



The Pros and Cons of Buying BlackBerry Ltd. Shares

Description

The deed is done, the verdict is out and the curtains have closed. It's the morning after. **BlackBerry Ltd.** ([TSX:BB](#)) (NASDAQ: BBRY) has launched its new device – the Passport – which is looked upon by hopeful investors as the key to the company's turnaround.

But now that the cat is out of the bag, there will be an influx of news, reviews, factoids and hacks for this new toy... just like **Apple Inc.'s** ([NASDAQ: AAPL](#)) iPhone 6 and 6 Plus which is getting bashed, (be)loved, and well, bent.

But apart from all the hype and excitement, investors must understand what exactly the Passport would mean for the company's turnaround before investing in the stock. Here's a list of the good, the bad, and the ugly facing BlackBerry.

The good

Cheap valuations: Trading around the \$10-11 range, the company is extremely cheap compared to its counterparts. One key point investors must remember is that BlackBerry no longer seems to be competing with smartphone makers like Apple and **Samsung**. It lost the race a long time ago and CEO John Chen is wise enough to know that. Today, the company says its target market is completely different from that of its competitors. BlackBerry is targeting corporate executives and those whose priority is privacy and data security and claims to have moved on from the war of the smartphones.

Focus on security: In an age where privacy is almost non-existent and “un-breachable” data is getting hacked into left, right and center; BlackBerry continues to maintain its unique selling proposition (USP) – i.e. keeping data extremely secure. BlackBerry's purchase of the QNX operating system ensures complete security of information, which will work in its advantage in the future.

Accomplished and experienced captain: CEO John Chen is indeed unique and knows what he is doing. He is slowly but surely steering BlackBerry to life after the company almost collapsed last year. When he took the reins, Chen was man enough to admit that the company only had a 50-50 chance of survival. Today, he has proven himself and although the company still has a long way to go, it's come a long way from the bottom.

The bad and the ugly

Too targeted a market: The Passport is aimed at the security conscious and email heavy users like corporate executives. Analysts at Citi Research say that target market is only 30% of all smartphone users who "like keyboards and good battery life."

Bad timing: In a way, it feels like BlackBerry has launched the Passport a day after the carnival has left. Apple's iPhone 6's launch took center stage a few weeks ago and almost every other smart-phone maker and then some launched new devices leading up to it. Is BlackBerry too late to the show? Only time will tell.

BlackBerry no more? Several analysts are not in favor of the stock. Analysts at Credit Suisse believe it's best for the company to break up and shut down the business by 2016. On the other hand, Citi thinks the Passport is too expensive and the target market is shrinking, thus it reiterates a "sell" on the stock.

Whatever be the case, I think BlackBerry is a great story of the rise and fall of a Canadian tech giant. And the romantic in me still hopes for a happy ending.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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

Category

1. Investing
2. Tech Stocks

Date

2025/08/27

Date Created

2014/09/25

Author

sandram

default watermark