



Why BlackBerry's (TSX:BB) Stock Price Rose 2.9% in April

Description

BlackBerry's ([TSX:BB](#))([NYSE:BB](#)) stock price has been volatile for many years. Today, the volatility continues, with the stock remaining one with much potential and many risks. In April, BlackBerry's stock price performance of +2.9% lagged the **TSX Index's** performance of +10.5%. The risks proved to be too much for investors.

BlackBerry's stock price performance lags the TSX as auto sales and production drop sharply

As we know, much of the enthusiasm surrounding BlackBerry stock centres on its QNX business. BlackBerry's QNX's software solutions help to ensure the proper operation of embedded systems. Many different industries use this software. But its use in the automotive industry is the one that has gained the most excitement. QNX is at the forefront of transforming automobiles into connected systems today and autonomous vehicles tomorrow.

These days, the auto industry has been shaken by huge sales declines and production stoppages and curtailments. While the world gains control of the coronavirus, this has been the norm in many industries. Consequently, BlackBerry's QNX business fell by an estimated 20% in the latest quarter.

The weakness in the stock price is understandable. If you believe that this setback is temporary, as I do, then we must see through this. BlackBerry has offsetting factors that may turn the stock price around in the short term.

BlackBerry's stock price performance lags the TSX as cybersecurity competition heats up

The environment that we are in today is a perilous one. Investors have reacted to this by understandably sticking with companies that have some degree of visibility and defensiveness. We cannot say that BlackBerry has either of these at this moment. Even the segment that is working for

BlackBerry comes with its risks. [The cybersecurity industry is growing rapidly, but it is also highly competitive](#). And the success of competitors such as CrowdStrike are worrying.

But what if we look beyond these short-term distractions and focus on the long term?

For starters, BlackBerry's QNX software for embedded devices continues to gather momentum. It has had many design wins recently, and demand for it is increasing in many different verticals. Recall that BlackBerry's QNX software is valuable in many different applications. Medical devices, robotics, and industrial automation systems are just a few areas of increasing connectivity. The point here is that the market for embedded devices is experiencing a strong secular growth trend.

Furthermore, remote work is on the rise in today's environment. This means that this tech stock's cybersecurity offering has big potential today. Unified Endpoint Management (UEM) and Unified Endpoint Security (UES) systems are growth areas. [Demand for these systems](#) is being driven by an increase in the number of remote workers and business continuity needs. It comes with an increased need for security while maintaining productivity.

BlackBerry has seen healthy fourth-quarter billings growth here. The company has integrated its Cylance acquisition, it has a stronger product offering, and its infrastructure and sales force are now built up. Management is optimistic about its UES offering. It offers a set of security capabilities that covers a combination of mobile and fixed devices, cloud, and on-premise capabilities. Additionally, it is integrated with UEM to manage threat protection. BlackBerry is an early provider of this full suite, so we can expect it to result in gains in market share.

Foolish bottom line

BlackBerry stock is not without its risks. But while current stock price weakness may be justified, the longer-term picture looks good. With a strong balance sheet and exposure to high-growth industries, BlackBerry's stock price has good potential going forward.

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Author

karenjennifer

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