



Why Now Might Be the Perfect Time to Buy BlackBerry (TSX:BB) Stock

Description

Last week, **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) released its quarterly earnings report, which didn't impress investors. Shares of the tech stock would end up falling more than 15% on the results.

The reason investors were put off by the performance was that BlackBerry's sales continued to underwhelm, with revenue of US\$218 million falling sharply from the US\$267 million that it reported in the same period last year. The third-quarter numbers were even lower than the US\$259 million in sales that BlackBerry brought in during the [second quarter](#).

Software and service revenue continued to account for the bulk of the company's sales, representing 74% of its top line compared to just 69% a year ago. But the segment's total sales of US\$162 million were down 12%, as BlackBerry blamed the disappointing numbers on the COVID-19 pandemic, which caused a soft automotive market and led to lower revenue for BlackBerry QNX.

Meanwhile, BlackBerry's licensing segment brought in US\$56 million in sales in Q3, and that was down 32%, or US\$26 million, from the same period last year, as the company suffered from a decline in licensing agreements.

Why investors shouldn't be discouraged by these results

Although the results were disappointing, there's still plenty of reason for optimism for BlackBerry's future. Its [recent deal](#) with **Amazon** will unlock much more recurring revenue in the future and could lead to other partnerships down the road. Investors need to remember that those numbers may take a while to roll into the company's results. And so, while BlackBerry's Q3 numbers may be a bit soft, in future years, these results will likely look a whole lot better.

Investors may be growing tired of hearing about patience with respect to BlackBerry stock, but the agreement with Amazon has the potential to be a game-changer for the company. It instantly lends credibility to the company's IVY platform, and it could play a critical role in automobile software for many vehicles in the future. CEO John Chen noted in the company's most recent earnings release that "Our recently announced multi-year, exclusive partnership with AWS to co-develop and co-market

BlackBerry IVY, is both strategic and unique. This new platform will create a recurring-revenue business, bringing together BlackBerry's extensive experience and footprint in embedded automotive with AWS' unparalleled cloud reach, consumer experience and interface."

Bottom line

If you're willing to be patient, investing in BlackBerry could be a great move for you. And now, with the stock falling in value after its latest earnings report, investors have the opportunity to buy the stock at a reduced price while knowing there could be bigger gains ahead once the revenue from the Amazon deal starts trickling into BlackBerry's top line.

Year to date, the stock is up around 10%, and much of that's due to its recent surge in price. Next year could still prove to be a challenging one for BlackBerry but there's at least some light at the end of the tunnel that the company's efforts will start to pay off over the long haul. The stock is still nowhere near the more than \$15 a share that it was trading at just a couple of years ago, and there's lots of room for it to rise in value.

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