



## BlackBerry Stock: Is it Headed to \$50?

### Description

At first glance, it looks like the wait is over for shareholders of **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)). Shares in the tech stock have been on a tear as of late, more than doubling in the last month alone! But is this just a [momentum](#) trap for investors? Or could shareholders reach \$50 before the year is out by holding BlackBerry stock?

### The shift

Let's first dig into what's happened. To do that, we need to look back at to when things really changed for BlackBerry stock. The company shifted from creating smartphones to creating software. Its big purchase was for QNX software, which is used in autonomous vehicles, and Cylance, which is to be used as defence in cybersecurity.

But these additions, while it helped the floundering company, weren't what made today's jump. BlackBerry stock soared after three giant changes in the last month. The company settled a 2018 patent infringement lawsuit regarding its messaging system with **Facebook**. It then signed a deal with **Amazon** Web Services to develop a way to improve data collection and cloud-connection with vehicles through its Intelligent Vehicle Data (IVY) platform. Finally, new United States president Joe Biden pledged US\$2 trillion federal climate plan to bring in electric vehicles (EV), of which BlackBerry and Amazon's IVY program would reap the benefits.

### Will growth continue?

BlackBerry stock soared 175% as of writing from the news of these changes. Beyond the news, however, is where things get tricky. It's true that BlackBerry stock has name recognition, and that's enormous. Its software applications within the Internet of Things have made it a leader in the industry. It also has the top market share for automotive infotainment. But it has a ton of competition.

Companies like **Microsoft** are also in the business BlackBerry stock is trying to dig into. And while it's been growing through acquisition, it has yet to prove that it can grow organically. Year-over-year

revenue continues to drop, even from subscriptions, where most recently the company had a year-over-year loss of 4.74% in revenue. All that work to reach double-digit growth came to nothing when the pandemic hit.

## Foolish takeaway

The problem I foresee with BlackBerry stock is too many hands in too many baskets. It has name recognition, sure, but not much else to offer investors. The company wants to be a part of EVs, of cybersecurity, of anything within software that could make it some cash. The problem is this dilutes its focus, and it doesn't have the cash or [revenue](#) to compete against companies that do.

So, while momentum is great for now, it's unlikely it will remain high for long. Investors might be wary to take returns and reinvest when the stock drops, which is likely to happen around earnings near the end of March. As for \$50, it could happen. But it's unlikely to happen anytime soon. It could take several tries before BlackBerry stock is successful in repeating its former glory, if ever. So, if you're an investor willing to stick it out, patience will be your number one virtue.

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