



## BlackBerry (TSX:BB) Stock: Some Bad News for a Change

### Description

**BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) has been on a roll lately. Between 175 million QNX installs, a lawsuit win over **Facebook**, and a headline-grabbing deal with **Amazon**, the company can seemingly do no wrong. As of this writing, BB's stock was doing A-OK, up about 100% year to date.

But recently, the company hit the first major stumbling block in its post-smartphone incarnation. Dropped by a major partner, some of its key metrics are likely to suffer when this quarter's earnings are released. That doesn't mean the company is doomed. But it should give pause to investors just getting into the stock at today's prices.

## Ford drops BlackBerry

Recently, the **Ford** ([NYSE:F](#)) announced that it was [dropping BlackBerry's QNX system](#) that handled "infotainment" functions, like:

- Smartphone synching
- Hands-free calling
- Interactive maps

According to *Ottawa Business Journal*, parts of QNX [will remain in Ford's vehicles](#). However, the company is now running **Alphabet's** software for infotainment features. That's a big deal, because these features are among the main attractions of AI-powered cars.

## What this means for QNX

Ford's decision to drop BlackBerry will cause the latter's QNX infotainment numbers to decline. It will also probably have an adverse on revenue.

In 2020, Ford was about 20% of QNX's infotainment software business. The loss of that will cause a noticeable hit to the company's revenue. It could also mean that the company will have to report lower

QNX installs in its next quarterly report. Until recently, the steady increase in QNX installs had been a headline-grabbing figure the company highlighted frequently. In just a few short years, it rose from 100 million all the way up to 175 million. With Ford out of the picture, that number may no longer be such a selling point for BB.

However, it does look like Ford will retain some of the QNX core operating system features, so perhaps BB will still be able to report growing QNX numbers overall.

## Foolish takeaway

2020 and 2021 have been exciting years for BlackBerry.

After failing as a smartphone manufacturer, the company saw significant success in software. The biggest part of that success by far was QNX. In 2020, it reached a whopping 175 million installs on 175 million cars. That was a major selling point for the stock, which rallied in 2020 and 2021.

Now, the company has hit its first stumbling block since its smartphone days. Ditched in favour of Google by a major client, it took a very public hit to the chin.

None of this means that BlackBerry is finished. But BB getting its lunch stolen by Google looks uncomfortably similar to what happened in the smartphone wars, when **Apple** pushed the BlackBerry smartphone out of the market. Ultimately, the big U.S. tech firms have a lot more resources to develop AI-powered car software than BlackBerry does. So, this development with Ford is something BB investors should keep an eye on. It may be a taste of things to come.

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