



Can BlackBerry Execute, or Will it Be Punished by the Market?

Description

A meme stock the market seems to love to talk about right now is **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)).

This Canadian software company has been one of the most volatile companies on the TSX in recent weeks. Most of this volatility is due to the rise of retail investors on social media sites like Reddit bidding up shares of meme stocks like BlackBerry.

However, there's another reason I expect volatility on the horizon in the future: execution risk.

Partnership catalyst the key piece of the puzzle

All eyes on BlackBerry right now are focused on the company's recent partnership with **Amazon.com**.

This partnership aims at accelerating the development and go-to market strategy of BlackBerry's Intelligent Vehicle Data program (IVY).

This partnership has a tonne of promise. As I've stated before, this is [the catalyst](#) BlackBerry investors have been looking for. Indeed, any sort of growth opportunity such as the one afforded by this partnership should be cheered by the markets. And it has.

Execution risk a big factor for BlackBerry

However, right now, the big risk with BlackBerry stock is related to execution risk. The company will have to execute on its existing partnerships and make good on investor expectations.

Thus far, there's not a lot of credence being given to this stock by the market. This is because investors have seen a slow and steady decline over the years on the top line. Accordingly, for growth investors, the proof is in the pudding. BlackBerry will need to step up and perform.

Can the company do so?

I believe it can. Indeed, BlackBerry's management team has done a good job of transitioning the company away from its original hardware business to become a pure-play software company. This has been a multi-year transition, and all things considered, has gone smoothly. This Amazon partnership provides objective validation of BlackBerry's software products. I think it's a game changer for long-term shareholders for sure.

Conclusion

It's typically the case with tech companies like BlackBerry that the proof is in the pudding. Investors in this sector today are demanding growth more than ever. Until BlackBerry turns the corner and shows some results, it's likely to see some softness on the horizon.

Having great intellectual property and a rock-solid business model is great. Unfortunately, investors want to see this bear fruit in the form of growing cash flows and profits.

I think BlackBerry is well positioned to make this happen. However, this is still a story stock. There's good reason to believe BlackBerry could trend down toward last year's levels if performance doesn't meet the market's expectations.

Accordingly, I'm on the sidelines with respect to this name right now. I think it will take a few quarters of watching this stock and seeing if its performance improves to make a more informed investment decision on BlackBerry.

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Date

2025/08/18

Date Created

2021/03/04

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