



## 3 Reasons to Be Pessimistic About BlackBerry Ltd.'s Passport

### Description

It's been a wonderful week for **BlackBerry Ltd.** ([TSX: BB](#))(Nasdaq: BBRY). On Friday, the company reported smaller-than-expected losses, and as of this writing, the shares are up over 4% in response.

And earlier this week, BlackBerry released the Passport, the company's first phablet. Early results for that product are promising too. But there are reasons to be skeptical about the Passport, and below we highlight three.

#### 1. Not an ideal consumer phone

According to *The Globe and Mail*, the Passport tested poorly among focus groups. It's easy to see why – due to its large size, phone calls are awkward without headphones. And writing text is practically impossible with only one hand.

This was initially a criticism of **Samsung's** Galaxy Note phones. But the Note is a much sleeker phone, and has been accepted for use by everyday consumers. Its screen is only 3.2 inches wide, and includes settings making one-hand use easier. Similar things can be said about **Apple's** new iPhone 6 Plus.

To put it another way, BlackBerry is not even trying to make the Passport an appealing consumer phone. And that is severely limiting.

#### 2. BYOD

I know what you're thinking: the Passport is only meant for business users anyways. So who cares if the everyday consumer won't like it?

Well first of all, BlackBerry is sending a message: If you want to use the Passport, you'll likely have to carry another phone (your personal phone) on you too. This is something that the marketplace is increasingly rejecting. More and more people are instead choosing to use their personal phone in the workplace.

And the Bring Your Own Device (BYOD) trend is only set to grow further. Analysts expect 30% growth in BYOD through to 2017, and the Passport will likely be left out of the mix.

### **3. A security advantage?**

BlackBerry has one very strong defense against the BYOD trend: its advantage in security. And security concerns are also growing very quickly, especially with so many high-profile security breaches over the past year.

But this is an area where Apple and Samsung are catching up quickly. And does anyone think that these behemoths will give up the fight? Instead, they will surely use their massive war chest to narrow – or even eliminate – the security advantages that BlackBerry currently enjoys.

### **The verdict**

There are reasons to be optimistic about BlackBerry's prospects. The company has done an excellent job cutting costs under new CEO John Chen. And Mr. Chen has a fantastic track record of executing these kinds of turnarounds.

But the Passport is not going to save BlackBerry, so analysts and investors should temper their expectations.

### **CATEGORY**

1. Investing
2. Tech Stocks

### **TICKERS GLOBAL**

1. NYSE:BB (BlackBerry)
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