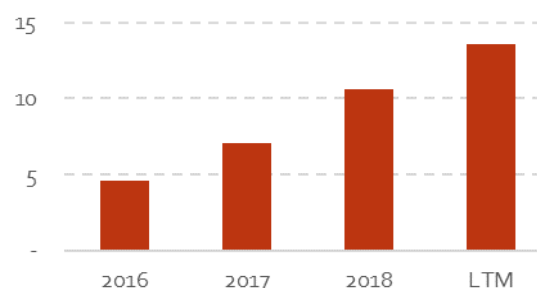
- Market cap CAD\$1,800m
- Founded 2005
- \$13+ billion of gross transaction value (GTV) growing at 48%
- \$500,000 gross transaction value per customer
- \$72m revenue
- 47,000+ customer locations
- ~100 countries
- ~90% recurring software and payments revenue
- No single customer >1% revenue
- \$200 monthly ARPU
- 35% of revenue outside of North America

Payments

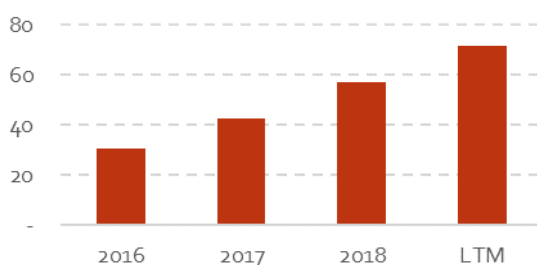
Lightspeed has recently started to offer customers a complete integrated payments solution as part of their software. This change will have a material impact on their financials.

\$100 sale	Past	Launched 2019
Revenue share	0.25%	2.60%
Revenue	\$0.25	\$2.60
Margin share	0.25%	0.65%
Margin	\$0.25	\$0.65
Total payment fee of 2.60% received as revenue with 0.65% expected to be captured as net margin.		

Gross transaction value / GTV (CAD\$b)



Revenue (CAD\$m)



Funding

Date	Round	US\$m
Jun-12	Series A	30
Nov-14	Series B	35
Sep-15	Series C	61
Oct-17	Series D	166
Apr-19	Debt	55
Total		347

M&A

Lightspeed's growth is both organic and via M&A. Deals focus on expanding the customer base, accelerating payments growth and additional solutions.



POSIO point-of-sale solution for retailers and restaurateurs. Acquired in Oct-14



Merchant OS is a point-of-sale and inventory control system. Acquired Jul-13



ReUp is a digital platform to build loyalty programs. Acquired Dec-18



SEOshop is mid-market SaaS e-commerce platform. Acquired Nov-15.

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Financials

	2016	2017	2018	LTM
GTV (\$b)	4.6	7.1	10.6	13.6
Revenue (\$m)	30.7	42.6	57.1	71.9
Gross profit (\$m)	18.3	27.6	39.6	50.4
Operating cash flow	(14.9)	(10.9)	(10.0)	(8.2)
Rev / GTV	0.67%	0.60%	0.54%	0.53%
GTV growth		54%	49%	
Rev growth		39%	34%	

Financials adjusted pro-forma with new payments

	2016	2017	2018	LTM
GTV (\$b)	4.6	7.1	10.6	13.6
Revenue (\$m)	138.8	209.5	306.2	391.5
Gross profit (\$m)	36.7	56.0	82.0	104.8
Operating cash flow	3.5	17.5	32.4	46.2
Rev / GTV	3.02%	2.95%	2.89%	2.88%
GTV growth		54%	49%	
Rev growth		51%	46%	

All figures in Canadian dollars except funding rounds that are in US dollars.

Selected listed software companies that offer payments functionality or automate workflows which have a payment element

Company	Market cap US\$m	Enterprise value US\$m	Multiples						Growth rates					
			EV / Revenue			EV / EBITDA			Revenue			40% rule		
			LTM	2019	2020	LTM	2019	2020	LTM	2019	2020	LTM	2019	2020
PayPal	126,132	117,789	8.1	7.0	6.0	31.9	26.7	22.5	18%	16%	18%	44%	42%	44%
ServiceNow	43,981	43,523	16.9	12.8	10.0	64.9	47.5	35.4	35%	31%	28%	61%	58%	57%
Square	24,464	31,429	15.4	10.8	8.1	95.4	58.4	37.4	49%	42%	34%	65%	61%	56%
Adyen	23,222	22,792	59.2	42.7	31.6	113.4	79.3	56.8	63%	39%	35%	115%	92%	91%
Shopify	20,254	21,322	18.9	13.6	10.3	520.7	382.5	190.1	59%	39%	32%	63%	42%	37%
Aspen Technology	7,527	7,780	14.4	13.4	13.4	31.1	26.6	26.7	3%	7%	0%	50%	58%	50%
StoneCo	5,354	9,832	12.8	8.6	6.0	47.8	15.3	9.9	(17%)	49%	44%	10%	105%	104%
Wisetech Global	5,115	5,175	25.2	21.5	16.4	91.8	66.7	49.2	44%	17%	31%	72%	50%	64%
Afterpay	4,253	4,438	37.7	22.7	12.2	176.2	240.3	79.7	397%	66%	87%	419%	75%	102%
Blackbaud	3,995	4,350	4.7	4.5	4.3	19.8	21.7	20.1	8%	5%	5%	31%	25%	26%
ACI Worldwide	3,986	4,527	3.9	3.4	3.0	15.9	11.9	10.5	(1%)	17%	12%	23%	45%	41%
Manhattan Associates	3,672	3,588	6.6	6.4	6.2	22.6	28.3	27.1	(6%)	2%	3%	23%	25%	26%
Descartes Systems	2,995	2,883	11.1	9.1	8.2	31.7	25.3	22.3	17%	23%	10%	52%	59%	47%
Bottomline Technologies	2,123	2,121	5.1	5.1	4.7	22.6	21.4	18.8	13%	1%	8%	35%	25%	33%
SPS Commerce	1,844	1,690	7.4	6.7	6.1	35.9	29.0	24.8	13%	11%	9%	33%	34%	34%
Kinaxis	1,522	1,349	10.4	8.2	6.9	36.8	33.2	26.7	13%	27%	18%	41%	52%	44%
GreenSky	828	726	2.0	1.5	1.2	4.8	3.9	3.2	27%	32%	26%	69%	71%	64%
QAD	825	903	2.5	2.5	2.3	32.2	71.9	38.3	9%	0%	7%	17%	3%	13%
Pushpay	665	657	8.4	5.8	4.7	na	49.2	25.4	64%	46%	23%	43%	58%	41%
Park City Group	162	148	7.0	6.5	5.1	31.4	22.1	17.4	16%	8%	27%	39%	37%	56%
Median	3,991	4,394	9.4	7.6	6.2	32.2	28.7	26.1	17%	20%	21%	44%	51%	46%
Mean	14,146	14,351	13.9	10.6	8.3	75.1	63.1	37.1	41%	24%	23%	65%	51%	52%
Lower quartile	1,763	1,605	6.2	5.6	4.7	26.9	22.0	19.8	9%	8%	9%	33%	37%	37%
Upper quartile	10,709	12,705	15.8	13.0	10.1	78.4	60.5	37.6	45%	39%	31%	64%	59%	58%
Lightspeed	1,350	1,350	19.4	13.2	9.2	na	na	na	31%	46%	44%	15%	34%	40%
Lightspeed assuming future growth with new pymt fees	1,350	1,350	19.4	8.6	4.9	na	92.3	23.8	31%	126%	76%	15%	135%	96%

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