



What Does the New Classic Phone Mean for BlackBerry Ltd. and its Stock Price?

Description

On Wednesday, **BlackBerry Ltd.** ([TSX: BB](#))(Nasdaq: BBRY) CEO John Chen penned an open letter on the company's official blog, outlining his thoughts behind the BlackBerry Classic. And there was a pretty common theme to his message, summed up by one line in particular: "if it ain't broke, don't fix it."

Mr. Chen is certainly backing up his words with the Classic, which has many of the features BlackBerry fans have come to love, including the QWERTY keyboard, trackpad, and navigation keys. It's essentially an upgrade to the BlackBerry Bold, but this time it comes with a bigger screen, updated look, and the latest BlackBerry 10 operating system.

This is a great sign. Over the years, BlackBerry had gotten away from these types of phones in an attempt to keep up with the likes of **Apple** and **Google**. In response, many customers were holding onto their Bold devices because, as Mr. Chen put it, "they get the job done, day in and day out – just like you."

So will the Classic help reinvigorate BlackBerry? And if so, will it be enough?

A continuation of the strategy

Mr. Chen also acknowledged that some of BlackBerry's newest devices, such as the Passport — a phablet device with a 4.5-inch square screen — "break the mold," while the Classic is an attempt to get back to what works. But the Passport and Classic have more in common than Mr. Chen is acknowledging, because both signify a continuing shift toward the enterprise market.

So far, this shift has worked out very well for BlackBerry (as well as its stock price). So shareholders should probably appreciate the Classic phone, even if they won't rush out to buy it.

Still some major headwinds

That being said, this phone is not going to save BlackBerry. Remember, the company is fighting a very powerful trend, one that sees workers bringing their own devices to the office. This trend, often referred to by its acronym, BYOD, has grown very quickly in recent years, mainly because security concerns

have been fading.

BYOD may be the biggest obstacle for the new Classic phones. Much of the BlackBerry Bold sales came from companies issuing them to employees. Now BlackBerry must appeal to those employees directly. And one must also remember that few people like carrying around two phones. So BlackBerry must convince everyday people that the Classic is a better all-around phone than the iPhone. That's not an easy task.

So what should you do?

At this point, it's still too early to gauge whether Mr. Chen's strategy will pay off in the end. But he is in it "for the long haul," and results so far have been good. So BlackBerry likely deserves a place in most portfolios.

If you decide to make it part of yours, you may want to balance out that risk with a company that has a more predictable future than BlackBerry. One to consider is The Motley Fool's top pick for 2014, which is revealed in the free report below.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
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Date

2025/07/23

Date Created

2014/10/31

Author

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