With the Turnaround Firmly in Place, Don't Miss Your Chance to Buy BlackBerry (TSX:BB) on the Dip!

Description

After an encouraging 2017 that saw the value of its stock more than double, **BlackBerry** (TSX:BB)(NYSE:BB) shares have given back some of those gains for far in 2018 and currently trade more than 30% down from their 52-week highs.

With CEO John Chen's ambitious turnaround strategy taking firm hold of the Waterloo-based software company, now might be an opportune time to initiate a stake in the embattled technology company.

Chen took the reins of smartphone maker BlackBerry back in 2013, and frankly speaking, his success in turning the company around has been nothing short of remarkable.

Chen came to the table with a reputation for turning around failing companies.

In 1998, Chen came on board struggling enterprise services company Sybase, which at the time was facing an existential crises from intensifying competition from the likes of tech giants such as **Oracle Corporation** and others.

At the time, when Sybase was reported to be worth less than US$400 million, some analysts were giving the company less than a 35% chance of surviving.

However, thanks to Chen's efforts, he was able to turn the company's fortunes around, eventually selling the firm in 2011 for US$5.8 billion, realizing a 23% annual compounded return for shareholders during his time at the helm.

But while he hasn't quite been able to replicate those returns for shareholders so far during his current tenure at BlackBerry, there are signs that brighter days are ahead for the $7 billion-dollar Canadian technology firm.

A cursory look at the company's recent performance might tell a different story, but in the case of transformative turnarounds like the one Chen is currently overseeing at his firm, sometimes a deeper level of analysis is warranted.

For example, while sales in the most recent quarter were down more than 9% over the year ago quarter, that figure fails to account for the fact that sales of handheld devices were down 88%, which accounted for most of the decline.

Meanwhile, licensing and IP ("intellectual property") revenues more than doubled over the same period.

Given the strategic pivot at BlackBerry away from being a smartphone maker and placing more emphasis on software and security solutions, these numbers should be expected and probably even encouraged.

Devoting its efforts toward technology applications that are not only more scalable, but also less capital intensive than hardware manufacturing have helped to drive its gross margins to new heights.

And taken in light of the massive potential for the "Enterprise of Things" (EoT), which is exactly the market that Chen is going after, the leading-edge technology that BlackBerry is already providing to many of the world's largest firms mean that the 2017 rally in BlackBerry stock could be just the beginning of something bigger.

Where do you stand?

Let's not forget the underlying perception facing BlackBerry in the public markets today.

Following a historic collapse that saw the smartphone maker become absolutely dominated by the likes of **Apple Inc.** and later **Alphabet Inc.,** BlackBerry became a laughing stock of the investment community for its lack of ability to keep up with the pace of technological innovation, not the least of which was stubbornly sticking to a physical "QWERTY" keyboard.

Not to mention that the cynics will be quick to point out that the current turnaround story is now in its fifth year.

However, those who have remained loyal and stuck with the company — allowing Chen to see his vision through — have been rewarded for their patience now that the stock is 85% higher than its December 2013 lows heading into Tuesday's trading.

Earlier this year, shareholders announced that Chen will remain as the company's CEO through 2023, allowing him ample time to continue to execute on his vision to make BlackBerry a leading enterprise software company into the next decade and beyond.

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