



Will Quarterly Results and a New Phone Get Investors Interested in BlackBerry Ltd Again?

Description

Back in 2011, **BlackBerry Ltd.** ([TSX: BB](#))(NASDAQ: BBRY) was a blockbuster company with over \$5 billion worth of revenues per year. Fast forward a few short years and the company was on the brink of collapse.

Now under new leadership, BlackBerry is still trying to find itself. If this were a sports movie this would be the part just after the devastating loss and just before the “training for a comeback” montage.

A slew of poorly performing hardware followed by a growing disconnect from the average smartphone users has done little to help this company rebound.

But now BlackBerry has unveiled its newest hardware, the Passport, to the public and investors are left wondering if this latest move will be more successful than the Playbook tablet.

Mr. Chen's mandate

BlackBerry has lost the popularity contest among the average smartphone user and now is focusing its energies on niche clients such as business professionals and government users. We can see this with the development of the new Passport, which kept the physical QWERTY keyboard but also increased the surface size of its touch screen. It also boasts a 36-hour battery life and document-friendly software.

The business, professional, and government clients are perhaps the only markets that can pull the company out of its steady descent. In the first days of availability, over 200,000 Passports had been ordered. It's a small step in the right direction and BlackBerry estimates that it has to sell 10 million devices a year to be profitable.

To give some perspective, BlackBerry has to sell in a year what **Apple** ([NASDAQ: AAPL](#)) sold in one weekend. In its previous quarter BlackBerry sold 2.4 million devices down from 2.6 million in Q2 2013.

The Passport is only the first in what could be a busy next 12 months for BlackBerry, with the next major release of new hardware coming in March 2015.

Second-quarter results

The release of the Passport comes at a vital time for the company. In its second quarter, revenues have continued to fall, with only \$916 million being generated in the past quarter down from \$1.5 billion in Q2 2013, and down from \$966 million in Q1 2014. This marks the ninth out of the last 11 quarters that had a drop in revenues.

A positive note in the numbers is that the company's net loss has dropped to \$207 million (\$0.39 per share) from \$965 million (\$1.84 per share) in last year's quarter. It seems that some of the cost-cutting measures have begun to slow the books bleeding of cash.

Where does this leave investors?

The battle between BlackBerry and Apple is much like the battles between Thomas Edison and Nicola Tesla. Tesla is seen as an oddball but was the forerunner in his field and changed how people used electricity. Edison was the popular guy who was the master at commercializing a newly realized source of revenues. The average person knows what **General Electric** is and has seen its impact. Tesla has only a loyal yet determined cult following singing his praises, rumored death rays and all.

This is the same battle we see with BlackBerry and Apple. BlackBerry virtually created the smartphone but Apple has mastered marketing it. Apple is seen as the cool guy and the go-to technology, while BlackBerry is now only king among certain crowds and industries. This is a difficult place that BlackBerry may never escape from, but if it is able to perfect its limited client-focused technology. it still has a hope of survival and perhaps even seeing success once again.

CATEGORY

1. Investing
2. Tech Stocks

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