



Can the Key2 Be a Growth Driver for BlackBerry Ltd. (TSX:BB)?

Description

When **BlackBerry Ltd.** ([TSX:BB](#))([NYSE:BB](#)) announced its latest handset last week, critics, fans and everyone in between let out a collective sigh. Critics have been calling for the company to disappear for almost a decade and repeated their usual claims of “too little, too late.” Fans rejoiced at the announcement, anxiously awaiting the new handset to go on sale.

BlackBerry doesn't make handsets anymore. That task is now offloaded, or, more appropriately, licensed out to third-party handset manufacturers around the world in different markets.

The North American market sports devices built by TCL Communications, and while those devices have represented a step up from the in-house division at BlackBerry, which was shuttered over a year ago, the devices are still lacking when compared to the competition, many of which feature the latest additions, processors, and large screens that draw in consumers.

The latest flagship device from that agreement, dubbed the Key2, was announced last week and goes on sale later this month.

Will the Key2 bring in a new era of growth for the company?

As much as I love seeing a Canadian tech company excel on the global stage, the resounding answer to that question will be no. BlackBerry devices are targeted to a very specific niche — productivity-focused individuals that want a physical keyboard and that value privacy.

There is a sizable and vocal market for that segment, and BlackBerry owns it.

The Key2, or any BlackBerry-branded handset, for that manner, is not intended to be a device that will sell 100 million units per quarter. It's intended to cater to that niche market.

Besides, BlackBerry has bigger plans.

The new BlackBerry is focused elsewhere

One of the brilliant moves by BlackBerry CEO John Chen was to shutter the hardware division and license out future devices to partners around the world.

This allowed BlackBerry to focus on other areas where the potential long-term growth was still some ways off while continuing to serve its long-standing and loyal fans with new devices through its partners.

But what exactly has BlackBerry been working on?

The two fundamental areas of focus for the company have hinged on the increasing need for security and privacy as well as the emerging advancements in autonomous driving.

BlackBerry has always been synonymous with secure and private communications, yet this message was absent during the years BlackBerry attempted to pursue the consumer sector.

Since then, the company has put a renewed effort on security and privacy concerns, seeking out additional security certifications for its software as well as launching a cybersecurity consulting business that has helped make BlackBerry one of the [hottest tech stocks](#) in the market. BlackBerry's partner-built Android devices, such as the new Key2, also sport several security enhancements not found on other devices.

BlackBerry's contributions to the autonomous driving segment represent a long-term revenue play over an existing implementation. BlackBerry's QNX operating system is a highly secure, stable, and modular system used in everything from medical devices and power plants to over 60 million vehicles around the world.

QNX currently powers the infotainment system in almost every major automotive manufacturer in the world and is set to become a central component of the growing autonomous driving movement.

Should you buy BlackBerry?

Investing in BlackBerry could be rewarding to investors, but only to those investors that can distance themselves from the former incarnation of the company and believe in the new line of products and services.

BlackBerry is no longer the hardware-first vendor that witnessed an epic collapse in market share over a few short years. The new BlackBerry is a service-oriented company that focuses on IoT and security solutions, catering primarily to the enterprise community.

Today's BlackBerry remains an intriguing investment option for those investors looking to diversify their portfolios with a stock that holds [long-term potential](#).

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Date

2025/08/26

Date Created

2018/06/11

Author

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