



Sierra Wireless, Inc.: On the Verge of Something Big

Description

Sierra Wireless, Inc. ([TSX:SW](#))([NASDAQ:SWIR](#)) has developed a particular knack in recent quarters to be on precipice of becoming a great investment opportunity, particularly over the long term.

Sierra has long positioned itself as an Internet of Things (IoT) pure play, focusing efforts on the connectivity of devices and software that will allow everyday devices to connect to the internet and feed information to each other and to us.

That's the core vision of what the IoT represents, and the uses in our everyday world are nearly endless and starting to affect our everyday lives. We already have talking assistants that can connect to our calendars and home lighting systems, play music, set reminders, and perform any number of mundane tasks. We also have ways to connect our phones to our vehicles, stream data wirelessly to our TV sets, and notify us when an event occurs.

Industry experts peg the IoT market to consist of upwards of 50 billion "things" within the next decade, and with Sierra at the forefront of The IoT, the potential revenue for Sierra can be measured in the billions.

Sierra and the automotive industry

One of the fastest-growing segments in the IoT space is in vehicle connectivity. While connecting a smartphone to a vehicle has been standard for several years now, the scope of that connectivity is changing, and automotive manufacturers are realizing the additional potential that lies downstream.

Automotive manufacturers are no longer looking at edge scenarios for connectivity, but rather are considering the impact connectivity could have with respect to diagnostics and software upgrades, internet connectivity solutions, as well as real-time traffic and weather advisory information.

Sierra can, and does, provide all of those connectivity solutions, and that's not even contemplating the next-gen items Sierra is working on.

Sierra recently announced an agreement with Palo Alto-based Nauto — a transportation company that

provides AI-powered solutions for networks of vehicles. Nauto analyzes driving habits, road conditions, and obstructions, feeding that information to other Nauto-equipped vehicles in the area. Nauto's North American launch is pegged to go live this spring using wireless connectivity solutions from Sierra.

Sierra on advancing connectivity solutions

While Sierra is renowned for the suite of 4G and 4G LTE advanced connectivity solutions, most people do not realize that Sierra is already working on and testing 5G connectivity.

Industry experts forecast that the transition from 4G to 5G is expected to occur within the next two years with sales of 5G components surpassing 4G modules within the next seven years.

Just this past week, in advance of the Mobile World Congress show in Barcelona, Sierra successfully tested network and device data using CAT-M1 or LTE-M for IoT communications over a network in Spain.

CAT-M1 or LTE-M for IoT facilitate extended coverage, lower power consumption, and ultimately lower device costs when compared to existing broadband services.

Thanks to those enhancements, Sierra's CAT-M1 modules can continue to have coverage and transmit data, even in poor coverage areas where a typical LTE device would lose its signal.

What does this mean for investors?

In my opinion, Sierra is a great long-term investment. The transition it has made to become a pure-play IoT company is nearly complete, as reflected in the steadily improving results the company posts with each passing quarter.

The transition into an increasingly connected world continues, and Sierra's position couldn't be better. And despite the fact that Sierra's stock price has soared over 115% in the past 12-month period, there could be significantly more growth in store for the company over the next few quarters as more IoT devices come to market.

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