



## Apple Inc. and BlackBerry Ltd. Share the Same Problem

### Description

It was a little over three years ago when **BlackBerry Ltd.** ([TSX:BB](#))(NASDAQ:BBRY) launched BB10 to an excited and captivated market. The operating system was both secure and familiar, while the hardware was attractive and current. The beleaguered company was attempting to breathe some fresh air into a badly tarnished brand. Unfortunately, that didn't pan out too well.

### The end of devices?

Fast forward to this year, and the company has a new CEO, a new focus, and the company has adopted Android in lieu of BB10 for new devices. This is all encouraging, except for the fact that BlackBerry still hasn't been able to make a device that sells well in over *five* years.

Company CEO John Chen stated that if the company could not get three million devices out within the year, then the hardware division would be shut down, and that might be a good thing.

For a company that is attempting to lower costs and potentially turn a profit, shuddering an underperforming and expensive division might just be the answer. BlackBerry has definitely found a niche in developing software and services that enterprise users and, to a lesser extent, consumers want.

The current device, the Priv, is a prime example. The Android-based BlackBerry software on the phone is something many users would pay for, but not at the cost of getting BlackBerry hardware. If the company were to monetize that software suite, a new revenue stream could emerge with greater reach and significantly lower costs over the hardware unit.

### Apple Inc.: the changing of the old guard

BlackBerry's epic collapse began with the introduction of the iPhone by **Apple Inc.** ([NASDAQ:AAPL](#)), and BlackBerry's market share has steadily dropped off ever since. Ironically, much like how Palm scrambled to get market-share adoption of WebOS and ultimately succumbed at the hands of BlackBerry and others, BlackBerry's BB10 will arguably suffer the same fate as WebOS, albeit in a much slower manner.

Interestingly enough, the market may be starting to sound the bell on Apple now.

Last month, Apple showed a decrease in quarterly revenue for the first time in 13 years. The company has not quite "BlackBerried" yet, but the early signs of the market tiring of the same old iPhone and being saturated are coming to fruition.

That decrease amounts to 10 million fewer iPhones being sold in the current quarter over the same quarter last year. Considering that BlackBerry sold less than 700,000 devices in the last quarter, there's still a fair way to go, but the first signs of the market tiring of Apple are starting to show.

### **BlackBerry has multiple opportunities for success**

BlackBerry still has a number of interesting and potentially profitable business units that investors often overlook. The company has one of the largest private networks in the world with a direct line to more than 200 carriers across the globe that is capable of handling petabytes of data.

The company is also actively pursuing an IoT (Internet of Things) solution, known in the company as Project Ion. With billions of devices connected to the Internet and each other, BlackBerry's network and known security can morph into the central nervous system of the IoT market, which is estimated by industry experts to be worth trillions within the next few years.

The backbone of the failed BB10 system runs on an operating system called QNX. This lightweight, highly modular operating system is already in a variety of applications, including its use in a majority of car infotainment systems around the globe as well as in powering nuclear power plants.

BlackBerry solely as a manufacturer of smartphones would seem like an extremely risky investment, but a BlackBerry that is diversified into a variety of sectors and applications seems much more likely to be able to turn a profit and become a solid revenue-generating company. In my opinion, BlackBerry is transitioning into the latter of those two options, but until that transition is complete, the company may ultimately be a risky investment for most.

### **CATEGORY**

1. Investing
2. Tech Stocks

### **TICKERS GLOBAL**

1. NASDAQ:AAPL (Apple Inc.)
2. NYSE:BB (BlackBerry)
3. TSX:BB (BlackBerry)

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