



WARNING: This Legendary TSX Stock Just Hit a 15-Year Low!

Description

BlackBerry Ltd ([TSX:BB](#))([NYSE:BB](#)) stock just hit a 15-year low. But before you cast judgement, consider the details.

BlackBerry once pioneered the world's first widely-adopted smartphone. Deemed "CrackBerry" by its diehard user base, the company had a stunning 20% global market share in 2009. Since then, it's been a dramatic fall. By 2018, its market share had shrunk to just 1%. Recently, the company pulled out of smartphone manufacturing entirely.

According to research from Harvard Business School, BlackBerry struggled fending off competition, recognizing the value of the consumer market, misunderstanding the smartphone's core value proposition, and good old-fashioned poor execution. "It's not surprising that BlackBerry lost the smartphone wars," the research states.

After peaking at \$230 per share, BlackBerry stock is down to just \$7 today at writing. But focusing on what brought the company to its knees would be missing the forest for the trees.

As mentioned, the firm isn't even in the smartphone industry anymore. Then what is it up to? As Harvard's research concludes, "BlackBerry's story may have another chapter that is yet to be written."

The new frontier

In recent years, BlackBerry has partnered with global heavyweights like **Baidu Inc**, **NVIDIA Corporation**, and **QUALCOMM, Inc**. But instead of selling phones, BlackBerry is selling software and services. If you know anything about tech, this is a strong position to have.

The hardware business is difficult. Manufacturing physical objects like smartphones and computers typically comes with razor-thin margins as the threat of commoditization continually looms. Hardware also doesn't represent recurring revenue. When you purchase a laptop, for example, you won't need to purchase another for years.

Software is different, however. Software companies can embed their services into another company's business model, ensuring long-term customer retention.

Plus, customers are often billed on a quarterly or annual basis, even though the software provider incurs essential zero additional costs. Building a software and services company is a great way to build a high-margin, recurring revenue business.

Leveraging its strong history and reputation for security, BlackBerry is focused on securing the next generation of technologies using cutting edge software. For example, its latest acquisition, Cylance, uses artificial intelligence to prevent cyberattacks from occurring in the first place, rather than work retroactively.

BlackBerry is wrapping differentiated technologies like Cylance into software suites that can protect high-growth opportunities like self-driving cars, the internet-of-things, and healthcare analytics.

The future will be significantly more connected. In response, security software markets are growing by more than 20% annually, as the cost of failure for things like autonomous vehicles is immense. BlackBerry is perfectly positioned to meet this multi-decade growth in demand for its services.

Multi-bagger potential

It's opportunities like this that give you a chance to multiply the value of your investment several times over. Consider \$50 billion giant **Shopify Inc.** In 2016, it was worth less than \$5 billion, roughly what BlackBerry is worth today.

Yet over the next three years, Shopify stock exploded higher by more than 1,000%, as it was meeting demand for another mega-growth driver: e-commerce.

BlackBerry has all the pieces to repeat Shopify's success, except instead of e-commerce, it will be capitalizing on the ever-growing need for cybersecurity. It's these relatively tiny stocks that give you true multi-bagger potential.

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