



Forget Uber (NYSE:UBER): Bet on BlackBerry (TSX:BB) in 2019 Instead

Description

The long-discussed initial public offering for **Uber Technologies** finally kicked off this month. It has been a disappointing start for the transportation technology giant. Instead of looking to Uber for salvation in an evolving transportation landscape, Canadians should look closer to home.

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) is a Waterloo-based company that has undergone a successful transition from a hardware giant to a focus on software. This transition has been challenging, but BlackBerry appears poised for big growth as we look ahead to the next decade. The stock enjoyed a [post-earnings bump](#) after releasing its Q4 fiscal 2019 and full-year results, but shares have slipped in April and May.

Even still, BlackBerry stock has climbed 11.4% in 2019 so far. In its most recent quarterly report, CEO John Chen revealed its outlook for the 2020 financial year. This included a forecast for revenue growth between 23% and 27%. This projection excited investors, but the momentum quickly tapered off.

What does BlackBerry have to do with Uber? Both companies are betting big on the development of automated vehicles. In March 2018, Uber made headlines for all the [wrong reasons](#) after a female pedestrian was struck and killed by an autonomous Uber vehicle in Arizona. This spurred a significant backlash in the public, and many top tech firms vowed to take a more cautious approach to self-driving vehicle development.

BlackBerry has emerged as a major player in the development of autonomous vehicle technology. It has leveraged its footprint in cybersecurity to offer security solutions for vehicles as well. This technology is a long way off from being an everyday reality on the roads, but it makes BlackBerry a highly attractive long-term play.

A study from the Portland-based Allied Market Research projected in 2018 that the global market for autonomous vehicles would be worth \$556 billion by 2026 compared to roughly \$55 billion in 2019. This represents a compound annual growth rate (CAGR) of 39% over this period.

In February, the Canadian federal government announced that it would provide BlackBerry with \$40 million in funding to help develop technology that make cars safer. BlackBerry is putting \$300 million of

its own cash into the initiative. Its QNX software is already embedded in tens of millions of cars. QNX guides systems related to driver assistance, entertainment consoles, and hands-free features. The first testing facility for fully automated vehicles in Canada opened in Nepean this month.

BlackBerry's \$1.4 billion acquisition of the California-based firm Cylance is another exciting development. This allows BlackBerry to round out its offerings that will aim to improve secure communications between connected devices. It is expected to provide a boost that will allow BlackBerry to generate \$1 billion in annual revenue.

BlackBerry's automated vehicle software push ignores its growing footprint in cybersecurity, which is another booming market worth getting excited over.

Shares of BlackBerry have retreated to the low end of its 52-week range. The stock had an RSI of 31 as of close on May 23. Investors looking for an entry point should be monitoring BlackBerry in this choppy market. If the price point challenges single digits, investors should consider it an attractive buy signal.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing
2. Tech Stocks

Tags

1. Editor's Choice

Date

2025/08/28

Date Created

2019/05/24

Author
aocallaghan

default watermark

default watermark