

Should You Buy BlackBerry Ltd (TSX:BB) Today?

Description

BlackBerry Ltd ([TSX:BB](#))([NYSE:BB](#)) once manufactured and sold some of the most popular cell phones on the market. Unfortunately, the company failed to keep up with its competitors. After reaching an all-time high of \$148 per share in 2008, BB's stock price plummeted and is now worth \$9.85 at the time of writing.

BB managed to [reinvent itself](#), however. The company switched from manufacturing cell phones to providing various software and cybersecurity services. BB's switch to cybersecurity has not had a significant impact on its stock price yet. Investors are naturally skeptical of BB's ability to turn things around and become the juggernaut it once was.

A new business model

BB officially stopped manufacturing its trademark smartphones in 2016. The decision to leave the hardware business was a good one, as BB no longer could keep up with the currently established leaders of the industry. Entering a new sector carries its share of challenges, however. While the cybersecurity industry is ripe for growth, it is also highly competitive.

BB managed to get its foot in the door by making a series of acquisitions. In 2015, BB acquired **Good Technology**, a U.S. based mobile security provider for multiple industries, including financial services, healthcare, and utilities. BB followed up with another acquisition in 2016, this time a U.K.-based cybersecurity company: **Encryption Ltd**.

BB's biggest acquisition to date happened last November when the company bought the cybersecurity firm **Cylance** for \$2.4 billion. Cylance serves over a thousand clients, including several fortune 500 companies. This acquisition will bolster BB's growing cybersecurity unit. While the deal is expected to finalize in February, the news was received well by analysts.

BlackBerry's earnings report

BB's latest earnings report was encouraging. Despite revenues decreasing by 12% year over year, the company managed to record an adjusted net income of \$29 million; BB recorded a net loss during the corresponding period of the previous fiscal year. BB's earnings per share also turned from negative to positive year over year.

Another notable aspect of BB's earnings report was a 2% increase in recurring revenue year over year, while software services revenue grew by 4%, and technology solutions sales climbed by 29%. Overall, the company beat analysts' estimates, which led to a 13.4% surge in its stock price on the day on which earnings were announced.

Final thoughts

BB showed some encouraging signs of growth over the past 12 months. The company recorded a

profit for the first time in a few years, and the Acquisition of Cylance will help increase revenues within the cybersecurity sector. BB's attempt to position itself within an ever-growing industry has already had a positive effect on earnings.

The Internet of Things (IoT) market, which BB also has a foot in, is projected to grow by an exponential rate. As IoT becomes more popular within the general public (some analysts think it will eventually become as widespread as Wi-Fi), the demand for IoT companies will skyrocket. Whether BB can take full advantage of this opportunity remains to be seen.

Finally, investors should be wary of a company who was once unable to keep up with market trends and was left in the dust by its competitors. While BB has undergone radical changes since then, investors would be wise to wait for the company to prove itself.

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