



Governments Sound Alarm Over Cyber Warfare: Time to Buy BlackBerry Ltd.?

Description

On April 16, U.S. and British intelligence agencies released a report that claims Russia has conducted unspecified cyber warfare against Western nations. It alleges that Russia has conducted cyber-infiltration and attacks that include targeting routers in homes.

The report comes in the aftermath of [military strikes](#) against the Russia-supported Bashar al-Assad regime in Syria conducted by U.S., British, and French forces. The accusations represent yet another escalation in the geopolitical struggle between Russia and the Western powers.

Canada and the U.S. have already pledged to [ramp up military budgets](#) in the coming years, and cybersecurity is becoming a larger focus. The Canadian federal budget, which was released in late February, set aside \$750 million to improve cybersecurity. This trend has also been followed by the United States and other NATO allies. In 2017, the German army launched its own cyber command, which already contains over 13,000 soldiers and civilian contractors.

The budget promises to add an additional \$225 million beginning in 2020-21 to improve the Communications Security Establishment (CSE). Bill C-59, the new national security legislation, will grant the CSE new powers to “disrupt” global cyber threats. Prime Minister Justin Trudeau met with British, Australian, and New Zealand leadership on April 18 to discuss collaboration against security challenges, namely in the cyber realm.

Cybersecurity is a fast-growing industry, as the private and public sector have worked to improve defensive capabilities. In late 2017, **Gartner Inc.**, an American research and advisory firm, projected that worldwide enterprise security spending in the private sector would reach \$96 billion in 2018, representing an 8% rise from the prior year. The International Data Corporation has estimated that organizations will spend over \$100 billion on cybersecurity software, services, and hardware by 2020.

Whether it is to get a leg up in the geopolitical sphere or prevent the kind of catastrophe that the data breach at **Equifax Inc.** saw in 2017, there is little doubt that public and private entities will increase spending as we head into the next decade. **BlackBerry Ltd.** ([TSX:BB](#))([NYSE:BB](#)) is in a great position to be a beneficiary of this growth.

In October 2017, BlackBerry launched new cybersecurity consulting services specifically aimed at enabling enterprise GDPR compliance and mitigating risks in connected automobiles. In January, it unveiled Jarvis, which aims to find security flaws in self-driving vehicles.

BlackBerry also boasts contracts with the U.S. and Canadian governments to provide cybersecurity platforms for the U.S. Department of Defense and others. In 2017, it announced that it had expanded its cybersecurity offerings to include SecuSUITE for Canadian and U.S. governments. SecuSUITE provides a multi-platform solution for end-to-end encryption of text messages and voice calls, an extremely important feature for entities and figures dealing in privileged and classified information.

BlackBerry stock has dropped 4.2% in 2018 as of close on April 19. In the fourth quarter of 2017, the company posted record software and services revenue of \$218 million. Shares are up 11.6% year over year, and BlackBerry is well positioned to reap the rewards in this growing industry. The stock is an attractive long-term buy and hold.

CATEGORY

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