



This Tech Star Is a Great Long-Term Growth Pick

Description

More so than any other company, **BlackBerry Ltd.** ([TSX:BB](#))([NYSE:BB](#)) continues to garner a massive amount of interest from investors and critics alike.

Long-time critics of BlackBerry often note that the one-time manufacturer of smartphones is out of touch with the changing needs of the market, and the company's ventures into the realm of [IoT and autonomous driving](#) are nothing more than futile efforts to enter a new vertical that will soon see the company clobbered by the competition, much like it was with its smartphones.

I'm more on the bull side of the argument, as I can recognize the immense potential and opportunity that BlackBerry presents to the market, particularly over the long term.

Its all about privacy and security

If there's one thing that bulls and bears can agree on, it's that BlackBerry is synonymous with security and privacy. The company is well respected in this field, and in recent years it has launched a cybersecurity consulting business as well as assisting Tier 1 Android OEMs in securing their respective devices.

Those efforts are great, but they alone won't make the company profitable. The real opportunity within the security segment lies not in devices, but in specific industry fields.

CEO John Chen noted earlier this month that BlackBerry's new target markets are healthcare, automotive, and the oil and gas sector. Securing communications and data within these sectors, and, by extension, the IoT devices that they connect to, is going to become increasingly more important over the next few years.

Timing is everything

Investors in BlackBerry are bound to realize returns from those targeted markets, but those returns aren't going to materialize overnight. Many of those changes are going to occur at a glacial pace.

Patience, or lack thereof, is commonplace with respect to BlackBerry. The company's multi-year turnaround, which Chen announced was finally completed last year, has drawn the ire of many critics who saw (and likely still do see) the company circling the drain.

In truth, Chen's accomplishments are anything but underwhelming. He took a badly bruised and tarnished brand, trimmed the parts that were no longer relevant that his predecessors could not, and re-established focus on what was always the core of BlackBerry — secure and stable communications primarily to the enterprise community.

In many ways, this is a new BlackBerry that shares only the name of its former incarnation.

BlackBerry exceeded expectations in Q3

In the most recent quarter, BlackBerry posted adjusted earnings of \$0.03 per share, bettering the consensus among analysts that were calling for the company to break even. Revenue in the quarter beat the forecast of \$215 million, coming in at \$226 million.

The ongoing focus on software and security is beginning to produce the results that investors have long hoped for. In the most recent quarter, the software and sales segment surged 11.5% over the same quarter last year, coming in at \$97 million, largely attributed to the 3,000 orders received in the quarter, which included prominent customers, such as major players in finance, governments, and even NATO.

Despite those impressive results, BlackBerry has dropped over 8% in the past month, just like much of the market, due to the recent correction. That correction has, in turn, made BlackBerry, as well as several [other promising stocks](#), a great buy at a discounted price.

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