



BlackBerry News: Why the Stock Jumped 50%

Description

Shares of **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) just soared to a new 12-month high on news of an agreement with **Amazon** ([NASDAQ:AMZN](#)). Investors are now wondering if they should add BlackBerry stock to their [value](#) portfolios.

BlackBerry news: The AWS deal

In the [news release](#), BlackBerry said it is partnering with Amazon Web Services (AWS) under a global multi-year agreement that will see the two companies develop and sell BlackBerry's Intelligent Vehicle Data (IVY) platform.

In simple terms, IVY is a cloud-based software platform that gives auto companies the ability to reliably and securely collect vehicle sensor data. The platform is scalable, and the car manufacturers can use the information to develop new in-vehicle services.

Why is this a big deal?

Cars are complicated machines when it comes to trying to collect data in an efficient manner. Each vehicle is made with thousands of parts from different suppliers using multiple technologies. Automakers and parts suppliers all have their own specific hardware and software systems.

A wealth of data is produced by all the different components. BlackBerry's IVY platform aims to apply advanced machine learning tools to help the automakers with the problem. The goal is to give the vehicle manufacturers the ability to offer customers personalized in-vehicle experiences based on the data.

This is a big project. IVY plans to support "multiple vehicle operating systems and multi-cloud deployments" to cover a wide swath of car models and brands. BlackBerry will leverage its QNX expertise as part of the initiative. BlackBerry QNX is already a leading IoT software platform used in vehicles.

AWS involvement

AWS has extensive expertise in cloud operations as well as IoT and machine learning. The BlackBerry IVY platform will be part of the vehicles digital systems, but the configuration and management of the system and data will occur in the cloud.

In theory, this give the manufacturers a more secure and efficient way to collect and respond to the data. AWS offers the ability to roll out the program globally.

IVY platform benefits

The uses for the information are widespread. Safety enhancement is one important outcome. The IVY platform could assess driver habits or external elements and make recommendations real-time to the vehicle operator. Weather and traffic conditions are just a start.

Another end-goal would be the ability to provide vehicle owners with new customized features based on the information. This opens the opportunity to create new revenue opportunities.

Should you buy BlackBerry stock on the news?

At the time of writing, BlackBerry trades near \$11.50 per share. That's up from \$6 in the past month. The share were likely [oversold](#); however, the size of the jump warrants caution.

This isn't the first time the market became excited about BlackBerry's prospects to hit it big in the emerging IoT or AI security sector. Unfortunately, each time news comes out, the stock soars and then drops a few months later when earnings results disappoint.

The AWS partnership is certainly positive and the long-term opportunity for IVY is definitely exciting. That said, I would be careful about chasing the stock after the big rally.

BlackBerry's share price is right about where it was five years ago. Traders have made some decent money on the surges, but buy-and-hold investors have little to show for their optimism.

This might finally be the start of an extended rally for BlackBerry stock, but I wouldn't back up the truck today.

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