



Why BlackBerry Ltd. Is Becoming an Interesting Option

Description

Good things come to those who wait.

That's what we were told as children when learning a lesson in patience. That's also something that investors of **BlackBerry Ltd.** ([TSX:BB](#))(NASDAQ:BBRY) have been saying for years as the company continues to evolve through a multi-year turnaround.

The beleaguered company has been undergoing a turnaround for the past several years. The company has transitioned from being a hardware company that has software into a software company that offers niche enterprise solutions and services which also has a line of hardware (that's built by someone else).

BB10 was only a part of QNX

When BlackBerry purchased the QNX and built out the proprietary BB10 operating system, pundits were hailing the fresh ideas and innovations, but at the same time they noted that it was too little, too late.

What those same industry pundits somewhat dismissed was the opportunity that QNX presented to BlackBerry. This opportunity extends into multiple industries where QNX already runs on millions of devices from medical systems and nuclear power plants all the way up to the space program. QNX's usage in the automotive industry specifically has drawn a lot of attention of late, and for good reason.

QNX is used in a growing number of automobiles for connectivity and infotainment systems. QNX is lightweight, secure, and scalable, which is exactly what automotive suppliers are looking for. Even better, QNX is already installed in over 60 million vehicles worldwide, serving as a base from which other software systems can connect to. Simply stated, your iOS or Android connection to your vehicle is likely running on top of a secure BlackBerry QNX install.

Yes, you read that right. BlackBerry's QNX is likely powering the core of your vehicle infotainment system. And it's about to get a lot more exposure thanks to a deal with **Ford Motor Company** ([NYSE:F](#)).

BlackBerry's deal with Ford

Last month BlackBerry signed an agreement with Ford that effectively started an evolutionary change in the automotive industry supply chain, particularly with respect to computer infotainment systems.

Infotainment and navigation systems have typically been viewed as an afterthought by automotive manufacturers. Historically, when an automotive company desired a feature, such as navigation, it was provided for by number of third-party suppliers. There was little to any regard given on the part of the automotive company with respect to how the systems were designed or operated. Essentially, they found someone else to add the feature, and it just worked.

Software functionality is increasingly becoming more of a factor in consumers selecting the right vehicle, much like the breadth of the eco-system of a smartphone operating system drives the adoption and ultimately the success or failure of that platform. This is where BB10 failed, and this where BlackBerry, which already has a significant presence in the automotive industry, is forging ahead.

The deal with Ford provides the company with a dedicated team of QNX engineers that will be tasked with integrating various QNX software products. In a win-win deal for both parties, BlackBerry essentially jumps the queue and works directly with the automotive manufacturer, while pressing ahead with further developing the software.

As for Ford, the automotive giant will finally get an integrated software solution that should seamlessly integrate into its vehicles.

Is BlackBerry a good investment?

While the company's turnaround continues, I would be remiss if I didn't mention that this deal with Ford intrigues and excites me at the same time.

BlackBerry is doubling down on a market that it already has a significant presence in, which should result in significant growth of revenue and market share over time. Ford is by no means the only automotive manufacturer using and interested in QNX, and BlackBerry hinted that it would be working with other manufacturers and not forking QNX development just for Ford.

Finally, let's not forget that BlackBerry's core business—software and services—continues to grow in market share, which should see the company start to register a profit soon.

BlackBerry is still a risky investment, but the potential long-term appeal as an investor is growing by the quarter.

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