



## BlackBerry Ltd. Now Offers a Secure Android Experience, but Is it Enough?

### Description

**Blackberry Ltd.** ([TSX:BB](#))(NASDAQ:BBRY) launched an android-powered smartphone called the Priv towards the end of last year. As part of that roll-out, BlackBerry also announced plans to offer monthly security updates for Android users of the Priv.

This is a decision that was great for the company in some ways and not so great in others. Here's why I believe over the long term this decision will bode well for investors, and why there is still at least one more chapter to write in BlackBerry's turnaround story.

### **BlackBerry continues to be the gold standard for security, even on Android**

If there's one word that is synonymous with BlackBerry, it is security. The company has long voiced its preference for security over features, which, while admirable, also cost the company's struggling hardware division a significant number of sales.

When the Priv launched, BlackBerry committed to providing monthly updates to Android as they were identified. This was and continues to be a fairly tall order for the company, seeing as some of the largest smartphone manufacturers in the world have a hard time keeping up with updating device software releases as new security holes are patched.

So far, BlackBerry has provided updates to Priv users on the day that the monthly security update is announced. By comparison, other OEMs can take days, weeks, or even months to release the same security update, if they even get around to it.

In this regard, BlackBerry has won the attention of those security-conscious users who are using the Priv, which leads to my second point.

### **BlackBerry would best be served by dumping the hardware segment**

BlackBerry hardware has developed a reputation over the years as being underpowered, overpriced, and underwhelming. Years ago this was a great strategy to maximize margins and minimize costs, particularly when competitors were few, and BlackBerry led the pack in smartphone development.

However, that is clearly not the case in 2016.

Even the newest device, the Priv—which is a great device, is packed with a paltry two megapixel front-facing camera from the late 2000s. Furthermore, complaints abound that the device gives off excessive heat when the processor gets going and the keyboard is creaky.

For a budget-minded device, this may be somewhat tolerated, but for a flagship-priced device going into 2016, it is simply not acceptable.

Turning to the physical keyboard, there are those who prefer one, and those, like myself and the vast majority of the market, who have moved on to using a touchscreen.

So we are left with a device that has old tech components, is priced at a premium, and appeals to a limited audience.

Double-down on software and ditch the devices. If you can't be competitive on prices and features, then don't compete.

### **Software is the future of BlackBerry**

What BlackBerry has done in porting the best parts of BB10 onto an Android are nothing short of amazing. What the company has done in terms of security updates is also to be applauded. But right now these benefits are only available to those who have purchased a Priv, which is a problem.

If BlackBerry were to release that software to users of other Android devices, the company wouldn't need to worry about a hardware division that has been losing precious money for years. BlackBerry could take the existing software and monetize it right in the **Google** Play Store, providing an additional revenue stream.

BlackBerry has already transitioned to a more software- and enterprise-focused company under John Chen and will likely continue down this path if recent acquisitions are anything to go by.

Chen has already stated that the hardware business may wind down if the company is unable to ship five million devices this year. The company also has the enterprise, software, and the new cyber-security segments that should all provide a source of profit and growth for years to come, provided investors can look past the struggling hardware business.

### **CATEGORY**

1. Investing
2. Tech Stocks

### **TICKERS GLOBAL**

1. NYSE:BB (BlackBerry)

2. TSX:BB (BlackBerry)

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