



Don't Buy BlackBerry Stock... Yet

Description

It's been a wild ride for **BlackBerry Ltd.** ([TSX:BB](#))([NYSE:BB](#)) investors. If you were one of the lucky ones to invest back during the company's initial public offering in 1997, you'd be laughing. Between the IPO and the company's peak performance back in 2008, shares rose an unheard-of 11,866%. But it also saw an unheard-of fall.

Shares then plummeted between 2008 and 2012. Not to an IPO price, but it was still a whopping drop of 95% of its share price. Since that time, the stock simply hasn't moved much. Even today, where the price is around where it was in 2012 at about \$6.50 per share.

Analysts now think the stock is on the verge of blowing up. There are a number of signs suggesting those analysts could be right, but maybe not quite yet. Here's why you should keep an eye on BlackBerry, but maybe wait a bit before [taking a stake](#).

BlackBerry now

We looked at BlackBerry when it was into creating the famous BlackBerry mobile device. Now, the company has completely moved away from creating even one smartphone. Now, BlackBerry is solely focused on software, especially cybersecurity. This is an industry that's attracting the interests of many analysts today.

With the pandemic, cybersecurity has become a space needed by every business out there. As employees work from home, employers need to be certain data is safe. Cybersecurity is also highly lucrative is businesses like BlackBerry can charge high prices, for a software that once made, only needs tweaks.

While creating the product can be pricey, once created BlackBerry can just rake in recurring revenue. This is why BlackBerry made the huge investment of buying **Cylance**, an artificial intelligence and cybersecurity company back in 2018 for \$1.4 billion.

BlackBerry also has the QNX platform to brag about, software that keeps the data in the software that

runs cars secure. As cars continue to advance, QNX will be able to detect vulnerabilities before those problems happen. A product like this is huge for BlackBerry, which is why **Amazon** partnered with the company to make it available even faster.

BlackBerry's future

While this all sounds incredibly exciting, BlackBerry still has a bit to prove before I would take a major stake. The biggest problem is competition. While BlackBerry has its experience in cybersecurity from its smartphone manufacturing under its belt, its [competitors](#) have years of experience in this industry.

As fellow Fool writer Ryan Vanzo notes, "**CrowdStrike**, for example, is worth \$22 billion. It trades at an astounding 34 times earnings. CarbonBlack was another competitor until it was acquired by **VMware** for \$2.1 billion, a steep premium to its trailing price."

While its QNX software is great, it just simply isn't enough. It's more likely to be a product that could be purchased by another company. BlackBerry simply has to prove it can grow organically. Until BlackBerry can prove that it can lead the back in cybersecurity, all it really has going for it is a household name.

Don't get me wrong: that alone is a lot. But there are others in the industry such as **Microsoft** and VMware that are a household name in the industry.

So while I would definitely add BlackBerry to my watch list, even at such cheap prices I would wait. Just until this company proves it can play with the big boys.

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