



## Is Your Portfolio Ready for the Biggest Wireless Advancement in a Decade?

### Description

Everywhere you look, people are using smartphones. We are constantly connected, consuming more data at an increasing rate, which experts speculate is nearly doubling every year. Telecoms are investing billions in upgrading their networks to support added capacity, and developers continue to offer new and exciting uses for the devices that we continue to call phones, despite the phone being relegated to an app buried with dozens of others.

This has created a cycle of advancement that has greatly benefited us, but there's one more factor to consider that will completely revolutionize how we can interact with the world around us, and **Sierra Wireless** ([TSX:SW](#))([NASDAQ:SWIR](#)) has been testing that innovation for the past several months.

### Welcome to 5G

5G connections are widely considered as the next evolutionary step that will give us higher data speeds that will usher in a new era of applications and functionality similar to how both 3G and 4G made real-time video conferencing and 4k-quality streaming over a mobile network possible.

To put the scale of the upgrade into context, a 4G LTE connection can reach transfer speeds of approximately 1GB per second, whereas under 5G that data speed is increased by a factor of 10 or more.

That extra speed comes with the promise of shorter latency (buffering will become a thing of the past) and, more importantly, because of that larger throughput, a single device can maintain multiple connections to any myriad of connected devices without any signal degradation.

To put it another way, think of your current 4G LTE connection as a two-lane highway. You can get where you are going and can allocate several different apps to share that connection, like cars on a highway with only the occasional slowdown. 5G is more akin to driving down the autobahn: with no traffic, no formal speed limit, a high-quality road without slowdowns, and multiple lanes of traffic for you to use.

The added speed and bandwidth will be great, but another viable use for that bandwidth is the Internet

of Things (IoT). Over the past few years, we've seen widespread adoption of IoT to the point that nearly everyone has or knows someone that has some IoT device, and as a pure-play IoT company, Sierra is front and centre in the proliferation of IoT devices.

### Why should you invest in Sierra?

Widespread adoption of 5G is unlikely to begin before early next year, but that hasn't stopped Sierra from testing the new standard, nor has it stopped telecoms from beginning the massive undertaking of upgrading their networks to support 5G. Some major telecoms around the world are even slated to have their networks ready by the end of the year, and hardware manufacturers are more than likely set to announce their new 5G lineups next year at Mobile World Congress in Barcelona.

Sierra has been working frantically over the past few years to become a pure-play IoT company and the results of that change are starting to bear fruit.

In the most recent quarter, Sierra reported revenue of US\$201.9 million, coming in an impressive 16.4% higher than the US\$173.4 million reported in the same quarter last year.

On a by-segment breakdown, the massive opportunity from the IoT explosion across the industry shows both the strength and potential for Sierra over the long term. When compared with the same quarter last year, OEM solutions saw a 4.5% increase, Enterprise solutions saw an increase of 31.1%, and IoT Services saw a whopping 209.6% increase.

Gross margins remained relatively unchanged over the same period last year, coming in at 34.4%, and overall net earnings came in at US\$9.7 million, or US\$0.27 per diluted share.

While Sierra has already witnessed incredible growth in the past two years, the company has only just started to scratch the surface in terms of potential through both IoT advancements and the rollout of 5G.

Investors [looking for a tech investment](#) with massive growth potential should [buy now](#) and get ready for what will be an interesting and exciting next few years.

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