



TFSA Investors: Your Money Could Double With the Turnaround of This IoT Stock

Description

Investors are now crowding the 5G space. Many of them are looking for cloud computing and Internet of Things (IoT) firms with high upsides in the upcoming data economy. **Sierra Wireless** ([TSX:SW](#))([NASDAQ:SWIR](#)) used to enjoy prominence but got hit by a series of [business setbacks](#).

The stock of this Canadian wireless company started strong this year but has since failed to sustain the upward trajectory. But despite the flaky behaviour, some analysts predict 2019 to be a turnaround year. It makes you question their basis for forecasting the current price of \$16.69 to double in the months ahead.

Recapturing lost ground

The company has appointed a new captain to steer the ship. Since assuming the post in October last year, CEO Kent Thexton is expected to inject fresh zeal and recover lost ground. He came in at a time when the technology hardware industry itself was in a downturn. His main task is to implement a turnaround plan.

There are two primary reasons why Sierra lost ground. The company is heavily invested in China and Europe's automobile industry, but business has slowed down considerably. Competitors ate up a lot of Sierra's market share in the PC and networking business. These twin setbacks stalled the company's momentum.

Included in the turnaround plan is to implement cost-cutting measures that would free up about \$50 million. The savings would then be expense out for reinvestment purposes. Sierra would channel the funds into 5G equipment and LPWA modules (low-power wide area network), which are considered the next wave of products.

Future endeavours

The task of the new CEO is daunting. Besides restructuring the business, the pressure is to bring in

more profits for sustainability. However, there is a sound basis to raise buy signals because of large growth opportunities. It might be worth investing in this IoT stock today. Two compelling products could improve Sierra's top line and bottom line

Sierra's current 3G and 4G modules in automobiles, networking equipment, and PCs are due for replacement by 5G modules. 5G is the new standard for high-speed cellular connectivity. Sierra Wireless can capitalize on the 5G craze to garner substantial market share.

The company's venture into LPWAs or sensors is as promising as the shift to 5G. Sierra can generate more profits from these "sensors" that are attached to machines and other equipment that transmit data back to a cloud-based management system.

Customers will realize huge savings on maintenance costs with the installation of the sensors. The deployment of LPWA modules is spreading and Sierra's software solutions are the best complements. Hence, the wireless tech company can expect recurring revenue.

Investing in a great comeback

Sierra Wireless is [a reputable player in the IoT industry](#) but is presently the underdog. Investors should compare the stock to industry peers before making an investment decision. However, if you want to root for a dark horse poised to make a grand comeback and offering a strong upside, you can choose Sierra Wireless.

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