



Don't Believe the BlackBerry Ltd. Hype

Description

BlackBerry Ltd. ([TSX:BB](#))(NASDAQ:BBRY) has been called a major turnaround that you should cash in on while you still can, but the stock is not all it's cracked up to be.

Those on the bullish side argue that the company has made a number of moves in recent months to realign the company's overall strategy, moving away from hardware sales and focusing on software development. BlackBerry's mobile business has been tanking as the company continues to fall behind in the smartphone race, but the software that powers these systems is also underwhelming.

BB10 is the current operating system being used for the company's devices, and it's underwhelming in the current tech environment. The company has to make a choice regarding whether it will shift quicker into another OS or attempt to revitalize BlackBerry 10, which has been hurting. The company is running out of time to breathe new life into it as there isn't much you can do on it.

The OS works fine, and it is stable, but there are very few apps you can run on it compared to other companies. The system only has 370,000 apps, and developers have not been inclined to create software for BlackBerry devices in lieu of the competition, which use operating systems that put BB10 to shame. Additionally, the system is running an outdated version of Android; the company must update its software in one way or another.

An analyst at **Credit Suisse Group AG (ADR)** ([NYSE:CS](#)) forecasted a success scenario for BlackBerry moving forward. The report said that it is necessary for the company to move away from its hardware business. However, the smartphone developer will not be a market leader as a software leader either as BB is overvalued. The firm gave the stock an "Underperform" rating, noting that there is plenty to be done for the company to succeed in the near future.

BlackBerry will only shine brightly two or three years from now, and even this can only happen following a major realignment of the company's philosophy. Its software acquisitions have not wowed the market as much as the company had hoped, but at least they mark a step in the right direction.

One of BlackBerry's recent moves that suggests things could be going well for it is a partnership with a new mobile security platform. The company's partners will help to develop BlackBerry Secure, which

includes technology from online security software makers that it has acquired in recent years, including Good Technology, WatchDox, and AtHoc. Nevertheless, the company seems to take two steps backwards for every step forward it takes.

CEO John Chen said three years ago that BlackBerry's success depended on its performance in India. Over this span, the company has failed to revamp itself and amaze the Asian market as its revenue and net profit have slumped 54.5% each during the 2015-16 fiscal year. The stock has failed to grow overseas or at home.

There is plenty to be excited about if you're investing in BlackBerry, but there is no guaranteed success in the short term. We could be several years away from seeing how the company will rebuild itself, and it is best to avoid investing in BB for the time being.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

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