



Sierra Wireless Inc.: Hop Aboard This \$14.2 Trillion Trend

Description

As easy as technology has already made our lives, what we've seen over the last decade might just be the beginning.

Imagine coming home from work in a car that can use the sound of your voice to switch the between music, phone calls, texting, and giving you directions. A few taps of your smartphone turns on your living room lights, tells the thermostat to warm the place up, and even turns on the jacuzzi on your deck, getting it ready for your post-work soak. Another push of a few buttons starts to pre-heat the oven, getting it ready to cook dinner.

As much as some folks scoff at the idea, it's obvious that these internet-connected devices are the future. But just how big of a future the sector has is absolutely mind-blowing. By 2020, tech giant **Cisco** estimates there will be more than 12 billion devices hooked to the web, up from just 1.2 billion in 2012.

The size of this market is expected to be huge, eclipsing \$14.2 *trillion*.

Needless to say, there's an opportunity to make a few bucks in this sector.

How can investors participate in this huge trend? The best choice is through **Sierra Wireless Inc.** ([TSX:SW](#))([NASDAQ:SWIR](#)), which is the market leader at figuring out how to get these devices to talk to each other.

You know how every overnight success in the music industry has been quietly working at it for a decade? That's kind of what Sierra has been doing. The company has been around since 1993, making a big move into the device software field with a series of acquisitions in between 2007 and 2008.

Since then, it's become the leader in the sector with a market share of 34%. It has an impressive list of partnerships with companies like Chrysler, Nespresso, Cisco, Lenovo, **General Electric**, and **Honeywell**.

The scale of the Internet of Things cannot be understated. Everything from remotely monitoring

electrical stations to accepting debit and credit card payments on the go are potential uses of the technology. There are applications in health care, security, and even transportation management. And I'm just scratching the surface. It's easy to let your imagination run away with just how big it could become.

One of the company's main strengths is the security it offers. Although you'd think folks wouldn't live in fear of getting their thermostat or coffee maker hacked, there is the danger that a hacker makes their way in through an internet-connected device to a laptop or PC, which hold the more important stuff. Sierra's software minimizes this risk by routing everything through the cloud, which adds a layer of security to its software. Not only does a bad guy have to get through the device, but he has to make it through the cloud first.

The company also has the financial might to be a winner. It is currently sitting on \$196 million worth of cash with no debt. Earnings are currently negative, but Sierra is comfortably generating free cash flow, to the tune of nearly \$26 million over the first three quarters of 2014. It's also killing it on the revenue side, increasing the top line by 27% during its most recent quarter.

Analysts are even more bullish. Earnings are expected to nearly double in 2015, and that's not even counting the company's recent acquisition of a European competitor, which should boost the bottom line. And the company has just been added to the TSX Composite Index, which should give it even more attention from institutional investors.

Sierra Wireless has already run up a long way, but the size of its potential market makes me think there's still a good chance this stock heads even higher. There aren't many upcoming trends bigger than this one.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:SWIR (Sierra Wireless)
2. TSX:SW (Sierra Wireless)

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