



## Sierra Wireless, Inc. Is a Great Opportunity in the IoT

### Description

**Sierra Wireless, Inc.** ([TSX:SW](#))([NASDAQ:SWIR](#)) is a company with a great long-term vision and a slew of short-term problems. The company's Internet of Things (IoT) vision is ambitious on paper, until one looks at the progress and sheer number of acquisitions the company has made over the past few quarters, which make that vision all the more achievable.

The IoT is the concept that everyday devices around us are interconnected and feeding information, diagnostics, and updates to each other and us.

Imagine, for instance, that you are driving home from work, and get stuck in traffic. No problem. Your car will notify your oven at home that you are late and adjust the temperature of your dinner, so that it stays warm but does not burn. Your car may then tell your DVR about the traffic, and the DVR will commence recording your favourite show for you.

Sierra and a handful of other companies are leading the pack in attempting to make this IoT vision a reality within the next few years.

To better understand whether Sierra is about to turn around, let's take a look at what Sierra's overall goal in the IoT vision is.

### Sierra's IoT vision

For the IoT, Sierra is focusing on what the company is well known for and excels at—connectivity of data. The company already has an impressive record for being the first to market a number of new and emerging technologies such as embedded software, interchangeable modules, 4G LTE, and LTE advanced solutions.

Sierra has been acquiring a number of companies over the past few quarters, strengthening the company's position in a number of key areas that are core to the IoT vision:

- Machine-to-machine connectivity (M2M) and data-management services. Sweden-based Wireless Maingate was acquired for \$90 million in February 2015.

- 4G LTE managed-connectivity services. Florida-based Accel Networks was purchased for \$10 million in June of this year.
- Mobile Virtual Network Operator. France-based MobiquiThings was acquired for approximately \$15 million. The deal was finalized earlier this month.

### **Sierra's turnaround plan**

Sierra is transitioning fully into an IoT company. This is being accomplished through acquisitions and organic growth. The company is putting all resources behind the IoT vision and the massive potential that it represents—and rightfully so. The IoT market has the potential to be a multi-trillion dollar industry within the next decade.

Sierra's focus on the IoT vision has made its results improve. Revenue has jumped by over 20% moving into 2015, and while the company forecasts that this growth will slow to 13% for the remainder of the year, that level of growth is impressive.

In terms of results, the company has a tendency of providing conservative projections for revenue and then over-delivering during results time. For the next quarter, Sierra is expecting revenues to fall in the \$157-160 million range, whereas Wall Street estimates this should be closer to \$163 million.

In my opinion, Sierra should be part of every portfolio seeking long-term growth. Sierra represents a very unique buying opportunity to get into before the IoT really takes off. The company is making the right acquisitions to accomplish the IoT vision, and at this moment the stock can be purchased for a bargain price under \$30.

### **CATEGORY**

1. Investing
2. Tech Stocks

### **POST TAG**

1. Editor's Choice

### **TICKERS GLOBAL**

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

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