



## Why BlackBerry Shares Plunged Yesterday

### 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 beleaguered smartphone maker **BlackBerry Limited** ([TSX: BB](#))(Nasdaq: BBRY) sank 10% yesterday after tech giants **Apple** ([Nasdaq: AAPL](#)) and **IBM** ([NYSE: IBM](#)) [announced a partnership](#) on Tuesday to build enterprise apps designed exclusively for iPhones and iPads.

**So what:** BlackBerry shares have soared in recent months on optimism over management's turnaround initiatives, but the Apple-IBM collaboration reignites serious concerns over its ability to compete in the enterprise space. In fact, Apple and IBM said that they're together developing more than 100 different mobile apps for a wide range of industries, suggesting that BlackBerry's already-fragile market share will continue to deteriorate.

**Now what:** BlackBerry remains confident in its competitive position going forward. "The news that Apple is partnering with IBM to expand into the enterprise mobility market only underscores the ongoing need for secure end-to-end enterprise mobility solutions like those BlackBerry has delivered for years," BlackBerry spokesperson Kiyomi Rutledge said. "Enterprises should think twice about relying on any solution built on the foundation of a consumer technology that lacks the proven security benefits that BlackBerry has always delivered."

When you couple the Apple-IBM threat with BlackBerry's still-red hot stock price — up about 40% over the past two months even after today's decline — I'd hold out for a wider margin of safety before buying into that optimism.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NASDAQ:AAPL (Apple Inc.)
2. NYSE:BB (BlackBerry)

3. NYSE:IBM (International Business Machines Corporation)
4. TSX:BB (BlackBerry)

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**Date**

2025/08/27

**Date Created**

2014/07/17

**Author**

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