



## 3 Reasons BlackBerry Ltd. and Shopify Inc. Will Continue to Rise in 2018

### Description

**BlackBerry Ltd.** ([TSX:BB](#))([NYSE:BB](#)) and **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) remain two of the most exciting Canadian technology stocks as we look ahead to the spring of 2018.

BlackBerry stock has climbed 16.6% in 2018 as of close on March 13. In its fiscal 2018 third-quarter results, the company saw software and services sales rise 11.5% year over year to \$97 million. It posted record software and services revenue of \$199 million and a record gross margin of 77%.

Shares of Shopify have increased 48.3% in 2018 thus far. In its fourth-quarter results, Shopify saw revenue jump 71% from the prior year to \$222.8 million and gross profit surge 78% year over year to \$121.1 million. Shopify stock has soared over 115% year over year.

The incredible year-over-year performance for both stocks should not necessarily drive investors to look elsewhere. On the contrary, both companies still have plenty of upside. Let's look at three reasons why.

### E-commerce continues to surge

Shopify has established itself as a premier platform for e-commerce retail. In Canada, [e-commerce sales](#) are expected to grow to \$44 billion this year and to \$55 billion by 2020. December 2017 retail sales saw e-commerce make up \$1.9 billion, or 3.4% of the total. This constitutes annual growth of about 4% for e-commerce retail.

Black Friday and Cyber Monday saw the biggest jump in activity in history for online and mobile sales. Shopify made over \$1 billion in sales through its platform on Black Friday and Cyber Monday — also a record. At the height of the weekend sales event, Shopify reported that its merchants were processing over \$1,100 per minute in sales, which was more than double the peak rate in the previous year. Although Black Friday remains the most popular shopping day, Black Monday has continued to close the gap in recent years after launching in 2005.

### Cybersecurity is front and centre for the public and private sector

As part of its software and services sales in the third quarter, BlackBerry sold to NATO, the U.S. Department of Justice, the Dutch government, **Deutsche Bank**, and more. The demand for cybersecurity from public and private entities has ballooned in recent years, as cyberattacks are becoming [more prevalent, complex, and costly](#).

In its federal budget, the Canadian government announced that it would spend up to \$1 billion to address cybersecurity going forward. A report from Cybersecurity Ventures projected that global spending on cybersecurity will exceed \$1 trillion by 2021. BlackBerry launched a cybersecurity consulting service in October 2017, which will complement its software offerings nicely going forward.

### **Autonomous vehicles are set to transform the world of transportation**

In early January, the Chinese search-engine **Baidu, Inc.** announced that it had selected BlackBerry to provide the safety operating system for its Apollo autonomous driving system. In late 2017, BlackBerry revealed that it was refocusing on developing autonomous vehicle software. It also released cybersecurity software it named Jarvis that aims to identify possible breaches in self-driving automobiles.

Autonomous vehicle industry growth has been projected to see a compound annual growth rate of as high as 40% into 2022. BlackBerry is one of the few leaders in Canada with a footprint in the industry, which could lead to huge growth in the long term.

### **CATEGORY**

1. Investing
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2. NYSE:SHOP (Shopify Inc.)
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