



## BlackBerry Ltd.: A Year in Review

### Description

It has been a pivotal year for **BlackBerry Ltd.** ([TSX:BB](#))(NASDAQ:BBRY). In my opinion, it could go down as one of the most important years for the company in this decade, though right now, it might not seem like it. However, as the years go on, we'll look back and recognize that this was the year BlackBerry began its journey down a new path.

While there were plenty of big events for the company, the big change for BlackBerry didn't come until September 28, 2016. This was the release of its Q2 2017 earnings, which were relatively consistent. However, the big news was that BlackBerry was going to be getting out of making its own mobile devices. As CEO John Chen later said in an interview, "the phone market on the high end is saturated."

In lieu of creating its own phones, it launched a joint venture called "BB Merah Putih" with PT Tiphone, an affiliate of Indonesia's largest mobile provider, Telkomsel. BlackBerry will license its software, and BB Merah Putih will be responsible for creating the phones. This lets BlackBerry focus on creating incredibly secure software, while the joint venture can focus on creating hardware. I've always been fond of this because, frankly, I don't believe it's possible to compete against **Apple** or **Samsung**.

As I said, I expect this to be a long-term positive for BlackBerry even if, in the short term, investors are unsure how to handle it.

If we rewind all the way to February, another big move for the company was its acquisition of Encription, a U.K. cybersecurity consulting firm with years of experience. It was an entirely new practice to expand its security portfolio. As the company explained in the press release, cybersecurity consulting was a US\$16.5-billion-a-year business in 2016, but by 2019, it should be a US\$23-billion-a-year business.

That makes sense because data breaches currently cost the global economy US\$400 billion. And since BlackBerry already offers security to hundreds of millions of devices and 60 million cars, this growth was a no-brainer.

On the Internet of Things (IoT) front, BlackBerry also had tremendous success, though it might not register on the balance sheet for quite some time. First was the launch of BlackBerry Radar, which is a

new end-to-end asset-tracking system to help improve on-time delivery, reduce theft, and allow for trucking companies to have access to an IoT platform without the heavy costs associated with infrastructure. BlackBerry completed initial shipments of this in Q2, so I expect to see more revenue from it in the coming quarters.

BlackBerry signed an agreement with **Ford Motor Company** for expanded use of BlackBerry's QNX and security software. BlackBerry will now have a team dedicated to working with Ford to expand the use of BlackBerry's software. This announcement came at the end of October, so I expect to see this show remarkable returns as the coming quarters come to a close.

All in all, 2016 was a very interesting year for BlackBerry. On one hand, the company finally admitted defeat in its hardware division. On the other hand, it made a series of very smart moves that I believe will make it more efficient and give it the ability to generate lucrative returns. The reality is quite simple: people trust BlackBerry for its security. What 2017 will bring, only time will tell.

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jaycodon

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