



Why BlackBerry (TSX:BB) Stock Doubled This Month

Description

BlackBerry Inc ([TSX:BB](#))([NYSE:BB](#)) stock has gone parabolic this month, starting at \$8.44 and reaching \$18.86 as of this writing—a 111% gain! If you'd purchased BB stock at the start of the month and sold last Friday, you'd have doubled your money — an incredible result.

But all of this begs the question:

Why?

In the third quarter, BlackBerry's GAAP [revenue declined and its net loss got larger](#). Its third quarter press release stated that it enjoyed profits and revenue growth, but both statements were true only by non-GAAP standards. By conventional accounting standards, it was a losing quarter for BlackBerry.

Nevertheless, investors are bullish on BB stock. There must be reasons for this, and as it turns out, there are a few good ones. In this article I'll explore them in detail.

Facebook lawsuit

One possible reason why BB stock rallied this month is because it [settled a huge IP lawsuit](#) with **Facebook**. BlackBerry accused BB of unlawfully using its messaging patents; Facebook countersued, but eventually settled. Nobody knows yet exactly how much BlackBerry will get from the settlement, but it could be a recurring annual amount that will boost the company's cash flows.

Amazon deal

Another possible reason why BlackBerry rallied this month is because it scored a major deal with **Amazon.com**. BlackBerry has long been known for its car software, and in 2020, the company inked a deal with Amazon to collaborate on self-driving cars. This partnership will see BlackBerry leverage its *Intelligent Vehicle Data Platform* for use in AI car research by AWS.

Amazon is a massive player in the tech world, and this partnership could prove very lucrative. BlackBerry has already seen massive adoption of its car software, and a well-known deal with Amazon could take that success to a new level.

Product success

Viewed purely in terms of products, BlackBerry's pivot to software has been an undeniable success story. BlackBerry's QNX software is now running on 175 million cars and the company has signed big deals with companies like **Canadian Pacific Railway**. Industry titans already respect BlackBerry software, as evidenced by the Amazon deal. The only question remaining is how BB will turn this into profits.

Foolish takeaway

So far, BB stock has been one of the 2021's breakout stories, attracting interest well beyond Canada. It's become a favourite of Reddit's r/wallstreetbets forum and is getting plenty of publicity in financial media.

While the company's earnings don't back up its stock price gains, it doesn't mean they never will. BlackBerry has scored a huge legal victory, inked a deal with Amazon, and seen its software installed on 175 million cars. If all of that doesn't result in some kind of profit in the future, it would be very surprising.

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