



The Untapped Opportunity of Sierra Wireless, Inc. (TSX:SW)

Description

In case you haven't realized it by now, [technology stocks](#) are among my favourite investments to make. Tech stocks, particularly those that work on new and upcoming trends, often represent an incredible opportunity for investors. Even better is the fact that the market as a whole is often not ready or does not fully understand the massive opportunity these stocks can represent both as investments and as bringing change to our daily lives.

We saw a change like that come with the advent of the internet, the introduction of the smartphone, and, more recently, the increasing adoption of cryptocurrencies and the emergence of the blockchain.

Another just as lucrative opportunity exists in the form of the Internet of Things (IoT). The idea that you can control multiple devices with a cell phone or your voice, and the idea of devices communicating with each other to accomplish mundane, everyday tasks for us seemed like science fiction just five years ago, yet this is the world around us now.

This is where **Sierra Wireless** ([TSX:SW](#))([NASDAQ:SWIR](#)) comes into play.

As one of the leading companies that develops the embedded modules to enable device connectivity, Sierra's hardware is already found in millions of devices around the world.

Keep in mind that industry pundits foresee that within the next few years, the IoT market will swell to encompass tens of billions of devices, with everything from coffee machines to your new car becoming "smart."

Sierra's growing presence in the connected automotive segment could prove to be game-changer over the next few years, as more vehicles are equipped with embedded connectivity options from Sierra. The company has already forged agreements with some automotive companies, and this has begun to spill over into Sierra's quarterly results.

What about those results?

In the most recent quarter, Sierra saw revenues hit US\$201.9 million, registering a 16.4% improvement

over the same period last year. The impressive revenue growth also saw the company come in near the top of its previously announced guidance of US\$195-203 million. Hitting the guidance target is a vote of confidence for the company, as just a few short years ago Sierra perennially missed its quarterly guidance numbers.

Viewing the segment-by-segment results shows an even more telling story of the company.

The core OEM solutions segment reported revenue of US\$150.9 million in the quarter, registering growth of 4.5% over the same quarter last year. The enterprise solutions segment saw an impressive 41.1% uptick in revenue, but the real showstopper came in the form of the IoT services segment which brought in US\$22.6 million in revenue, registering an incredible 209.6% increase over the same period last year.

If those results and the massive long-term opportunity weren't reason enough to consider the stock, Sierra also announced a normal course issuer bid for as many as 3.58 million shares, which should drive the stock price up even further than the 10% the stock has already gained in the period since the quarterly announcement.

In my opinion, Sierra represents an [excellent long-term investment](#) option for those investors looking to diversify with a tech stock with massive potential.

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