



Sierra Wireless, Inc. Is a Buy for the Future

Description

It has really not been a good time for investors of **Sierra Wireless, Inc.** ([TSX:SW](#))([NASDAQ:SWIR](#)), who've watched the value of the stock drop from over \$56 per share in January 2015 to just under \$19, a drop of over 70%. But if you stomached that drop and are still holding shares of Sierra, I believe the future is bright.

You might want to consider buying more shares to lower your price per share. And if you're a new investor, the time is right to start buying.

Sierra Wireless is a pure-play Internet of Things (IoT) company. Today, that doesn't mean very much, but I believe, in the coming years, this is going to be a huge industry and Sierra will be right in the middle of it.

As the name implies, the IoT means that your average, everyday items will be connected to the Internet. For example, your car will be connected to your refrigerator, which will be connected to a digital wallet. You'll get an alert in your car that someone finished the milk, so the refrigerator can immediately order more. Then you can stop at the grocery store and pick it up without having to go shopping. Presently, that's not possible, but as the technology evolves, it will become typical.

According to research firm Gartner, there will be 25 billion devices connected to the Internet with incremental revenue of US\$300 billion. **Cisco** believes there will be 50 billion devices and, by 2024, the incremental revenue will reach US\$19 trillion. The reality is that the sector has the potential to be massive.

Here's why you should be excited: Sierra Wireless builds tiny embedded wireless modules. If every device is going to be connected to the Internet, it needs these tiny modules that allow devices to receive and transfer data. Sierra is one of the best at making these, so its growth potential is significant.

On the software side, it runs a cloud computing division and does data analytics. One of my concerns about the IoT is that each device could become a point of entry for hackers. Sierra's cloud computing division will help the network stay secure, ensuring a user's precious data doesn't get hacked.

Management also sees the potential. The company expects the revenue to grow to \$1 billion over the next several years from the present \$607 million. I can't help but agree with this assessment considering that the sector is only beginning to heat up. And along with that, analysts expect that the adjusted EPS will grow by 35% over the next couple of years.

At the end of the day, people get rich when they invest in companies that are going to revolutionize a sector. While Sierra is certainly not the only company in the space, it is making smart acquisitions and organically growing its business to dominate the space. Investing now, while everyone else is afraid, is a great way to gain a sizable portion in a company that is looking to take a bite out of a trillion dollar business.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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

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