



## Will BlackBerry Ltd. Shares Double Again?

### Description

It seems everyone really likes to pick on **BlackBerry Ltd.** ([TSX: BB](#))(Nasdaq: BBRY). Without looking too hard, you can easily find stories about its inferior product line, collapsing market share, and its depressed stock price.

But lost amid the noise, the company has had some nice successes. In fact, if you had bought the shares in late 2013, at the 52-week low, you would have more than doubled your money by now. So will the shares double again? Obviously, it's hard to say, especially if you try to predict the time frame, too. But there are reasons to be optimistic, and below are three of them:

#### 1. The right focus

BlackBerry's fall from market leadership is well documented. And the company's efforts to regain such prominence didn't help, either — in fact, they led to Thorsten Heins' ouster as CEO. But since then, the company has decided to focus more on its core group of customers.

New CEO John Chen put it best in an interview with *Fast Company*: "This doesn't mean we are turning our back on the consumer — far from it — but it's important we narrow our focus on our core strengths ... with the strong confidence that we will rebuild BlackBerry for the benefit of all of our constituencies."

One of them is the emerging markets consumer, especially in countries like Indonesia. The other is, of course, the enterprise customer, which still values BlackBerry's offering and faces higher switching costs than the average consumer. Meanwhile, the company has outsourced the actual making of phones and has sold most of its real estate. The result is a leaner and meaner corporation, one with better potential to actually make money.

#### 2. The ever-increasing importance of security

When hackers got a hold of nude celebrity photos a few weeks ago, it offered yet another opportunity for BlackBerry to remind everyone about the importance of security. But it wasn't the only recent high-profile data breach. Just look at what happened to **Target** earlier this year. And as BlackBerry likes to continually point out, Germany Chancellor Angela Merkel switched to BlackBerry after discovering that

the NSA was tapping her phone.

Going forward, security will continue to gain significance. And BlackBerry still has a clear edge here. So this should help the company for a long time, especially with corporate customers.

### 3. The right leader

Thus far, it appears that Chen has made all the right moves. This should surprise no one; Mr. Chen has a fantastic track record of turning around companies, most notably Sybase. When he took over Sybase in the late 1990s, the company was losing money and headed toward bankruptcy. But he turned that company around successfully, eventually selling it to SAP for US\$5.8 billion.

So there are still plenty of headwinds facing BlackBerry. But at this point, most people still love to pick on the company, and that seems to be holding down the share price, providing the rest of us with a great opportunity.

#### CATEGORY

1. Investing
2. Tech Stocks

#### TICKERS GLOBAL

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

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#### Date

2025/07/24

#### Date Created

2014/09/18

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