



BlackBerry (TSX:BB) Is Working on a COVID-19 Tracing App: Is the Stock a Buy?

Description

Last week, *BNN Bloomberg* reported that **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) and **Shopify** were working on a COVID-19 tracing app for Canadian health authorities. The app will let users upload COVID-19 test results to their smartphones to facilitate contact tracing. Incorporating Bluetooth technology, it will provide information when any given person has come within close physical proximity of someone who tested positive for the virus.

The federal government's desire for a COVID-19 tracing app has been well known for months. Several provinces, including Alberta and B.C., have already developed apps of their own. The new Shopify/BlackBerry developed app will be the first rolled out nationwide.

For investors, this development could be significant. While Shopify's involvement is limited to volunteer employee participation, BlackBerry seems to be involved on a corporate level. There haven't been any clear signs that the company will be compensated for its participation, but the development could signal closer ties between the company and the federal government. This would be a positive sign for a company that increasingly relies on large enterprise clients to drive revenue.

BlackBerry's participation in app development

Unsurprisingly, BlackBerry's participation in the COVID-19 tracing app development will involve security review. The company has developed a sterling reputation as a developer of [cybersecurity software](#). It will bring its security expertise to bear on the project, providing a review of the app's security. The potential for privacy breaches has long been a concern with COVID-19 tracing apps, so BlackBerry's contribution will be indispensable.

What this means for BlackBerry's business

So far, there is no indication that BlackBerry will directly make money off the COVID-19 tracing app. Early reports suggest that Shopify employees are participating for free. Details on BlackBerry's participation are more ambiguous. It is known that the app will be owned by the federal government, so

if BlackBerry does generate revenue on this, it will be limited to consulting fees. But again, there is so far no indication that BlackBerry is accepting money for participating in the project at all.

Nevertheless, this could be a positive signal for BlackBerry's business. Having long since thrown off its smartphone business, BB now develops secure enterprise software. In its new business, BB depends heavily on big corporate and government contracts to make money. It has already inked major deals with companies like **Canadian Pacific Railway** and **Jaguar Land Rover**. Its move to work on Canada's COVID-19 tracing app could signal closer ties with government, which could pave the way for lucrative contracts down the road.

Foolish takeaway

In recent years, BlackBerry has been seen as something of a [turnaround story](#). While its stock is still way down from its heyday as a smartphone maker, the company's enterprise business is indeed taking off. In its most recent quarter, BlackBerry posted solid growth in revenue and adjusted earnings. It's too early to call the stock a decisive buy, but BB's recent results coupled with the high-profile projects it's involved in, provide reason for optimism.

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