



Turnaround Story of the Decade: Will BlackBerry (TSX:BB) Be the Next AMD?

Description

BlackBerry ([TSX:BB](#))(NASDAQ:BB) stock almost tripled in one month. What are investors thinking? The company underwent a major shift (2013-2020) from selling smartphone hardware to endpoint security software and services. In these eight years, the stock dropped 56%. Then what happened that the stock suddenly surged to its 10-year high of over \$22.

Are investors expecting BlackBerry to become the next **Advanced Micro Devices** ([NASDAQ:AMD](#))? If that proves to be the case, BlackBerry is a good bargain even at \$22. Before you read further, note that this is a theory and may not materialize as it hinges on many variables.

AMD's turnaround story

AMD was the [tech turnaround story](#) of the last decade. The company turned multiple years of losses and near bankruptcy into profits. For investors, the stock moved from a little below \$3 in 2015 to \$93 at the end of 2020. To give you an idea of how much this growth is, AMD converted \$1,000 investment to \$32,000 between 2015 and 2020.

What caused this turnaround was competitive product launches at the right time that helped it gain market share from **Intel** and **Nvidia**. AMD's main problem was product delays, because of which it could not command a premium price and lost market share.

But it saw a turnaround with Polaris graphics card in 2015 and Ryzen PC processor and EPYC server processor in 2016. The success of these two products and their future generations set the dice rolling. Today AMD has overtaken Intel on the technology front. All it takes is one disruptive technology to make or break a market leader.

Similarities between BlackBerry and AMD

BlackBerry and AMD are similar in many ways. Both the companies had been through their fair share of glory in the past. They both faced multiple years of losses as they fell behind in the technology

trend. Both of them underwent a complete turnaround. They both have good products but face strong competition.

However, BlackBerry is still better off as it has a stronger balance sheet than AMD. The company had a net debt of \$1.2 billion in 2015, facing the risk of bankruptcy as a result. BlackBerry has \$757 million in cash reserve, which gives it the flexibility to bear losses and still invest in the business.

BlackBerry is a market leader in mobile applications security, with BlackBerry Spark beating blue-chip competitors like **VMWare**, **IBM**, and **Microsoft** in performance. However, unlike AMD, BlackBerry has not yet shown two straight years of revenue growth. And you can't blame BlackBerry for it, as the pandemic was a situation that brought automotive production to a standstill.

How will BlackBerry's turnaround story unfold in the 2030 decade?

BlackBerry is upgrading its automotive solutions with the Intelligent Vehicle Data Platform (IVY). **Amazon** Web Services will give BlackBerry's IVY cloud-connectivity, scalability, and a global reach. The IVY platform will serve automotive participants like automakers, electric vehicle (EV) charging providers, insurance companies, and vehicle repair services.

BlackBerry's IVY comes at a time when EV adoption is picking up. U.S. President Joe Biden will introduce subsidies for EV adoption in America, the world's second-largest automotive market. IHS Markit forecasts global EV sales to rise by about 70% in 2021 and increase at a compound annual growth rate (CAGR) of 52% by 2025.

The 2030 decade will see the EV wave, and BlackBerry is [prepared](#) to tap the software opportunity. Its automotive solution QNX is used by 19 of the top 25 EV original equipment manufacturers, who together have 61% of the EV market. It aims to make QNX the Android of EVs.

BlackBerry's turnaround hinges on many variables

But BlackBerry's turnaround hinges on the adoption of IVY solutions by major companies and the management's ability to monetize its solutions efficiently. In the case of AMD, its turnaround was supported by the rising demand for high-performance laptops and servers, gaming and crypto mining trend, and Intel's 10-nanometer delay.

BlackBerry stock is a long-term buy, but not at a \$23 price. Wait for the stock to correct and then buy and hold it to get exposure to its turnaround.

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Author

pujatayal

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