



How Big a Blow Did Microsoft Land on BlackBerry Ltd.?

Description

Back in July, **Apple** and **IBM** announced a partnership that many considered would be a “death-knell” to **BlackBerry Ltd.** ([TSX: BB](#))(Nasdaq: BBRY). Last week another big competitor made a big announcement.

On Tuesday, at the Tech Ed Europe conference, **Microsoft Corporation** ([Nasdaq: MSFT](#)) announced that it will be including mobile-device-management (MDM) services in its Office 365 product. The move seems to be aimed squarely at BlackBerry’s target customers.

So what does this mean for BlackBerry?

The new Microsoft offering

With this announcement, Microsoft will be giving IT professionals the power to prevent unauthorized access to phones and tablets, as well as wipe corporate data (while preserving personal information). These services will be available on devices running Windows, iOS, and Android; BlackBerry’s devices are noticeably absent from the list. These updates are set to roll out in the first quarter of 2015.

This seems to strike at the very heart of BlackBerry’s offering to corporations. Worst of all, Microsoft is essentially offering these services for free. So how can BlackBerry fight back?

Microsoft: Not known for security

It is important not to overreact to this news. BlackBerry’s main strength is security, and this is not something that Microsoft is known for. Security breaches have also become an increasingly bigger threat in recent years.

So for larger customers, like banks and governments, Microsoft’s announcement likely has little impact. For these organizations, security is absolutely paramount. For example, **JP Morgan** vowed in April to spend roughly \$250 million per year on cybersecurity. This spending is absolutely critical, as shown only two months later when hackers breached the bank’s firewalls.

It's these types of customers that are most critical to BlackBerry.

But there are still worries

That being said, Microsoft is not standing still. The company is offering a range of new security features for its Windows 10 operating platform, which should also become available some time in 2015. These new features include multi-factor authentication (i.e., using both a password and a fingerprint for logging in) and a data separation solution.

Microsoft also said that more security features will be announced in the coming months. Obviously the company will stop at nothing to be recognized as a security leader. And it has the cash to make it happen.

So what does this mean for BlackBerry?

Interestingly, BlackBerry's stock went up the day of Microsoft's announcement. So investors seem fairly unconcerned.

This makes sense. Anyone who owns BlackBerry shares should know that the company faces very serious competition. These competitors not only have deep pockets, but are determined to win. Microsoft's announcement should not come as a shock.

Still, BlackBerry should be commended for its progress this year, and its survival is a real possibility. But you still shouldn't devote more than a small slice of your portfolio to its shares. There's another stock you should consider instead, and it's featured in the free report below.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)

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