

Analysis of an Emerging Technology Firm

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Analysis of an Emerging Technology Firm of Samsara Iot.

Abstract

Across the industry, new technologies are allowing a large volume of data to be handled, and they provide valuable information for managerial control, strategic planning, and operational planning. This study is aimed at analysing current research topics and future directions in the field of emerging technology at Samsara (IOT). Among current technologies, Internet of Things (IoT) has been touted as a technology of the future. The paper explains and implements a case study of a converged Internet of Things using Wireless Sensor Networks (WSNs) integrated with a fleet of vehicles based on that concept and the continual development of WSNs. Samsara's mission is to increase the efficiency, safety, and sustainability of the global economy's operations. By leveraging IoT data, they enable businesses with physical operations to develop actionable business insights and improve their operations.

Introduction

The founders of Samsara, Sanjit Biswas and John Bicket, previously cofounded Meraki (now part of Cisco Systems), aimed to digitize business operations. Samsara Founded in 2015. It connects physical operations to the cloud. As of now, Samsara is a publicly traded company and is listed directly on the **NYSE** under ticker symbol **IOT**.

Samsara develops sensor systems that involve remote connectivity, and she also analyses data through cloud-based applications. By collecting data and providing insights into how physical operations can be improved, Samsara supports companies in the transportation, logistics, construction, and food industries. Business operations can be improved by utilizing this technology in an effort to boost safety, quality, efficiency, and customer service.

Technology Samsara Offers

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Using video technology equipped with AI, commonly known as AI Dash Cams, Samsara protects its clients' most valuable assets and their employees by providing real-time incident detection such as Distracted Driving, Tailgating, Rolling Stops and Harsh Driving. Identify safety risks and respond in real time across client operations.

With Samsara, a pioneering Internet of Things (IoT) company, it is possible to combine hardware and software to gain real-time visibility into production facilities, remote assets, fleets, and customer services, enabling massive digital transformation and helping to analyse performance of their client products and help them to improve production and reduce cost. Increase productivity by streamlining workflows. Samsara streamlines the driver experience by adding new assignments at the right time. Provide guided workflows and real-time updates to drivers, so drivers can focus on their work. Also enable clients to make informed business decisions by matching the right driver to the right job with centralized visibility into customer details, live HOS, and real-time ETAs.

Manage client business on one integrated platform. Integration of maintenance data with logistics, sales, accounting, HR and much more. In addition to sensory solutions, Samsara offers mobile workflows and compliance, asset tracking, as well as driver safety.

Strengths

- ➔ The IOT can automate processes so businesses can be more efficient and effective by reducing the need for human intervention. As IoT devices interact and communicate with one another, they can automate the processes, improving the quality of services, and reducing costs.
- ➔ This method saves us a lot of time because it reduces the amount of human effort. Utilizing the IoT platform can help you save time.
- ➔ A clearer access to data even when we are far from our actual location, we can access information, which is updated in real time. Due to this capability, these devices can access information from anywhere at any time and on any device.

- ➔ A benefit of this technology in the healthcare industry is the capability of providing real-time patient care without requiring a visit to the doctor. By providing evidence-based care, it gives them a choice.
- ➔ An interconnected system can help in enhancing home and city security by providing mobile phone assistance. Hence, it helps in improving safety.
- ➔ With knowledge of how and what, each device does Utilization of resources efficiently, we can maximize utilization of resources and monitor natural resources.
- ➔ It can sense any potential danger and warn users of it. The Samsar IOT system, for example, detects accidents on the road and indicates them to the driver. If the system detects an accident, it immediately makes a call.
- ➔ Electrical and electronic equipment used in these devices can communicate directly with a controller computer, like a mobile phone, allowing for more efficient use of electricity. Therefore, electrical equipment will not be unused.
- ➔ IoT technology has many applications in traffic management such as Asset tracking, deliveries, surveillance, traffic or transportation tracking, inventory control, individual order tracking, customer management can be more effective with the right tracking system.

Weakness

- ➔ In addition to unemployed citizens, even skilled citizens are at risk of losing their jobs, which contributes to the unemployment rate. Humans are being replaced with smart surveillance cameras, robots, smart ironing systems, smart washing machines, and other facilities.
- ➔ There is quite a bit of technological complexity involved in designing, developing, maintaining, and enabling the extensive IoT system.

- ➔ Network security is an issue with IoT systems that are interconnected and communicate over networks. So even if security measures are in place, the system offers little control, leading to various types of network attacks.
- ➔ Technology and the internet are causing people to become lazy and inactive because they rely on smart devices instead of doing physical work.
- ➔ Despite the user's active participation, the IoT system provides critical personal information in detail without the user's consent.
- ➔ In the event a bug is found in the system, it is possible that every connected device will be corrupted.
- ➔ A successful business depends heavily on the internet and cannot function effectively without it.
- ➔ IoT devices from different manufacturers cannot communicate with each other due to the lack of an international standard for compatibility.

Samsara Stock Valuations

A metric cannot determine whether a stock is valuable or not. But several ratios, such as the Price-To-Book ratio, the Price-To-Earnings ratio, the Price-To-Earnings Growth ratio, debt-to-equity ratio, and free cash flow ratio, can help value investors form a more comprehensive view of a company's financials, its earnings, and its stock valuation.

As of June 15 2022, Samsara Inc (IOT) has **Enterprise value** at \$5.07B. In 2022, Free Cash Flow is expected to drop to about (207.7 M). A review of Samsara Inc fundamentals shows that the company has a current Real Value of \$15.67 per share, with Shares Outstanding at 465.37 M, Return on Equity of 50.53 %, and Operating Margin of 82.25 %. Other key metrics include Price to Book (P/B) ratio at 6.02 compared to the industry's P/B ratio of 7.09

and debt to equity stands at 14.46. Based on these metrics, Samsara Inc has a current Real Value of \$15.67. Currently, the company is trading at \$11.38. The company appears to be undervalued at this time.

Future Growth

As of January 30, 2021, revenue had increased from \$119.865 million in the year ended February 1, 2020 to \$249.905 million, a compound annual growth rate of nearly 108.5%. The Base Rate Book estimates that just 5.5% of companies achieve CAGRs of more than 45% in the first year after their establishment.

The company earned 173.971 million in revenues in the nine months ended October 31, 2020, compared to \$302.593 million for the same period in 2021, an increase of almost 74%.

For the year ended January 30, 2021, Samsara's gross profitability was nearly 0.2, up from 0.11 for the year ended February 1, 2020. It is generally considered to be attractive to achieve gross profitability of 0.33 or higher, according to Robert Novy-Marx.



Source – [INDMoney.com](https://www.indmoney.com)

In the year ended February 1, 2020, Samsara's net loss was \$225.224 million, and in the year ended January 30, 2021, the loss was \$210.208 million. This represents a growth in earnings

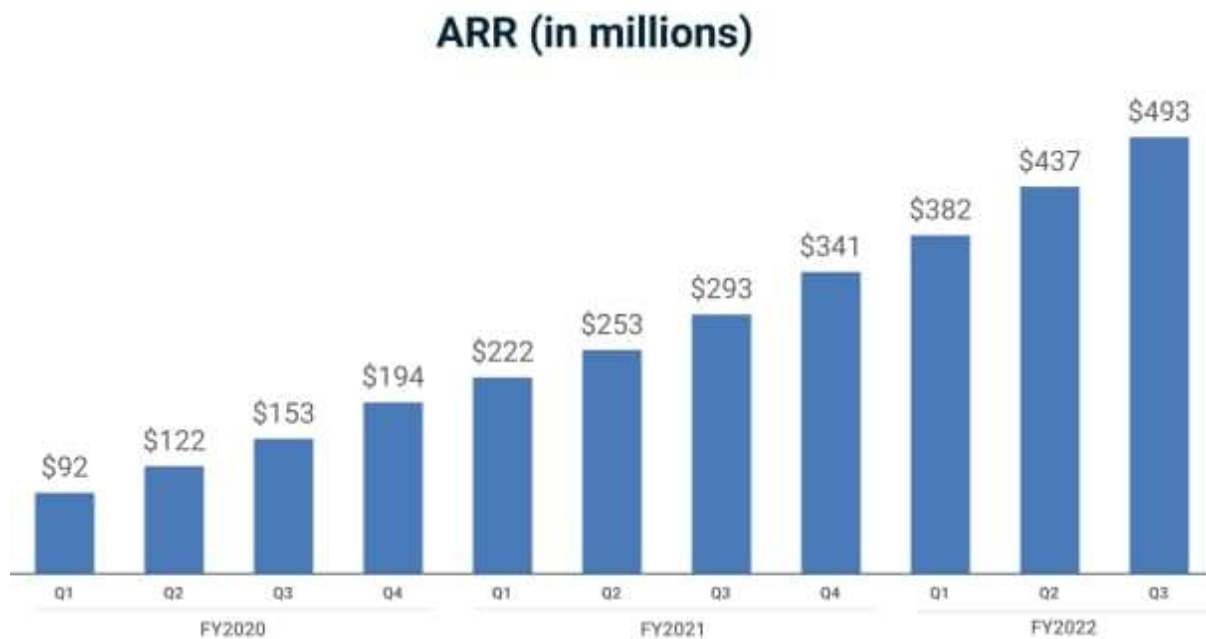
of 6.67%. Among companies that grow their net income between 0% and 10% over a year, only 18.5% do so. According to the company's 10-K report, it made a net loss of \$174.189 million in the nine months ended October 31, 2020, and \$74.111 million in the nine months ended October 30, 2021.

In terms of free cash flow (FCF), Samsara has a -\$169.40 million loss, or -\$0.34 in FCF per share. -1.46% is the FCF yield, which provides an accurate forecast of future performance of the company and stock. Many of the world's top investors have found winning stocks by using FCF yield. We get an unattractive picture of Samsara's true economics by looking at its FCF yield of -1.46%.



Source – [INDMoney.com](https://www.indmoney.com)

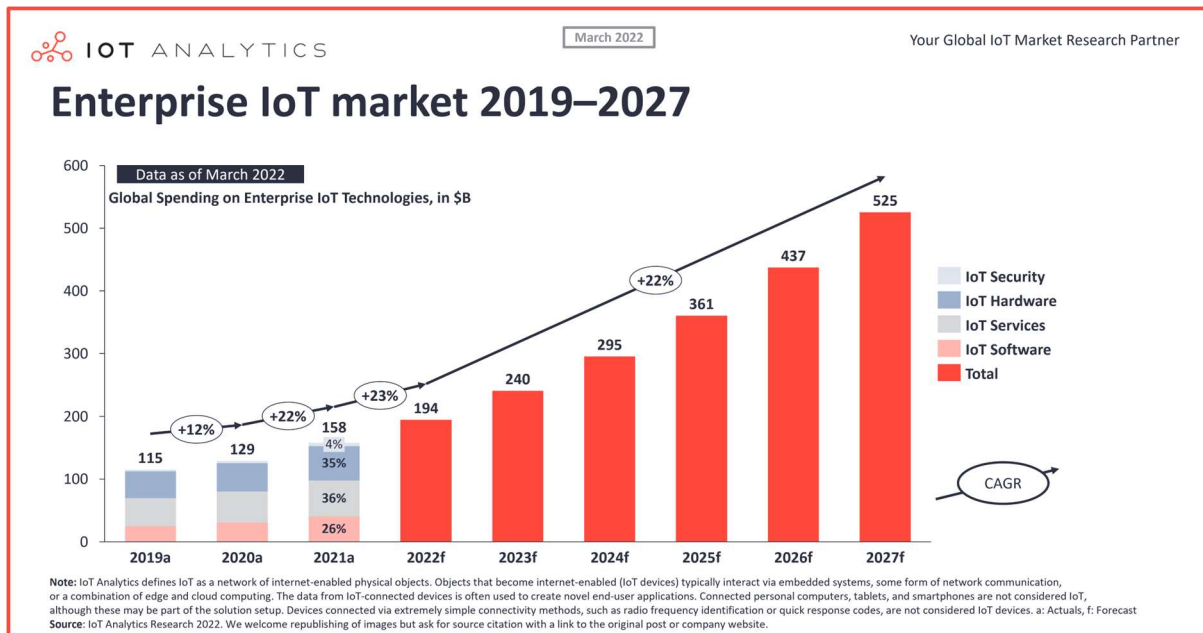
According to Samsara, its return on invested capital (ROIC) for the year ended January 30, 2021 was -38.6%, an improvement over the ROIC of -47.8% it earned for the year ended February 1, 2020.



Source – INDMoney.com

Looking at the forecast. We can conclude that **“Revenue”** (27.1%) is growing more than the **USA** market (8.2%). Samsara IOT’s revenue (27.1%) is forecast to grow faster than 20% per year. Future ROE of industry is predicated at 12.3% whereas the Samsara IOT future ROE is predicated at -8.8%. Investing more profits back into Samsara's business is essential to the business' sustainability.

As of 2021, the global internet of things (IoT) market is estimated to be worth USD 384.70 billion. Forecasts indicate a market value of USD 478.36 billion in 2022 will grow to USD **2,465.26 billion** by 2029, exhibiting a CAGR of 26.4%.



Source – IOT Analytics

Company's CEO

Samsara is an IOT company headquartered in San Francisco, California, founded by Sanjit Biswas and John Bicket. The company's CEO is **Biswas**. He earned his undergraduate degree from **Stanford** and his master's degree from **MIT**. His name was included in the MIT Technology Review **TR35** list of the top 35 innovators under age 35 around the world in 2007.

Conclusion

There is still a lot of room for growth in the IOT industry. It is expected to grow at a rapid rate in the future. Markdowns are notorious profit-killers and I will do my best to eradicate them as CEO of the company. Find ways to increase the value offered to customers by our services. Each half year, review the business strategy and bring the necessary changes to the company.

Look forward to collaborating with the employees on long-term incentives, rewards, and recognizing their role in customer service and retention. Focuses on reducing operating expenses by streamlining operations. Develop the operations in the emerging countries like Brazil, India, China, Indonesia, and Turkey. Such countries will offer ample opportunity for expansion of the business.

In India, for instance, the IOT market is worth **4.98 billion** dollars and is projected to reach **9.28 billion** dollars by 2027. As India's internet penetration has grown, smart home applications, business models and government initiatives like "Smart Cities" have been rapidly adopted. Investments in enterprise IOT products and services will definitely be driven by IOT deployment in automotive industries, such as logistics. The deployment of IOT allows companies like Samsara IOT Inc to expand faster.

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