



Canadians: Can BlackBerry (TSX:BB) Stock Return to Form?

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) grew into a household name in the 21st century. Unfortunately, the Canadian technology stalwart had a fall from grace, as its dominant position in the smartphone space vanished overnight in the face of its iPhone and Android challengers. Since then, BlackBerry has managed to transition into a power in the software space.

Shares of BlackBerry stock have dropped 19% in 2020 as of close on August 26. Today, I want to explore whether investors should expect BlackBerry to become a top tech stock on the TSX in the 2020s.

Why BlackBerry stock has frustrated investors

BlackBerry was a stock that looked attractive in the middle of the 2010s, especially after the hiring of turnaround specialist John Chen as chief executive officer. However, those who bought the stock in late August 2015 would find themselves in a red at the time of this writing. For BlackBerry stock, it has been a story of one step forward and two steps back.

The company released its first-quarter fiscal 2021 results on June 24. CEO John Chen said that there were promising signs of recovery to start this fiscal year. It reported “good demand” from customers for BlackBerry’s enterprise division. Non-GAAP earnings per share came in at \$0.02 compared to \$0.01 in the prior year.

The company: Top leadership and promising potential

One of the big attraction points for BlackBerry has been its exposure to some of the [most exciting markets](#) in the world. The company is a leader in the mobile cybersecurity space. BlackBerry bolstered its capability in this area with the acquisition of the AI-focused security firm Cylance in early 2019. To look at how important cybersecurity is, look no further than the recent breach at the Canada Revenue Agency.

Forrester, a leading American market research firm, recently projected that enterprises would spend roughly \$12.6 billion on cloud security tools by 2023 — up from \$5.6 billion in 2018. Enterprise spending on cloud security solutions is projected to achieve a CAGR of 26.5% from 2020 to 2023. **Morgan Stanley** predicts that global I.T. security spending will reach \$128 billion by the end of this year.

BlackBerry QNX has also made massive inroads in the automated vehicle market. ResearchAndMarkets recently projected that the global autonomous cars software market will grow by \$3.26 billion from 2020 to 2024. This would represent a CAGR of 36%. Clearly, BlackBerry has chosen its exposure well. It is well positioned to capitalize on its footprint in these exciting areas. Does that mean the stock is a must-buy right now?

Should you buy BlackBerry stock today?

Shares of BlackBerry rose 6.35% in trading on August 26. The stock last had a favorable price-to-book value of 1.4. Moreover, the top Canadian tech company also boasts a flawless balance sheet. BlackBerry is more than capable of weathering the storm of the COVID-19 crisis. However, a slowdown in the automotive space has dented its earnings in recent months.

Earlier this month, I'd explained why [I'm still bullish](#) on BlackBerry going forward. That is still my position, as BlackBerry looked to build on its successes in fiscal 2021.

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