



Why I'm Buying BlackBerry (TSX:BB) Stock

Description

After waiting, watching, and maybe even some wishful thinking, I finally made my move earlier this week, buying stock in one of Canada's leading information technology companies: **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)).

Here's why I wasn't willing to pass up the opportunity any longer to invest in what appears to be an encouraging turnaround story of what is arguably one of the best-positioned companies set to tap into the forthcoming information technology boom.

Now, some of you reading this may be thinking that the IT or "tech boom" happened a long time ago.

But, in fact, there are a lot of tech industry experts out there suggesting that the next wave of tech, led by innovations like 5G, artificial intelligence, and the Internet of Things could be exponentially even more disruptive than what we've already experienced today.

BlackBerry has spent the past several years moving away from its legacy mobile hardware manufacturing operations, pivoting strongly towards what's always been the firm's strengths — its mobile and enterprise security business.

As innovation in the space has slowed, margins have been steadily decreasing for handset manufacturers; meanwhile, with the advent of 5G technology and the wave of devices and users that are set to be added to existing networks over the coming five-year period, BB and CEO John Chen see software and security as being the much more lucrative business.

With more and more data being transmitted over networks among an increasingly larger user base, each data point and user represents a potential cybersecurity vulnerability for the organizations — including enterprises, governments, and for-profit entities — that those users belong to.

Meanwhile, the sheer amount of data that's set to become available for businesses to tap into, analyze, and extract means there's already a high volume of interest in these emergent technologies, so the strategy and technological demands only make a lot of sense from an economical vantage point as well.

Weak first-quarter results have created an optimal buying opportunity in BlackBerry shares

The [market's reaction](#) to BB's first-quarter earnings release on June 26 has created a [very attractive entry point](#) for the stock.

Shares have sold off since late June, as the company posted its first quarterly net loss in a year, in addition to having to deal with allegations that it was promoting the use of non-GAAP financial measures.

Personally, I don't see a huge problem with the way that it employed the use of non-GAAP financial measures in its Q1 results. I didn't think the disclosures were overly confusing or misleading, and I tend to give investors the benefit of the doubt in being able to tell the difference.

And in terms of the reporting of its first quarterly net loss in close to a year, I'm going to chock that up as being mostly the by-product having to deal with the additional demands and costs that would have been associated with integrating the newly acquired Cylance business, which also happened to be BlackBerry's largest acquisition in its history.

My expectation is that most of the additional costs it incurred in the first quarter will prove to be non-recurring in nature — if not within the next couple of quarters, then when all the dust has finally settled. Meanwhile, I think this is a company with a very bright future ahead of it. By the way, BB also happens to be trading not so far off its 52-week lows.

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