



3 Technology Companies That Could Soar

Description

For generations, investors in technology companies have been faced with an important question. Should they pay huge premiums for companies with game-changing technological innovations in the hopes that these innovations eventually become mainstream?

If the new technology becomes a success, the sky is the limit. Just look at many of the established tech companies of our age. For example, an investor who invested in **Microsoft** right after its IPO back in 1986 would be sitting on a gain of more than 40,000%. That's impressive, to say the least.

Of course, most investors don't do that well. Investing in Microsoft right after its IPO was perhaps a once-in-a-lifetime opportunity, which is only easily identified in hindsight. For every investment like Microsoft, there were 10 failed dot-coms during the late 1990s, as investors bid up everything associated with technology. We all remember how that ended.

Investors looking to put some money into new technologies would be well-served to diversify. Even technology with a huge potential market can get bogged down for plenty of other reasons. Diversification limits the upside, but also protects the downside. It's really easy to lose a lot of money without diversifying.

Here are three tech companies that could be on the cusp of great things.

1. Westport Innovations

During the lifecycle of almost every new technology, there will be points where the market is extremely optimistic, and there will be points where the market is very pessimistic. For **Westport Innovations** (TSX: WPT)([NASDAQ: WPRT](#)), the pendulum has swung very much over to the bearish side. The company currently trades at just barely above its 52-week low.

Westport is the leader in natural gas engines for the trucking, light vehicle, and public transport industries. It, along with joint venture partner Cummings Oil, has a 90% share of the North American market. Yet the company has barely cracked the surface with long-haul trucking, enticing just 2% of that market to convert from expensive diesel to cheaper and cleaner natural gas. If Westport can

capture a significant portion of that market, shares will trade much higher than they do now.

This is an attractive entry point for investors who believe in the company's story.

2. Sierra Wireless

Sierra Wireless ([TSX: SW](#))([NASDAQ: SWIR](#)) is a leader in wireless technologies and solutions. Essentially, the company makes technology so devices can communicate with each other via the internet.

The company is poised to be a big player in the so-called Internet of Things, which is expected to be a \$19 trillion market by 2020 as more and more devices get connected to the internet. Other companies are betting big on this trend as well. **Google** recently acquired Nest, a maker of thermostats that can be controlled by a user's smartphone. It paid \$3.2 billion for the company.

Sierra has a rock-solid balance sheet, including about \$5 per share in cash, and no debt. Over the last two years the company has essentially broken even after factoring in all its special charges. Its solid financials will serve the company well as it works on growing its business.

3. Amaya Gaming

Looking to combine two strong growth areas, technology and gambling? **Amaya Gaming** ([TSX: AYA](#)) is a terrific choice for investors.

The company offers all sorts of solutions for the gambling industry, including software that runs in slot machines, and designing the software for many leading online poker sites. It also recently acquired a leading slot machine manufacturer for \$177 million, and was also rumoured to be looking at buying PokerStars, the largest online poker platform. It's expanding at a remarkably fast pace.

What the company is really hoping for is the U.S. government finally making online gambling legal. Currently only a few states have taken the plunge, most notably Nevada and New Jersey, exactly the states you'd expect. A nationwide law allowing gamblers to wager online would be a huge boon for the company's shares, since it would expand the size of the overall market exponentially.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:SWIR (Sierra Wireless)
2. NASDAQ:WPRT (Westport Fuel Systems Inc.)
3. TSX:SW (Sierra Wireless)

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