



Why This IoT Pure Play Is Set to Take Off Further

Description

Canada has always been a hotbed of talent when it comes to emerging technology companies. In fact, some of the leading companies in the tech sector today are reliant on the parts, processes, and patents of several heavyweight Canadian tech companies.

Amazingly, when it comes to looking at tech companies to invest in, investors often side-step or underestimate the potential the opportunity that many of those companies represent.

Sierra Wireless, Inc. ([TSX:SW](#))([NASDAQ:SWIR](#)) is a technology company at the forefront of two of the largest technological advancements in a generation: the mass adoption of Internet of Things (IoT) technology and the emergence of the connected automobile.

Sierra's IoT play

IoT is the concept behind the idea of taking everyday devices and connecting them together and to the internet for the purposes of completing mundane tasks, not unlike a macro function on a universal remote.

The applications for this are nearly infinite, ranging from smart coffee makers and refrigerators that interact with each other to smart camera drones that can fly autonomously around a subject, snapping pictures.

Industry experts think the market for IoT devices could be measured in the trillions; they also estimate that over the next few years, there could be over 50 billion devices connected to the internet.

Sierra is a pure-play IoT company which has invested heavily in becoming the primary resource for embedded modules and modems necessary for those billions of devices to connect to the internet.

In the most recent quarterly update, Sierra announced two acquisitions that will only strengthen the company's hold on the IoT market.

Sierra acquired Flow Search Corp., which offers a platform for rapidly developing applications in the

cloud. The acquisition will likely enhance Sierra's device-to-cloud portfolio of solutions.

The other acquisition was for Numerex Corp.: a provider of managed solutions provider for IoT in the realm of enterprise solutions, such as M2M communications and asset-tracking solutions.

Sierra's automotive play

As intriguing as the IoT play is, the related yet separate automotive play could turn out to be just as important for Sierra.

Two emerging trends in the automotive space are autonomous driving and the connected auto. Both are connected in some ways, and both hinge on Sierra's expertise.

The connected car concept is the idea that vehicles are connected to the internet in a greater way than ever before, and not just for infotainment or navigational traffic updates. An increasing number of sensors are being added to vehicles, bringing forth a new generation of safety features that stand to make driving an overall safer experience.

For example, it's not completely outside the realm of possibility to have a vehicle perform an over-the-air diagnostic and update on its own, eliminating the need for a dealership to perform that update. Diagnostic data relating to weather and road conditions, as well as braking and handling metrics, can also be fed to vehicle manufacturers, setting the stage for constant improvements.

Sierra is already working with automotive manufacturers to provide the embedded modules necessary for vehicles to connect to the internet, and additional deals with other manufacturers seem likely to follow.

Is Sierra a good investment?

In the most recent quarter, Sierra realized revenues of US\$173.5 million — an 11.1% improvement over the same quarter last year. GAAP net income realized an incredible 842% improvement, coming in at US\$6.6 million.

Critics often point to the fact that Sierra has been touted as a great investment for some time and that the opportunity may have passed. While Sierra's stock price has shot upwards in the past year, the stock remains a great investment opportunity for investors looking at long-term growth.

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