



## Want to Capitalize on the Internet of Things? Buy Sierra Wireless, Inc. (TSX:SW) Stock

### Description

The Internet of Things (IoT) has long been a storyline within the technology sector. Soon, everything will be connected to the internet, from washing machines and watches to refrigerators and vehicles. We're already seeing the beginnings of this shift, with more and more consumer products connecting to your home WiFi network, and sometimes requiring their own cellular connection to operate.

More interesting, however, is the shift towards IoT within the industrial sector. According to a recent *Forrester* survey, "Industrial products lead all industries in IoT adoption at 45% with an additional 22% planning to adopt IoT in the next 12 months." The industrial IoT market is expected to grow by 7.8% annually through 2021, surpassing \$120 billion in value.

The benefits of IoT technology are clear, and adoption is often fueled by lower costs and increased efficiencies. For example, **Harley-Davidson** increased profitability by 3-4% by shifting production to a fully IoT-enabled facility.

In total, including industrial applications, the IoT market is expected to hit \$580 billion next year. How can you take advantage? Meet **Sierra Wireless** ([TSX:SW](#))([NASDAQ:SWIR](#)).

### Sierra Wireless is the clear market leader

Tapping the sheer scale of the IoT industry requires massive amounts of research and development as well as a global platform to manufacture and deliver products quickly. Additionally, reputation is paramount. In critical sectors like energy and telecom, failure of IoT devices could result in big losses, both financial and social.

With a 24-year history and more than 160,000,000 devices shipped worldwide, Sierra Wireless has the proven reputation necessary to build long-term relationship with new IoT customers.

Notably, IoT infrastructure can be complex to design, deploy, maintain, and troubleshoot. With more resources than nearly any other IoT company, Sierra Wireless is perfectly positioned as a trusted

partner. As the company's website states, "customers start with Sierra to simplify IoT deployments."

The company's expertise across a broad range of industries is impressive.

In the automotive sector, Sierra Wireless provides devices that assist with fleet management, public safety, and municipal transit. In the energy sector, its devices help with smart grid management, tank monitoring, and public infrastructure. On the residential side, Sierra Wireless is involved in home security and automation, while also helping with payment processing and mobile computing on the enterprise side.

In summary, Sierra Wireless has exposure to nearly every valuable IoT market. Investing in the company gives you direct exposure to those shifts.

## What could go wrong?

Many technologies take over the world quickly but are hard to monetize profitably.

Take solar energy, for example. Solar represents one of the fastest-growing energy sources in the world, yet year after year, major PV producers go bankrupt or are forced to reorganize due to a lack of profitability. In the end, the biggest gains of technology often accrue to consumers, not companies.

On a GAAP basis, Sierra Wireless is still producing losses despite more than \$700 million in revenues. The lack of profits is a big reason why shares have fallen by 35% over the past five years, despite revenues nearly doubling.

Sierra Wireless is your best bet to profit off the IoT craze, but if it has trouble turning a profit, few other operators will. Despite the big top-line growth, this likely won't be a winning stock.

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