



## Is it Time to Finally Drop BlackBerry (TSX:BB)?

### Description

Long-time proponents of **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) and its line of iconic small-screened keyboard phones that ushered in the modern smartphone era may be in for a tough few months.

Earlier this week, BlackBerry's hardware partner, TCL Communications, which has been making devices sporting the BlackBerry name since 2016, announced it would cease selling BlackBerry devices after August of this year. TCL has an impressive portfolio of products that are sold in over 160 countries, and the company was one of several market-specific manufacturers charged with bringing BlackBerry devices to market.

### Why did this happen, and what does it mean?

When BlackBerry shuttered its hardware department, the company did so out of necessity. Following years of declining revenue and releasing subpar devices, BlackBerry fell out of touch with the rapidly changing needs of the market. The company smartly opted to license out the development and manufacturing of future devices to partners across global markets, which allowed BlackBerry to turn its focus onto software and security.

TCL did well to release a series of devices sporting the BlackBerry name, and adding features BlackBerry itself passed on, but the devices were still geared towards BlackBerry's dwindling niche of keyboard users and under-powered when compared to even the previous generation of Android and iOS devices.

Turning back to the software front, BlackBerry's renewed focus has already paid dividends to the company. BlackBerry now has an outstanding portfolio of customers across its enterprise space following years of neglect, and the acquisition of Cylance bolstered BlackBerry's presence in the AI field.

BlackBerry is also actively working on advancing its presence in the autonomous driving field, where its QNX platform is already installed in over 120 million vehicles on the road globally.

In some ways, this move to finally cut the cord from BlackBerry's history as a device manufacturer may be just what is needed. The same could be said for TCL, which in recent years has also started to wind down the myriad of device manufacturers that it works with.

## What about investors?

Just before the holidays, BlackBerry released results for the third fiscal quarter of 2020. During that quarter, the company reported GAAP revenue of \$267 million, representing a solid 18% year-over-year improvement.

On a segment basis, the Software and Services segment realized a whopping 21% gain over the same period last year, coming in at \$262 million. Note that device licensing revenue continues to play a diminishing role on those numbers

Should you buy BlackBerry?

BlackBerry has potential, but whether that (extremely) long-term potential is worthy of an investment today comes down to each individual investor's timeline.

The stock is down over 24% over the trailing 12-month period, and those losses extend to 46% over the past two years. Keep in mind that short-term losses can wreak massive gains for long-term investors in some cases, particularly if the business is one that has a [defensive appeal](#). Sadly, that doesn't appear to be the case with BlackBerry at the moment.

In other words, BlackBerry's growing involvement in the autonomous driving and AI security segments is intriguing, but without anything tangible on the horizon, investors are best suited waiting on the sidelines or opting for any other [profitable investment](#).

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