



Why BlackBerry Stock Surged Almost 20% This Week

Description

On December 1, shares of **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) surged by nearly 20%, as the company announced an agreement with Amazon Web Services. The multi-year deal will see the two companies develop and sell the Intelligent Vehicle Data Platform (IVY), used in the automotive industry.

In a joint statement, the companies said that IVY will compress the time to build, deploy, and [monetize in-vehicle applications](#) and connected services across multiple brands and models. The platform will allow automakers to team with a greater pool of developers, ultimately accelerating the development of apps and services.

BlackBerry underperforms for past seven years

This jump is welcome news for investors, who have been waiting for years for BlackBerry to show some sign of life.

When CEO John Chen joined the company in 2013, anticipation was high that new management could turn the beleaguered tech company around.

Despite numerous high-profile acquisitions and rounds of massive layoffs, BlackBerry stock has barely moved in the seven years since Chen took the helm. At the same time, the stock market has been on an incredible bull run and other tech stocks have rewarded investors with astonishing returns.

As of this writing, the stock is trading at \$9.58. Even after this week's surge, the stock is near its 2013 share price.

IVY software platform

According to BlackBerry's [press release](#), "IVY is a scalable, cloud-connected software platform that will allow automakers to provide a consistent and secure way to read vehicle sensor data, normalize it, and create actionable insights from that data both locally in the vehicle and in the cloud. Automakers can

use this information to create responsive in-vehicle services that enhance driver and passenger experiences.”

IVY addresses the problems created when each vehicle coming off the line consists of thousands of parts from different suppliers, each comprising a unique set of proprietary hardware and software components. These components produce data in unique formats creating a nightmare for developers. IVY applies machine learning to the data to generate predictive insights and inferences, making it easier for automakers to offer in-vehicle experiences that are highly personalized.

Quarterly results

In the company’s most-recent quarterly earnings report, adjusted revenue was up 2% to US\$266 million. Adjusted earnings were US\$0.11.

BlackBerry has been trying to transition from a company known solely for its smart phones into software and services. However, its software sales fell 15% year over year in the second quarter.

Blackberry is also facing difficulties in [scaling up its Cylance division](#), which reported flat sales for the quarter. Blackberry acquired Cylance for US\$1.4 billion last February.

The bottom line

This isn’t the first time that BlackBerry stock has surged on news about the company’s prospects in the emerging IoT or AI security sector. Unfortunately for investors, it has been a cycle where the stock soars briefly and then drops a few months later.

The bottom line is that the share price is relatively unchanged during the past several years. The high hopes that accompanied the management change in 2013 have fallen flat — and so BlackBerry investors have little to show for their optimism.

Time will tell whether BlackBerry can finally gain some momentum or if investors, once more, will have their hopes dashed.

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