



## Will BlackBerry (TSX:BB) Stock Double or Go to \$0?

### Description

**BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) can double. It can also go to zero. Which path shares take depends on a few factors.

If you can master this story, profits can be made.

### You must understand this

Hardware and software are polar opposites. BlackBerry is a perfect case study.

You probably remember this company as a smartphone manufacturer. That's a hardware business. To grow, it needed to physically produce another smartphone. That takes time and money. The worst part is that every year, BlackBerry needed to convince customers again to buy another phone.

The challenges associated with hardware are what caused BB shares to fall 95% since their peak in 2007. The company was doomed if it stuck with hardware. That's why it transformed itself into a software company.

"Software stocks have much less friction to growth," I recently [explained](#). "To acquire a customer, it just needs to send a download link. Software is often purchased on a subscription basis, so the company gets paid many times over for delivering the same product. Growth costs almost nothing, with customer acquisition being near-instantaneous."

This is the secret. When hardware companies become software companies, the potential upside is lucrative. And right now, the market still hasn't appreciated that BlackBerry has made this transition flawlessly.

## Can BlackBerry stock double?

Let's first discuss how BB shares would go all the way to zero.

The company has spent billions on its pivot to software, taking on debt and winding down its massive cash hoard. It's now completely focused on software opportunities, but we're still too early to know if it'll have success. If its products don't catch on and generate reliable profits, this will go down as one of the worst turnaround efforts in history.

But what if BlackBerry succeeds? In this case, shares could not only double but *triple* in 2021 alone. Let's look at what needs to happen.

The first thing to know is that BB stock trades at a heavy discount to its peer group. Several competitors have [valuation](#) multiples *10 times higher* than BlackBerry. This stock could rise 1,000% if it attained those valuations.

Why hasn't the company achieved those multiples? Because investors are still waiting for growth traction. A lot of the business segments are still in early stages of growth, betting on markets that will be massive, but are taking time to develop.

For example, BlackBerry's QNX platform helps secure self-driving vehicles. If you think it's scary when a hacker takes control of your computer, wait until they can hijack your internet-connected car. Securing these vehicles will be a massive opportunity, and BlackBerry has an early edge, but growth could take decades to fully play out.

## Place your bets

Whether it's self-driving cars or the Internet of Things, this company is on the path to success. It's only a matter of timing. When will the market buy into the growth story? That's the biggest catalyst of them all.

But there's no reason to time the market. The best investors remain patient, and at this price, it's worth taking a long-term position on BlackBerry.

### CATEGORY

1. Investing
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