

Is Now the Time to Buy Sierra Wireless, Inc.?

Description

Buy Sierra Wireless, Inc. (TSX:SW)(NASDAQ:SWIR).

That's what analysts and industry pundits have been saying for well over a year, citing the potential of the pure-play IoT company in the long run.

The IoT, or Internet of Things, is the concept of everyday devices connected to each other and to the web, feeding information and updates back and forth.

By making devices smart, the information that is passed between them could eliminate some tasks and make our daily routines that much smoother. This could be your alarm clock telling the coffee maker to start, because you are finally awake, or your car contacting your dealership to schedule maintenance for that "check engine" light.

As you can imagine, the market for these interconnected devices is massive. Some experts cite the market as being measured in the trillions with several billion devices set to be connected within the next few years.

For Sierra, the potential is equally huge. Sierra develops 4G LTE and LTE advanced solutions for the interchangeable modules that connect to the Internet. Remember all of those billions of connected devices? Sierra wants to build the modules for those devices and is already off to a great start.

How's Sierra doing?

Sierra currently trades at \$22.81. Year-to-date the stock has risen by 4.78%; however, pushing this period out to a full year shows the stock is down by 31.67%. In the most recent quarter Sierra posted revenues of \$142.8 million, a decrease of \$150.4 million, or 5.1% over the same quarter last year. Despite this drop, the company still managed to post better-than-expected results.

These results summarize Sierra's results over the past few years. It has lots of potential, but when it comes to delivering, the company comes up short. The good news is that Sierra is changing to address this, firstly by becoming a pure-play IoT company and then by focusing on the hardware and services

to support that IoT vision.

The automotive industry is a prime example of where Sierra has made progress on this front.

Sierra and the automotive industry

The automotive industry is lucrative market for IoT connectivity. More and more vehicles are being connected to the Internet and Internet-enabled devices each year. Sierra is aware of this trend and has been working hard to supply leading manufacturers the cellular modules needed to connect vehicles.

This week Sierra announced that PATEO, a Shanghai-based provider of products and services for connected cars in China, will begin using Sierra's AR series modules for cellular connectivity. The modules are scalable across 2G, 3G and 4G bands, and the first vehicles to include Sierra's modules will be the Geely brand, which has over 30 different vehicle models available both in the Chinese market as well as in more than 40 countries. Geely owns Volvo as well as the iconic London Taxi Company cars.

Sierra remains, in my opinion, a great investment option for those investors who can look past shortterm fluctuations in price and see the long-term potential. default watermark

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Date 2025/07/06 **Date Created** 2016/07/21 **Author**

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