



3 Reasons Why BlackBerry (TSX:BB) Stock May Be About to Soar!

Description

With **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) scheduled to report its earnings for the second quarter later this week on Friday, are shares in the recently transformed technology company about to take off?

Here are three reasons why, following a minor pullback to start the year — after the BB stock more than doubled in 2017 — the future is looking bright for the Waterloo-based software and services company.

BlackBerry's revamped technology is industry-leading

Following [an ambitious turnaround strategy led by CEO John Chen](#), BlackBerry has transitioned from being a handset manufacturer towards being an industry leader in mobile security.

Recently, **Gartner**, one of the world's leading information technology research and advisory companies, named BlackBerry the highest-scoring vendor in all six categories as part of the firm's high-security mobility management (HSMM) report.

In addition to sweeping the board in the HMMS class of awards, Gartner also awarded it top honours in its information-centric endpoint and mobile protection and workforce productivity and centralized content protection categories.

Part of Chen's strategy with BlackBerry is to focus on the rapidly expanding Internet-of-Things (IoT) market, which is expected to grow in excess of 50% annually over the next few years.

While IoT is expected to dramatically improve the inter-connectivity of users and the firms they work at, the technology also carries with the risk of having more endpoints on its networks, each of which is vulnerable to cyberattacks.

BlackBerry is enviably positioned in this respect; as more firms embrace the IoT and more "nodes" are added to each network, the addressable market for the company is set to increase exponentially.

This trend is already evident. In the first quarter, BlackBerry reported 32% year-over-year growth in its

enterprise channels.

Its technology is already being widely adopted by most of the world's leading companies

Part of the advantage of its transition from selling hardware units to being a software and services provider is the recurring nature of software businesses.

In the first quarter, the company reported that approximately 75% of its revenue came from recurring income streams.

Meanwhile, it also reported some other very impressive figures with respect to the levels of adoption it is seeing, as many of the world's leading companies are already embracing its technology.

In the first quarter, the company reported that 100% of the largest Fortune 100 commercial banks had already adopted the BlackBerry ecosystem as well as 100% of the largest Fortune 100 aerospace and defence companies, 100% of the largest Fortune 100 media and entertainment companies, 89% of medical companies, and 77% of Fortune 100 insurance companies.

Those results are nothing less than encouraging as it gives the company an established foothold to build those relationships in coming years as the IoT continues to build and take hold of enterprise capabilities.

BB is also engaged with autonomous driving technology

In addition to an established footprint in the fast-growing IoT market, BlackBerry has done an impressive job of attaching its QNX platform to autonomous driving technology.

On its first-quarter conference call, Chen announced that the QNX technology has been embedded in over 120 million vehicles worldwide — more than doubling its installed base over the past three years.

Bottom line

Although BlackBerry would be the first to admit that it was too slow to adapt to changing consumer preferences in the handheld market, its future today may be as bright as ever.

By attaching itself to IoT and autonomous driving technologies, the firm is well positioned to leverage its superior portfolio of intellectual property against these rapidly growing markets.

If the company can deliver a strong quarter later this week when it reports Q2 earnings, [BB stock could be about ready to take off](#).

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