



Is BlackBerry Ltd. Stock's Turnaround on Track?

Description

[BlackBerry Ltd. \(TSX:BB\)\(NYSE:BB\)](#) stock's roller-coaster ride this year is making some investors nervous about the company's turnaround strategy.

After reaching a multi-year high early this year, BlackBerry stock has lost 37% from the 52-week peak during the past three months. And this is happening at a time when the company is showing signs of success in its transformation from a smartphone maker to a software service and security company.

News about the partnership with **Baidu** for the autonomous car project development and the release of BlackBerry's Jarvis, a tool for car software engineers and developers, pushed the stock price to above \$18 a share early this year for first time in five years before it plunged back to around \$13 a share at the time of writing.

A positive [fourth-quarter earnings report](#) also failed to help the Waterloo, Ontario-based BlackBerry to sustain its positive momentum. The company reported late last month that it beat analysts' profit estimates for its fourth quarter, and it predicted a strong billing cycle at its high-margin software and services business for the full year.

Surprising many analysts, BlackBerry stock still declined, losing about 20% of its value after a quarter that confirmed all the positive news that the company conveyed to investors.

One possible reason for this dismal performance for BlackBerry shares is the general uncertainty about the direction of the markets and a huge spike in volatility, which is hurting technology stocks a lot.

But despite this dismal performance, I think BlackBerry's turnaround is still on track. As I've said in earlier articles, this stock is a good bet for long-term investors because the CEO John Chen has picked the right businesses to bring life back to this once-dying tech giant.

BlackBerry has been counting on QNX software and services business for long-term growth. The QNX operating system, which powers automobiles' infotainment systems, is forecast to be the second-largest component of the firm's software sales, after its enterprise mobility management business.

The other main growth driver for BlackBerry is its software solutions to secure networks from hackers and other data breaches. That strategy is starting to pay off.

All G7 governments and 15 of the G20 governments are BlackBerry Secure customers, and so are an increasing number of enterprise companies concerned about cybersecurity. The company has also made a number of strategic acquisitions in the security space that added value to the BlackBerry Secure platform.

The bottom line

There won't a straight-line recovery for BB stock after it lost its glory, but I believe BlackBerry is well positioned to take advantage of the growing opportunities in internet security and the connected world. If you have the patience to wait, then I see a big reward down the line.

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hanwar

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