



Two Reasons BlackBerry Ltd. Is a Buy

Description

Day after day, **BlackBerry Ltd.** ([TSX: BB](#))(NASDAQ: BBRY) gets hammered in the markets. Analysts argue that it's time to sell and the interest in shorting the company increases. All of this negativity, though, is purely psychological and is entirely illogical when looking at BlackBerry. I believe that BlackBerry is going to grow in the coming years for two big reasons.

Movirtu makes BlackBerry and BYOD a happy couple

The first reason I am bullish on BlackBerry is its recent Movirtu acquisition. Back in September, it bought the London-based startup in an attempt to combat its dropping revenue from the corporate owned, personally enabled (COPE) business model it was built on. By buying Movirtu, BlackBerry can expand its device management offerings.

The Virtual SIM platform that Movirtu developed allows for separate billing for voice, data, and messaging for each number on a device. One phone might have a personal line as well as a corporate line. This allows an employee to use his or her own phone, but when a work call, text, or email comes in, the employee can switch to the work profile. By switching profiles, both the employee and the company will receive a separate bill.

What makes it more powerful is that companies that utilize the BlackBerry Enterprise Service platform will have the ability to implement IT policies to the business lines without interfering with the personal use of the device. This allows BlackBerry to join the BYOD revolution, generate revenue, and keep everyone happy.

BBM could be a revenue generator

I view BlackBerry Messenger as a hidden treasure chest that no one realizes exists. A year ago, there were 80 million active users that had BBM on their BlackBerry, Android, iOS, and Windows phones.

When **Facebook, Inc.** (NASDAQ:FB) bought Whatsapp for \$19 billion, the cost per user was around \$42. Whatsapp is clearly the largest mobile messenger out there with more than 450 million monthly active users, so it gets to charge a significant premium for its members.

But it's possible that those 80 million users could be worth \$25 per user. Maybe \$30? If those prices are accurate, BBM is worth anywhere between \$2-2.4 billion. There have been rumors that BlackBerry could split off its BBM division, but I think there is more value in generating revenue from it.

Many people are concerned about Whatsapp and its security. They're not as concerned about BBM security because BlackBerry is known for high-quality security. But to take its professional cloud offerings a step further, BlackBerry rolled out BBM Protected. This is a premium version of BBM targeted toward lawyers, bankers, and executives who might be willing to pay for more features. Some of these features include enhanced encryption that makes the transfer of data even more secure.

For these two reasons, I believe that BlackBerry is definitely a buy. But pay attention to where the price is headed over the next few days. If you wait to buy, it might drop lower temporarily, which will create a better point to buy in.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:META (Meta Platforms Inc.)
2. NYSE:BB (BlackBerry)
3. TSX:BB (BlackBerry)

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