



## Why BlackBerry Shares Bounced Today

### Description

*Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.*

**What:** Shares of embattled smartphone company **BlackBerry** ([TSX: BB](#)) surged 16% today after Bay Street applauded its strategic direction.

**So what:** BlackBerry posted a whopping Q3 loss of \$4.4 billion on a revenue plunge of 56%, but new Chairman and interim CEO John Chen's [plan to move away](#) from handset sales towards software and services is fueling some turnaround hope among investors. In fact, Chen struck a five-year strategic deal with Chinese OEM Foxconn to design several low-cost devices, a particularly sharp move that capitalizes on BlackBerry's still-significant presence in emerging markets.

**Now what:** In Q4, management expects to maintain its recently bolstered cash position while continuing to cut operating expenses. "With the operational and organizational changes we have announced, BlackBerry has established a clear roadmap that will allow it to target a return to improved financial performance in the coming year," [said](#) Chen. "While our Enterprise Services, Messaging and QNX Embedded businesses are already well-positioned to compete in their markets, the most immediate challenge for the Company is how to transition the Devices operations to a more profitable business model." So while Chen's plan looks good on paper, I'd wait for more evidence that it's actually gaining traction before betting too big on it.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)

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