



## 3 Reasons I'm Still a BlackBerry Believer

### Description

After appearing near death for much of the past 24 months — it is about 85% below its five-year high stock price — **BlackBerry's** ([TSX: BB](#))([Nasdaq: BBRY](#)) stock has gone up almost 35% thus far in 2014.

That's great, but can the company can keep its business momentum going? Can it survive plummeting smartphone sales and find success outside that industry? I believe it can. BlackBerry has a great captain at its helm for this particular storm, the industry it is moving into is a great opportunity, and *no* — **Apple** ([Nasdaq: AAPL](#)) and **IBM's** ([NYSE: IBM](#)) new partnership does not spell certain doom.

#### 1. Interim CEO John Chen is a seasoned survivor

The company did well to choose Chen as the leader for this turnaround, as it isn't the first time he's weathered a tech storm. Chen was able to rescue Sybase, a mobile and enterprise software company, taking it from \$362 million to \$5.8 billion when it was acquired 13 years later. That is over 15 times its original worth. In addition to his position as CEO of Sybase, Chen was senior advisor at technology investment firm Silver Lake, and an executive at Siemens Nixdorf.

Chen's former coworker Marty Beard has come on board to fill the BlackBerry COO void that had existed since November. Beard and Chen worked together at Sybase, and after their time there, Beard went on to work for Oracle, and most recently LiveOps, a cloud-based contact center provider. Chen's choice of COO reemphasizes BlackBerry's commitment to their enterprise services strategy.

#### 2. BlackBerry is known for security, and is moving into markets where that is a priority

BlackBerry faces fierce competition from **Samsung** and Apple in the smartphone market, sure, but it has moved on and set its sights on a different industry. BlackBerry's success is now measured in clients for its secure software instead of cell phones.

Secure messaging services, the secure QNX Cloud platform to be released in fiscal year 2015, and secure personal devices are only the tip of the iceberg. QNX can be found in everything from medical imaging equipment to casino gaming consoles. And remember that BlackBerry is the only Mobile

Device Management (MDM) provider with coveted Authority to Operate (ATO) and Full Operational Capability (FOC) status with the American Department of Defense. In today's paranoid world populated with hacking and spying, BlackBerry has a lot to offer.

### **The Apple/IBM relationship isn't as scary as you think**

When it was first announced, I'm sure it sounded really scary, but here's a little secret: These two have a rocky relationship, and have failed at partnerships before. For example, in the 1990s the two began to build Taligent, a company developing an operating system intended to rival Windows, but dissolved that partnership three years after agreeing to work together. Kaleida was another 1990s joint venture that blew through \$20 million in its first year of existence and strained the relationship between Apple and IBM due to its evident lack of progress.

And then there's the 1984-inspired Super Bowl commercial in which Apple portrays IBM as the terrifying Big Brother.

IBM boasted in its 2013 annual report that it had helped 1,000 clients "become more mobile enterprises" while BlackBerry's number is at 80,000 clients. Apple isn't exactly leading the enterprise mobility market itself, so it seems unlikely to me that IBM and Apple can overcome BlackBerry's competitive advantage in security even as a team.

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#### **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**

2025/07/07

#### **Date Created**

2014/07/23

#### **Author**

pmartinez

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