

Despite a [poor quarter performance](#), the company is still on a solid financial footing, with a gross profit of \$264.58 million.

To offset competition, the company has recently revamped its business strategy to provide an integrated end-to-end IoT solution that combines hardware and software packages. According to Sierra's CEO, the company aims to double its recurring revenue to \$265 million in the next three years, with the majority of it being driven by its IoT solutions.

Foolish takeaway

We can possibly expect Sierra's earnings growth to grow by double-digit percentages annually over the longer term. By 2021, Sierra's addressable market is expected to reach \$40 billion, a 10-fold increase from 2015, which was \$5.3 billion. This makes Sierra a solid stock bet, as right now, it is trading undervalued with a price/book of just 1.07.

Right now, Serra Wireless is trading at a favourable level, targeting an exponentially growing industry, and has real tangible prospects at growing its market share in this niche.

CATEGORY

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