



TFSA Investors: Why BlackBerry (TSX:BB) Will Make You a Millionaire!

Description

At one point in time, having a **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) phone was synonymous with the word cool. Teens loved using the tiny keys to send messages to friends using BlackBerry Messenger. Although the phones could do a fraction of what phones can do today, having a BlackBerry was a status symbol.

With the release of the touchscreen iPhone in 2007, BlackBerry executives were at a crossroads. A decision needed to be made as to whether the company should stick to its roots and continue making secure phones for its business clients or pivot to the fun approach that **Apple** was taking.

To the detriment of the company and its shareholder, BlackBerry decided it would stick with catering to its business clients. Instead of putting the customer first, the company did what it thought was best for consumers.

Fast forward 12 years and BlackBerry has a market capitalization of \$3.8 billion compared to the \$1.06 trillion market capitalization of Apple.

Despite these mistakes, however, I still believe that BlackBerry is a good investment given its focus on software and strong operating cash flow.

Focus on software

John Chen took over BlackBerry in 2013 at a time when it was facing financial difficulties due to competition from companies such as Apple and Samsung. His vision for BlackBerry was widely regarded as radical at the time, as he wanted to pivot away from hardware and [focus on enterprise software instead](#).

Fast forward to 2019 and the company recently acquired Cylance for USD \$1.4 billion; Cylance is a predictive cybersecurity company based in the United States. This acquisition complements BlackBerry's suite of offerings and comes a year after it introduced Spark, a key component in its internet-of-things business.

Investors should be excited by this news, as it allows BlackBerry to provide a greater range of services to its business customers, which include the United States government.

With the growth in popularity of self-driving cars, very few people know that BlackBerry is also in this industry. Through its QNX software, BlackBerry hopes to be a key player in the internet-of-things business, whereby cars of the future will "talk" to each other and other devices to enhance its performance.

Strong operating cash flow

Despite BlackBerry dropping the ball in recent years, with revenues decreasing from \$3.3 billion in fiscal 2015 to \$904 million in fiscal 2019, its operating cash flow has remained positive for four of the past five years.

Operating cash flow is an important metric that gives investors an idea of how much cash the company is generating from its main line of business. BlackBerry's operating cash flow has ranged from -\$224 million in fiscal 2017 to \$813 million in fiscal 2015.

Bottom line

It's no surprise that BlackBerry has been on the decline in recent years.

With its failed phone business, investors are justified in being skeptical about investing in this company.

That said, BlackBerry has made an effort to focus on its software business under the leadership of John Chen and there is a strong indication that BlackBerry is [actually ahead of its time](#). With its predictive cybersecurity company and its internet-of-things products, BlackBerry is poised to innovate in the near future.

The company also has a strong operating cash flow which makes it a decent investment for those willing to take a bit of risk!

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Date

2025/08/17

Date Created

2019/10/15

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