



Billionaire D.E. Shaw Bought 7.4 Million Shares of BlackBerry Ltd; Should You Buy, Too?

Description

Over the next couple of years, you could make triple-digit gains in one of the most beaten-down stocks on the market.

It won't happen overnight. But as I write, a tremendous opportunity is opening up in the technology industry. And before the run is over, we could see this company's share price double or more.

It's no wonder billionaire investor D.E. Shaw purchased more than 7.4 million shares of this business. The bottom line is that now could be a great time to follow Shaw's lead and add this stock to your portfolio. Let me explain...

If you don't buy this stock now, you'll hate yourself later

As regular readers know, these are tough times at **BlackBerry Ltd** ([TSX: BB](#))(NASDAQ: BBRY). It's hard to believe now, but this company was once an icon of Canadian business. Today, however, the firm is more likely to be the butt of a joke than an inspiration for corporate leaders.

But this could soon be history. New CEO John Chen is engineering a turnaround at the firm. And for the first time in years, there are actually a number of reasons to be optimistic.

First, the company is once again on solid financial footing. Chen has promised to return BlackBerry back to cash-flow breakeven by the end of the next fiscal year. The firm could even return back to profitability a few quarters after that.

However, these targets may be too cautious. Analysts have been impressed by surprisingly strong Passport handset sales. Today, there's chatter of the company returning to cash-flow breakeven as soon as next spring.

Better yet, BlackBerry is also finding new niches outside of the handset business. As an example, Chen aims to generate US\$100 million in revenue from its BlackBerry Messenger service. This could be accomplished by targeting business users and adding new services.

And while the firm may no longer make the handsets people use, it can provide the technology businesses need to manage them. Earlier this month, the company partnered with rival **Samsung Electronics Co** for the launch of its latest BlackBerry Enterprise Services software. This gives BlackBerry a huge edge over rivals as it pushes into mobile-device management.

Finally, BlackBerry is also becoming a player in the emerging Internet of Things, or IoT. In essence, the IoT is a world where everyday objects are connected to the web. In May, BlackBerry announced Project Ion, a series of initiatives designed to put the company at the forefront of this movement.

The opportunity here could be huge. As Chen wrote in a January blog post, "While there are 5 billion handsets in the world that we want to connect to, there may be 500 billion devices out there. That presents a tremendous opportunity for an organization with the experience and track record of QNX."

Needless to say, 500 billion devices connected to the Internet will generate an enormous amount of data. But if BlackBerry has its way, however, it can provide the tools to distill this deluge into meaningful information. So, where **Apple** and **Google** have built the apps to *gather* data, BlackBerry is working hard to *organize* all of these facts and figures into something useful.

Is now the time to buy BlackBerry?

Apparently, Shaw is also bullish on a turnaround. According to recent SEC filings, the billionaire investor nearly doubled the size of his BlackBerry stake last quarter. As of September, Shaw owned 7.4 million shares valued at US\$73.2 million.

Other stock sharks are also bullish. A number of billionaire investors have purchased large positions including Prem Watsa, Israel Englander, and Jim Simons. Hedge fund legend Nelson Obus also upped his stake in the stock last quarter.

Some of the smartest money mavens in the world are backing BlackBerry's turnaround. I certainly don't want to be on the other side of their trade.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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

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