



There's More Exciting Growth Ahead for This Tech Stock

Description

The Internet of Things (IoT) is one of the most exciting investment opportunities in tech today. **Sierra Wireless** ([TSX:SW](#))([NASDAQ:SWIR](#)) estimates that its addressable market will grow from US\$3 billion in 2015 to US\$30 billion by 2021.

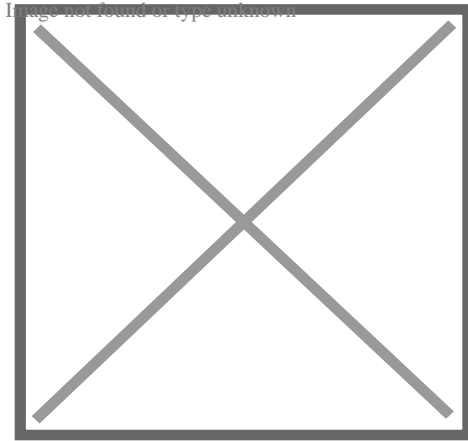
As LTE and 5G networks mature and become more prominent around the world and more things are connected to the internet, the applications of IoT will simply be endless.

Think about smart cities, artificial intelligence (AI), security and identity, and much more. It is already happening. Here are a couple examples of Sierra Wireless's technology in action.

Improving road safety

Underpinned by Sierra Wireless's cellular modules, which provide continuous, high-bandwidth connectivity, NetraDyne developed the Driveri system, which, via AI, performs video analysis and delivers actionable alerts in real time to drivers to improve road safety.

The initial application was on a 4G LTE network to improve safety for truck drivers in the U.S. who, on average, drive 2,000-3,000 miles per week. With 5G networks, this IoT and AI-fused solution can have more capabilities and do its thing at a much greater speed.



(Source: securityaffairs.co)

Improving utility efficiency and reliability

One of the first things utility companies can do in the realm of IoT is install smart metres. By using data obtained from smart metres, utilities can better optimize energy distribution. All in all, smart metres allow for more reliable and efficient use of energy.

Vattenfall is one of the largest generators of electricity and the largest producer of heat in Europe. It has about 6.2 million electricity customers, 4.3 million electricity network customers, and 1.9 million gas customers. Sierra Wireless provided communication services for Vattenfall to collect accurate and timely readings of the utility's smart metres.

Recent developments

Sierra Wireless more than tripled the revenue from its IoT services business segment in Q2 to US\$22.6 million compared to the same quarter in 2017. This was thanks partly to its acquisition of Numerex, which was completed at the end of 2017 and thanks partly to a diversified set of customers deploying its integrated device-to-cloud solution.

Although Sierra Wireless's IoT services business only contributed about 11% of its total revenue in the second quarter, the IoT leader expects continued growth from the segment.

Last week, Sierra Wireless announced the opening of a new service centre in Atlanta, Georgia, which provides around-the-clock customer support for its growing IoT services business. More than 140 employees will be based at this centre.

Investor takeaway

Growth investors will find [Sierra Wireless](#) to be a particularly interesting pick with [solid long-term growth prospects](#).

The stock popped about 8% yesterday and has appreciated +30% in the last three months. Having traded at about \$40 per share as recently as last year, there's still much room for the stock to run given that it only trades at about \$28 per share as of writing.

That said, for a safer entry point, interested investors should look to buy on meaningful dips — perhaps

begin scaling in the stock at \$20-24 per share.

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