Lightspeed: CEO change amounts to a step back for diversity in corporate Canada

FROM B1

Mr. Pichette said in a statement that the board "is confident [Mr. Chauvet] is the natural choice" to become CEO.

Mr. Dasilva said in an interview: "JP has demonstrated amazing leadership at the company. This is a great time for him to step into the CEO role."

But the change also amounts to a step back for diversity in corporate Canada. Mr. Dasilva is one of a small minority of non-white CEOs of Canada's top public companies, and one of the only openly gay members of its ranks. Mr. Dasilva said he plans to stay "very involved" with Lightspeed – "I love it dearly" – while "creating room for JP's incredible leadership." He said he would continue to mentor young leaders from diverse communities.

Lightspeed was on a roll last September as its stock hit a high of $165.87 on the Toronto Stock Exchange, making it one of Canada's most valuable publicly traded tech companies. Analysts were bullish: Lightspeed, which went public in 2019, had spent more than US$2-billion to buy five companies in the previous year and posted strong first-quarter results. Mr. Chauvet talked about entering a "Braveheart battlefield" with Shopify Inc. after one of its acquisitions put it in competition with its larger Canadian peer.

'I believe Lightspeed is in the infancy of what it's going to become,' says Jean Paul Chauvet, left, who is taking over the chief executive role from company founder Dax Dasilva.

But the stock has since fallen 75 per cent fuelled by three events: In late September, short-seller Spruce Point Capital Management published a critical report, which Lightspeed dismissed as an inaccurate mischaracterization but which hurt the stock. The shares sold off further when Lightspeed released a revenue forecast in early November below analyst expectations. Concerns over interest-rate hikes then hit technology stocks hard, particularly unprofitable ones, including Lightspeed.

Mr. Chauvet said as CEO he had three priorities. He wants to continue evolving the company's products, which are being overhauled as it integrates recent deals, and to hire top talent. His third priority is to keep delivering 35-per-cent to 40-per-cent organic growth, winning business from merchants as they switch from legacy, on-premise computer systems to online options.

"I believe Lightspeed is in the infancy of what it's going to become," he said.

Mr. Chauvet and Mr. Dasilva both dismissed concerns about the stock price, whose fall has cut the value of Mr. Dasilva's Lightspeed stake to $570-million from $2.3-billion. "It's been a moment where the resilience of the company shines through," Mr. Dasilva said. Mr. Chauvet said Lightspeed is well-financed and "the water after the storm just needs to settle and we need to continue to execute and prove the value."

Mr. Dasilva, 45, the son of Ugandan immigrants, grew up in Vancouver, protested against clear-cutting in Clayquot Sound and learned how to program in his teens. He studied art history and religion at University of British Columbia before moving to Montreal, where he built software for Apple Macintosh dealers to help manage their stores with easy-to-use interfaces that mimicked the experience of using iTunes.

He launched Lightspeed from an apartment in 2005, and the local LGBTQ community played a key role in the early years as a source of his first employees and customers. Lightspeed grew rapidly after offering its software on mobile devices over the internet, enabling small retailers and restaurants to manage inventory, point of sale and other functions across multiple channels.

Mr. Dasilva self-financed Lightspeed until he landed a US$30-million investment in 2012 from Silicon Valley venture-capital company Accel. The deal established Lightspeed as one of Canada's leading startups at a time when the country's tech sector was reeling from the recession and downfall of titans Nortel Networks and BlackBerry. Canada's Inovia Capital and Caisse de dépôt et placement du Québec later invested.

With the Accel financing came seasoned executive hires to help the company grow. One of those was Mr. Chauvet, who hails from France and had held senior sales and marketing roles for employers ranging from startups to France Telecom.

Mr. Chauvet joined as chief revenue officer but eventually added other responsibilities such as partnerships, mergers and acquisitions and product management.

"For me this is more of an evolution, there's not much change to what I was doing, but I'm taking on more responsibility," he said. After 10 years, "I feel Lightspeed is a piece of me, too; it's my baby."

With reports from David Milstead

U.S. PRIVATE PAYROLLS DECREASE UNEXPECTEDLY IN JANUARY AS COVID-19 RESURGENCE DISRUPTS BUSINESS ACTIVITY

WASHINGTON U.S. private payrolls unexpectedly fell in January as a resurgence in COVID-19 infections disrupted business activity, the ADP National Employment Report showed on Wednesday.

Private payrolls dropped by 301,000 jobs last month, the ADP report said. Data for December were revised lower to show 776,000 jobs added instead of the initially reported 807,000. Economists polled by Reuters had forecast private payrolls would increase by 207,000 jobs.

"The labour market recovery took a step back at the start of 2022 due to the effect of the Omicron variant and its significant, though likely temporary, impact to job growth," Nela Richardson, chief economist at ADP, said in the report.

The ADP report is jointly developed with Moody's Analytics and was published ahead of the U.S. Labour Department's more comprehensive and closely watched employment report for January on Friday. It has, however, a poor record predicting the private payrolls count in the department's Bureau of Labour Statistics employment report because of methodology differences.

Economists are expecting non-farm payrolls increased moderately or even dropped in January after coronavirus infections, driven by the Omicron variant, slammed the country.

According to the Census Bureau's Household Pulse Survey published in mid-January, 8.8 million people reported not being at work because of coronavirus-related reasons between Dec. 29 and Jan. 10.

People who are out sick or in quarantine and do not get paid during the payrolls survey period are counted as unemployed in the BLS's survey of establishments even if they still have a job with their companies, unlike in the ADP report.

According to a Reuters survey of economists, non-farm payrolls likely increased by 150,000 jobs in January. The economy created 199,000 jobs in December, the fewest in a year.

The White House has been frantically trying to prepare the country for a disappointing number, with several officials offering a preview of the report.

"I think the key point, from our perspective, is the underlying strength of the economy," Jared Bernstein, a member of the White House Council of Economic Advisers, told CNN this week. "The underlying strength of the job market is ongoing because, as we have seen, the caseloads are turning over."

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NOTICE OF FINAL DIVIDEND

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GANDALF TECHNOLOGIES INC. ("GTI"), AND GANDALF CANADA LTD. ("GCL")

NOTICE IS HEREBY GIVEN THAT on July 25, 1997, the Ontario Court of Justice (General Division) (the "**Court**") granted an order pursuant to provisions of the CCAA (the "**Initial Order**"), and Deloitte Restructuring Inc. (formerly Deloitte & Touche Inc.) ("**Deloitte**") was appointed as Monitor of GTI and GCL.

On October 3, 1997, plans of arrangement for GTI and GCL (the "**GTI Plan**" and the "**GCL Plan**") were filed with the Court. On November 12, 1997, the Court approved amendments to each of the GTI Plan and the GCL Plan that provided for an additional class of creditors.

Meetings of creditors were then held on November 14, 1997 during which, among other things, the creditors unanimously approved both the amended GTI Plan and the amended GCL Plan. On November 21, 1997, the Court issued an order sanctioning the amended GTI and GCL Plans.

As Monitor of GTI, the parent company of Gandalf Systems Corporation ("**GSC**"), the Monitor negotiated an agreement with all creditors of GSC, wherein GTI would not make a claim against GSC, and thereby not share in any dividends. In exchange, the creditors of GSC agreed not to pursue legal action against GSC or GTI. Pursuant to the agreement, GSC creditors therefore participate in any dividends distributed on the same basis as the creditors of GTI and GSC.

An Employee Retention Plan was established to provide an incentive to employees to continue working for the Gandalf companies during the restructurings. Eligible employees received a total of US$5,500 (or Canadian dollar equivalent) and payments were made in each of December 1997, July 1998, and October 2015.

In November 1999, GTI and GSC creditors received an initial distribution of 20% on their claim. GGL creditors received an initial distribution of 20% in March 2001.

NOTICE IS ALSO HEREBY GIVEN that the CCAA administration of GTI, GCL and GSC is now complete, and a final dividend was issued in the summer of 2021. For those creditors, including former employees, who did not receive a final dividend cheque, please contact the Monitor either by email at christow@deloitte.ca or at (416) 775-8831 to provide the Monitor with your new contact information to enable you to receive your final dividend cheque.

DELOITTE Restructuring Inc.
8 Adelaide Street West, Suite 200
Toronto, ON M5H 0A9