



Why Sierra Wireless, Inc. Is a Great Long-Term Investment

Description

There are few companies in the market today that have as much long-term potential as **Sierra Wireless, Inc.** ([TSX:SW](#))([NASDAQ:SWIR](#)). Sierra develops 4G and 4G LTE advanced solutions, software, and interchangeable modules for internet connectivity of devices.

The Internet of Things (IoT) concept is based around the notion that everyday objects are connected to each other and the internet, feeding information, updates, and diagnostics to each other and us. The number of applications that this could apply to are limited only by the imagination. The IoT represents in the next major revolution in terms of technological advances.

Consider a world where your alarm clock going off could tell your coffee machine to start brewing a cup of coffee. Or it could be your car checking your smartphone calendar for an open slot and then scheduling a service appointment for you.

Just how big is the potential market for IoT devices? In a word, massive. By some accounts, industry experts peg the market size as a multi-trillion dollar market with over 50 billion devices connected.

Each of those 50 billion devices will need modules to connect to the internet, which is where the opportunity with Sierra comes in.

Those devices require connectivity, and Sierra is banking on being able to meet that need. The company has steadily transitioned into becoming a pure-play IoT company, but it has, for the most part, overestimated and underdelivered during reporting time.

Sierra continues to show improvement

In the most recent quarter, Sierra posted US\$156.2 million in revenue, representing a decrease of 1.1% over the same quarter last year. The company's OEM segment showed a 4% decrease for the quarter, coming in at US\$132.6 million. The enterprise solutions segment, on the other hand, showed strong growth of 10% for the quarter, coming in at US\$16.6 million. The cloud and connectivity segment of the company also showed strong growth for the quarter with revenues topping US\$7 million, an increase of 46.8% over the same quarter last year.

Overall, the company showed improvement with both revenue and non-GAAP earnings bettering positions from the previous quarter.

Earlier this month Sierra completed the acquisition of GenX mobile incorporated, a leading provider of in-vehicle cellular devices that could be used in a variety of applications ranging from asset management to fleet tracking for the transportation market. GenX has a complementary portfolio to Sierra's own enterprise solutions business unit.

Is Sierra a good investment?

Sierra remains one of the most potentially lucrative opportunities for investors on the market over the long term. The IoT is no longer just a concept—it's becoming a reality—and Sierra is in a position to see significant revenue gains once smart devices begin to sell in numbers.

Sierra is also heavily invested in the automotive connectivity sector, where we are already starting to see smart connectivity become more of a standard feature.

Earlier this year Sierra announced that its products had been selected by Shanghai-based PATEO for inclusion in connected cars that the company manufactures. Among the first vehicles to include Sierra's cellular modules will be the Geely brand, which is marketed in more than 40 different countries under a variety of well-known brands, including Volvo and London's iconic Taxi company.

In my opinion, Sierra is a great investment option for the long term. The company is set up to capitalize on the IoT revolution, and when that happens investors will see significant gains.

CATEGORY

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2. Tech Stocks

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1. Editor's Choice

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