



## Here's Why BlackBerry (TSX:BB) Is Perfect for Your Portfolio

### Description

Autonomous vehicles, which can provide uninterrupted door-to-door driving without human interaction, has become somewhat of a Holy Grail for automotive manufacturers and tech companies in recent years. The technology and logistics required to undertake that feat are mind-numbing and represent the culmination of years, if not a decade or more, of research and development. Surprisingly, most cars released within the past few years have the first steps toward realizing that dream.

New cars have a smorgasbord of new safety systems with catchy names. Active cruise control, a blind-spot monitoring system, lane-assist, auto-braking, and countless more of these independent systems are each fulfilling a single requirement of a future autonomous system. Think of it like attending driving school and constantly doing the dreaded parallel parking on a hill — practice makes perfect, right?

So, how will all of these systems come together? That's where **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) comes into play, and why this one-time king of the [smartphone](#) world is doing something infinitely more important now.

## BlackBerry is already ahead of the autonomous game

Remember that dizzying array of catchy features and safety systems being added to new cars each year? To get those independent systems to talk to each other requires a central processing section, where feedback from one system can relay information to another. An example of this would be an autonomous car driving on the highway wanting to change lanes. The car would, in theory, check its mirrors like a human would (blind-spot monitoring), accelerate or decelerate as necessary (active cruise control), and change lanes when all is clear (lane assist).

So, where does BlackBerry fit in all of this?

BlackBerry's QNX operating system can serve as that hub. QNX is already used in a variety of important, mission-critical applications in a variety of different settings, such as in nuclear power plants and in medical settings. More importantly, BlackBerry QNX is *already* in your car.

QNX is running on over 150 million vehicles, powering infotainment systems and an increasing number of in-vehicle information updates, effectively putting BlackBerry a step ahead of the competition.

Setting aside the allure of my car driving me to work while I read the morning headlines, security is a key point that is often overlooked. An autonomous vehicle being hijacked or rerouted is a real concern, as is the possibility of your personal information, such as your address or garage door code, being sniffed out by questionable means. The same could be said of securing ground-based road infrastructure needed for a smart city of the future.

BlackBerry has been critical of the need to build that security layer in from the ground rather than bolt it on top of core functionality and given the company's experience in securing networks and devices for well over two decades, BlackBerry is in an advantageous position over its peers here as well.

## What about BlackBerry today?

Having a car that can drive itself is great, but the autonomous revolution isn't happening tomorrow. Fortunately, BlackBerry continues to make strides in other areas, and the company has released a string of increasingly improved results in recent years as well as several intriguing acquisitions, such as the deal to acquire AI-focused Cylance.

By way of example, in the most recent quarter, BlackBerry saw a 23% year-over-year increase in non-GAAP revenue to US\$267 million. The company also managed to generate US\$49 million in free cash flow in the quarter

## What does this mean to investors?

As exciting as the concept sounds, autonomous vehicles are still a few years (at best) out from being readily available for consumers to purchase.

Fortunately for BlackBerry, the company has a growing list of customers in the cybersecurity and enterprise space to continue providing earnings and long-term growth potential. Adding to this is that the full impact of the Cylance acquisition is still not reflected in BlackBerry's current earnings report, but does play into the company's fiscal 2020 outlook that calls for non-GAAP revenue growth of between 23% and 27%.

In my opinion, BlackBerry remains a [great long-term growth](#) investment. Buy it, hold it, and forget about it.

### CATEGORY

1. Investing
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