



Can BlackBerry Ltd. Investors Feel as Secure as Its Customers?

Description

“After Angela Merkel was hacked, she moved straight to a BlackBerry.”

These were the words of **BlackBerry Ltd.** ([TSX: BB](#))([Nasdaq: BBRY](#)) CEO John Chen in an interview with *Forbes* back in February. He was touting the company’s leadership in security, something it has done a lot of in recent months. More recently, after the theft of nude photos from celebrities such as Jennifer Lawrence, BlackBerry promoted its security advantages on its official blog.

But how big an advantage is this for BlackBerry? And is it something investors can count on?

Security concerns abating

[In an article posted on Tuesday](#), I argued that the Bring Your Own Device (BYOD) trend posed a serious threat to BlackBerry. BYOD was originally held back by security concerns, but those worries seem to be fading in recent years. As a result, only 5% of firms had no plans to support BYOD as of last year. And today, that number may be even smaller.

This is a big change from a few years ago, when large corporations would typically ban personal phones, preferring instead to issue Blackberrys. But a serious question still remains: Just how worried should corporate users be when it comes to security? And how does this affect BlackBerry in the long term?

Apple’s new commitment

The nude photo scandal was a perfect marketing opportunity for BlackBerry, especially since the pictures were stolen from **Apple’s** ([Nasdaq: AAPL](#)) iCloud. But Apple has no plans to sit back and let BlackBerry maintain its lead forever. When asked about security, CEO Tim Cook said a month ago that “we have a responsibility to ratchet that up.”

And the company has already started to take steps. The most notable was announced only a couple of weeks ago, in an open letter on the Apple’s website, stating that the company would no longer be able to decrypt users’ devices. Such a move was criticized heavily by law enforcement authorities, but

demonstrates the company's commitment to protecting its customers' data. Interestingly, Android will be following suit.

The partnership with IBM

This is an area where Apple's partnership with **International Business Machines Corp.** ([NYSE: IBM](#)) should start to pay dividends. According to Al Pascual (a financial security expert and analyst with Javelin Strategy & Research), "Among enterprise customers, iOS devices have traditionally been perceived as less secure than BlackBerry, but the IBM relationship should help to even the playing field."

In any case, the two companies had combined earnings last year of over \$50 billion. So whatever investment is required to improve security capabilities, both can afford to make it.

So what does this mean for shareholders?

As mentioned, BlackBerry is constantly touting its advantages in security, and for good reason. It is still one of the few advantages it has over the competition. But as that upper hand erodes, its offering to customers will be less attractive. As an investor, your best bet is to not gamble on the shares.

Fortunately, there are better alternatives to BlackBerry. Some are shown in the free report below.

CATEGORY

1. Investing
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1. NYSE:BB (BlackBerry)
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Date

2025/07/23

Date Created

2014/10/01

Author

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