



Why You Should Sell Your BlackBerry (TSX:BB) Stock and Buy Shares in This IoT Company Instead

Description

Shares in Waterloo-based software and security provider **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) are up more than 35% since Christmas, and the company is coming off a strong showing in its fourth quarter that included a 13% spike in the price of its shares the day results were released.

However, in this post I'll explain why I think shares of another, smaller Canadian Internet of Things (IoT) tech firm represent a better investment than BlackBerry stock.

Results are starting to show for IoT

BlackBerry's strong fourth-quarter showing was led by record sales from its software and services division, finishing the year with double-digit sales growth.

And that's exactly what BlackBerry CEO John Chen has been aiming to accomplish with his ambitious turnaround strategy for the former handset maker.

For those that haven't been keeping up with the BlackBerry story, Chen's desire has always been to re-position the company away from hardware and towards what has always been the firm's strength in mobile security technology.

Chen sees big opportunity in demand for IoT technology, particularly related to enterprise security, and has been investing heavily in the strategy for what has been several years now.

Finally, in recent quarters, BlackBerry investors are starting to bear the fruit of those investments.

Sierra Wireless ([TSX:SW](#))([NASDAQ:SWIR](#)), meanwhile, is still behind larger rival BlackBerry in terms of its transformation into a more focused IoT tech firm.

While BlackBerry clearly appears to be on the ascent in terms of its turnaround, Sierra is still several steps behind, announcing in the fourth quarter that it will be undergoing a cost-reduction initiative that

will keep sales muted and profits depressed for most of fiscal 2019.

Yet looking to the bright side, Sierra's revenue from IoT services during the fourth quarter was 89% higher than the year-ago period, which at the very least should give investors reason to be hopeful about its long-term prospects once the current reorganization has been completed.

Foolish bottom line

There's no question that [5G is coming](#), and that IoT stands to be a big part of the enhanced network connectivity and faster bandwidth speeds that will come with it.

IoT tech firms like BlackBerry, Sierra, [and others](#) stand to do well as a result, but for me personally, right now I'd lean towards selling BlackBerry's latest results and buying the uncertain prospects of smaller rival Sierra in hopes that BlackBerry's recent fourth-quarter success is a sign of things to come.

CATEGORY

1. Investing
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1. Editor's Choice

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