



## 3 Reasons Why BlackBerry Ltd. Shares Could Keep Skyrocketing

### Description

When John Chen took over as CEO of **BlackBerry Ltd.** ([TSX: BB](#))(Nasdaq: BBRY), it seemed that the company was destined for the obituaries. The company was burning cash at an alarming rate, losing market share, and heading towards bankruptcy.

But now, about a year into Chen's tenure, the company is doing much better, having refocused and cut costs. The stock is up 60% so far this year, and has more than doubled since its low point last December.

That being said, the best could be yet to come. On that note, let's look at three reasons why the stock will continue to surge.

#### 1. The offering to enterprise customers

When Mr. Chen took over, he quickly realized the company needed to focus more on enterprise customers. As he put it in an interview with *Canadian Business*, "We [had] tried to create a one-size-fits-all range of devices, and a lot of things were lost" before he took over. So Mr. Chen made this a big priority, and we are seeing the results.

And on November 12, BlackBerry released its newest enterprise server, BES 12. Importantly, BES 12 will allow customers to manage all devices (iPhone, Android, Windows, and BlackBerry) on a single platform. Helping the company with this effort is its recent purchase of Movirtu, which allows customers to manage two phone numbers on one SIM card. This should be a big win with customers, since companies don't want to pay for employees' personal use, and employees get to keep their numbers when they leave.

#### 2. BlackBerry Messenger

A lot of people raised their eyebrows at Mr. Chen when he said BlackBerry could make \$100 million in revenue next year from BBM. After all, Whatsapp made only \$15 million in the first half of 2014, off of 600 million users. And BBM has less than 100 million.

But Mr. Chen is still very confident, mainly because BBM is focused on enterprise clients. BBM is also well-known for being very secure, and that could be very valuable for big customers. BlackBerry has already hinted that a subscription package is coming soon, and only a small fraction need to sign up for Mr. Chen's vision to come through. Furthermore, that revenue would likely be very stable and high-margin. And perhaps best of all, BBM could help BlackBerry further strengthen its ties with existing enterprise customers.

### **3. A return to profitability**

BlackBerry has also been very adept at cutting costs, much of which was done before Mr. Chen even arrived — in September 2013 alone, the company laid off 40% of its workforce. As a result, the company is ahead of schedule on its turnaround plan, and the most recent quarter's numbers reflected as much.

In fact, BlackBerry's adjusted loss was only two cents per share last quarter. And by this time next year, the company should be profitable again. That should only help the stock price further, assuming Mr. Chen is able to come through. And that is what he's done so far.

#### **CATEGORY**

1. Investing
2. Tech Stocks

#### **TICKERS GLOBAL**

1. NYSE:BB (BlackBerry)
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