



BlackBerry Ltd.: Is This Canadian Tech Stock Ready for Lift-Off?

Description

One of the most difficult tasks for a Canadian investor is finding companies that are not in the banking or resource sectors. It is often a difficult task to diversify a Canadian stock portfolio away from these sectors. Canadian technology in particular can be a challenging space in which to invest.

While there are a number of small-cap companies in the technology space, large-cap companies with solid balance sheets and established businesses are hard to find. Small-cap companies are generally riskier and more volatile, making them difficult for conservative investors to pursue.

BlackBerry Ltd. ([TSX:BB](#))([NYSE:BB](#)), once the premier maker of smartphones, appears to be making a comeback and could once again be a worthwhile investment. The stock has been languishing for years after losing the smartphone battle to rival companies. After years of research and development, the company has decided to move in a new direction.

In recent years, BlackBerry shifted its strategic focus from phones to another well-known strength: cybersecurity. The company offers a variety of security solutions in order to build its business to be ready to take advantage of future technologies. It is this long-term vision that makes BlackBerry a compelling investment.

BlackBerry is well positioned for the future. The company [has made a number of strategic partnerships](#), including its recent announcement to provide security for **Microsoft Corporation** products. These partnerships will allow BlackBerry to participate in areas of technological growth, such as the Internet of Things, cybersecurity consulting, and autonomous vehicles.

Although investors have been waiting a few years for a turnaround, it appears that the strategic shift is beginning to take hold. Software and services, [primarily in the cybersecurity space](#), contribute approximately 81% of revenues as opposed to 50% just a year ago. BlackBerry's strategy to move towards software and services is well underway.

Financially, the situation is appearing to be improving as well. The company is now generating positive free cash flow and is reporting positive earnings for the first time in years. The company's balance sheet is also rock solid, with enough cash on hand to pay down all its debt and still have cash left over.

While there are a number of reasons to own the company, the stock may not be for everyone. The company is well positioned strategically and financially, but it will probably not go up overnight. Investors need some patience while the initiatives are put in motion. Also, BlackBerry does not pay a dividend, which may discourage some investors.

Investing in BlackBerry today does not guarantee an immediate return, but the strong balance sheet does give investors time to wait for the strategy to play out. BlackBerry is attractively priced, is active in high-growth areas, and provides diversification by sector for a Canadian investor.

Given BlackBerry's progress, now would be an opportune time for the long-term investor to buy shares of this innovative Canadian technology company.

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