



Why BlackBerry Stock Shot More Than 25% Higher Last Week

Description

Shares of Canadian software company **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) are off to a torrid pace in 2021. On a year-to-date (YTD) basis, shares are up almost 50% in just a couple weeks. I've been a raging bull on BlackBerry of late, and I think this move has a lot more room to run.

On January 14, I wrote a piece in which I explained my thesis for why I saw a [parabolic move on the horizon](#) for BlackBerry shares. As it turns out, a piece of headline news took this stock to new 52-week highs on Friday. It wasn't the news I expected but is nonetheless extremely bullish for BlackBerry investors.

Legal tailwinds taking this stock higher

News on Friday that BlackBerry and **Facebook** agreed to settle a patent dispute sent shares markedly higher. This patent dispute has been ongoing since 2018. BlackBerry sued Facebook on the grounds that the social media giant had copied message encryption and message notification details BlackBerry had patented years prior.

A confidential agreement was made, with BlackBerry the likely recipient of funds, which could impact the company's bottom line nicely. Facebook did countersue in the dispute, so the settlement details are unclear. That said, it looks as though the market is pricing in yet another patent win for BlackBerry.

In addition to the company's existing software platforms, its patent portfolio is looked at as a store of value. Indeed, BlackBerry's willingness to capitalize on these assets has boosted the company's stock price in the past. Expectations that more value could be created from these patents appears to be a key driver of stock price appreciation here.

Amazon deal the growth catalyst this company needed

This patent win compounds the positive sentiment the market is feeling for BlackBerry stock right now. In December, BlackBerry announced a partnership with **Amazon.com** to capitalize on the growing

connected vehicles business. BlackBerry's IVY platform was the centrepiece of the deal. Indeed, it appears Amazon has found the perfect partner to tackle this nascent industry.

I think this deal is a transformational one for BlackBerry as a company. This deal provides a real catalyst for investors to look to for growth in the coming quarters and years. Accordingly, this multi-year deal is one I think is currently undervalued by the market. If BlackBerry executes its strategy and capitalizes on this partnership, I think BlackBerry's shares have a very long runway to grow.

That said, I think the market will require validation of performance before we see acceleration in capital appreciation with this stock. If you're a firm believer in BlackBerry's management team, lots of upside appears to exist with this stock right now.

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