



Is BlackBerry (TSX: BB) Stock a Long-Term Buy and Hold?

Description

BlackBerry's ([TSX:BB](#))([NYSE:BB](#)) stock price underwent a parabolic rise in January, surging a staggering 300% in a matter of days. The sharp spike was driven by a bull run that the folks at r/WallStreetBets induced. They were chasing another [short squeeze](#) in the form of BlackBerry after targeting **GameStop**. Other meme stocks skyrocketed too and are still overvalued. But in BlackBerry's case, the stock price has corrected to the level seen at the beginning of the year.

At the current price level of \$11-\$12, BlackBerry can be a great addition to your portfolio. Let's see why.

BlackBerry could benefit from a recovery in the auto industry

BlackBerry is a company in transition. You might remember it as a smartphone manufacturer in its heyday. But, the rise of Android and **Apple** iPhones forced BlackBerry to transform into a software-based company. John Chen took over as the CEO in 2013 to lead the company's overhaul and make it relevant again. Since then, the company has focused its efforts on the cybersecurity, Internet of Things (IoT), and critical event management segments.

After reporting net positive revenue growth in 2020, BlackBerry gave investors some hope — but it didn't last long. The company reported underwhelming numbers in its fourth-quarter earnings ended February 28. The pandemic-induced lockdown hit the auto industry hard and hurt the company's sales. Many automakers use BlackBerry's IoT technology in their vehicle, 175 million to be precise, and when their sales plummeted, BlackBerry's sales took a hit. But as the auto industry begins to make a comeback, the software company is poised to benefit.

On the cusp of growth explosion?

BlackBerry could be a growth stock available at a steep discount at the current market price. It has made forays with its software building platforms. Heavy trucks-manufacturer **Volvo** has [selected](#) BlackBerry's QNX software for its 300,000 heavy trucks. BlackBerry also joined hands with **Amazon** to develop its Intelligent Vehicle Data (IVY) platform, a cloud-based vehicle data storage platform. The platform is designed to enhance driver and passenger experience and has garnered major automobile

manufacturers' interest.

The world is moving towards zero carbon emission, and so is the auto industry. Top automotive markets –China, Europe, and the United States – are encouraging the adoption of electric vehicles (EVs) through subsidies and EV infrastructure. This presents an opportunity for BlackBerry to establish itself as a go-to company for vehicle security and connectivity for automobile manufacturers. It's IVY platform aims to cater to the EV supply chain from automakers to electric charging stations to insurance companies.

BlackBerry has set up a \$50 million innovation fund with Amazon to provide financial support to companies implementing the IVY platform. This should not only bring users in but also retain them. The question remains, will BlackBerry be able to take advantage of the coming EV wave and establish itself as a preferred platform for EVs? Only time will tell.

The company has so far gained market share in mobile communication and is eyeing IoT communications. It is also working with Chinese giant **Baidu** to develop autonomous driving and connected car technology to meet the automotive industry's future needs.

Foolish takeaway

Investors who bought BlackBerry stock at the top of the January frenzy will probably never see the same price levels again. But those who bought the stock after it crashed, could benefit in the long term. You may ask what is the right price to buy the stock. You can't time the market accurately and buy the stock at its bottom. But if you invest in the stock regularly over the next few years, you will benefit from price volatility.

Your average cost will be low and you might yield rewards in the long term when the EV rally begins. Billionaire investor Prem Watsa sees long-term potential in it. Hence, the stock is the second-largest holding in **Fairfax Financial Holdings**.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Tech Stocks

Date

2025/07/20

Date Created

2021/04/14

Author

pujatayal

default watermark

default watermark