



BlackBerry Ltd. Announces Yet Another New Device

Description

Here we go again, **BlackBerry Inc.** ([TSX:BB](#))(NASDAQ:BBRY).

The iconic company recently did what nearly everyone expected when it announced that it would, as promised a year ago, cease designing its own hardware. The company followed that up with another new device announcement, the DTEK60.

While the new device isn't a BlackBerry-built device, it does have a number of features and enhancements for the security-minded users that BlackBerry caters to. Also interesting is the fact that the DTEK60 appears to be a much higher-end device over the DTEK50 which was announced only a few months ago; this was one of the main criticisms of the device.

Meet the DTEK60: a much-improved device, but will it sell?

The upcoming DTEK60, a higher-end version of the DTEK50, is set to be released to retailers within the next few weeks. The yet-to-be-released status of the device hasn't stopped some retailers from adding the device to online order pages, which, in some cases, revealed it will be available for \$699; while more expensive than the previous device, it's still priced lower than the company's previous flagship, the Priv.

The device sports much-improved internals over the lower-tier DTEK50, and for the first time will include both a fingerprint scanner as well as a USB-C port.

Critics of BlackBerry have often accused the company of overpricing devices with older components. Fortunately, this isn't the case this time—at least on first glance. The DTEK60's internals and camera are comparable to competitor devices (a lesson learned from the Priv release last year), and the device form-factor now follows the industry-accepted full-touch slate design (a lesson learned from the oddly shaped Passport device).

From a hardware perspective, BlackBerry could have a winner with this device, but it is largely dependent on the marketing efforts and final pricing details from the carriers. Too many would-be customers don't know that BlackBerry still has devices on the market, and those that do won't want to

pay a premium.

Does the hardware business even matter?

John Chen answered this questions this past summer with a very telling response to reporters asking about the future of BlackBerry-branded devices: "If I come to you with a billion-dollar software business with a 70% margin, you'd never ask me about handsets."

That response was an eye-opener for a lot of analysts. For more than a decade, BlackBerry has been primarily associated with making handsets. Software may have always accounted for a considerable part of the revenue stream, but it was the device releases that were getting all of the attention.

BlackBerry's turnaround plan is now laid out in its entirety and has nearly been executed. BlackBerry-built hardware is out and recurring software revenue with a renewed focus on enterprise is on the rise. The company is clearly entering a new era that should, assuming the current trends continue, return to profitability within few quarters.

That being said, BlackBerry remains, in my opinion, a fairly risky investment at the moment. The company is still weighed down by the hardware-first perception, and there's still uncertainty over whether or not the new line of DTEK phones will sell.

CATEGORY

1. Investing
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