



This Tech Company Is Finally Worthy of an Investment

Description

Innovative tech companies often appeal to investors because they hold the promise of buying into lucrative opportunities before they become widespread. At times, these investments can pay out many times more than their initial value, especially if the investment is made with long-term aspirations.

Fortunately, there's no shortage of companies that have that type of opportunity for investment. One such company with opportunity worth considering is **BlackBerry Ltd.** ([TSX:BB](#))([NYSE:BB](#)).

BlackBerry is still predominately known as a smartphone manufacturer, despite not having built a phone in over a year. BlackBerry's own hardware division was shuttered last year when the company became a software-first operation.

That decision didn't come lightly for BlackBerry, as years of releasing underperforming and underpowered devices took their toll on its market share. BlackBerry went from being a leading company in the field to little more than a rounding error.

That's not to say there aren't any new BlackBerry devices coming to market anymore. BlackBerry signed partnership agreements with regional manufacturers to design, develop, and market new devices that will have the BlackBerry name. The most recent device, the Motion, has received favourable reviews, leading some to believe this new business model could [prove successful](#) for BlackBerry.

The real reason to consider BlackBerry can be summarized in three points.

First, the company has invested heavily into restoring its former enterprise segment over the past two years. This segment was neglected while BlackBerry tried to build and market consumer-first devices that ran on a proprietary operating system, BB10. BB10 was a fluid, secure, and promising venture, but it never garnered the type of usage to justify its place in the market.

BlackBerry eventually dropped BB10 in lieu of Android and put a renewed focus on enterprise sales. Enterprise sales now contribute to the company's bottom line, providing a recurring source of revenue. In the most recent quarter, BlackBerry reported 3,300 enterprise customer orders, for which 79% was

recurring revenue. The software and services segment had a record-breaking quarter, with revenues topping US\$249 million.

Second, BlackBerry has always been viewed as an authority with regards to security. Despite that status, BlackBerry never really took advantage of that position to offer cybersecurity services until the acquisition of a U.K.-based cybersecurity firm over a year ago. That experience is both a valuable and sellable asset that is likely to become a core part of earnings in future as consumers become increasingly more [concerned with security](#).

The third piece of the puzzle is how BlackBerry has branched out into new areas, specifically the automotive sector. Automotive manufacturers are increasingly adding new connectivity options to vehicles, moving beyond simply being an infotainment afterthought to an integrated vendor that is part of securing vehicles. As vehicle systems become more sophisticated and lead us towards fully autonomous driving, the need to secure these systems becomes more apparent.

BlackBerry is already ahead of the competition in this regard, as the company has been working with automotive manufacturers on security matters. BlackBerry's secure QNX operating system is already used in over 55 million vehicle infotainment systems today.

Is BlackBerry a good investment?

For long-time investors of BlackBerry, it may be difficult to see the company and its current earnings as a particularly good investment, as the current results pale in comparison to former levels.

BlackBerry is a different company than it once was. It operates in a different segment than the prior company did, thereby rendering a comparison unnecessary.

BlackBerry represents an intriguing investment opportunity for those investors looking to diversify with a tech company for the long term.

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