

BlackBerry (TSX:BB) Scores a Brand-New Deal

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock has seen better days. After reaching a high of \$32 in the meme stock craze of January and February, it fell below \$10. Earlier in the year, BB became one of Reddit's favourite stocks, which led to it being heavily promoted along with other meme plays. The hype inevitably died off, which sent BlackBerry tumbling back to earth.

That's too bad, because the company actually put out some good news recently. After signing a new deal with a Chinese automaker, BlackBerry is making strides in getting its QNX software more widely adopted. In this article, I'll explore the recent deal and what it could mean for BlackBerry.

WM Motor

WM Motor is a private Chinese automaker that chose BlackBerry's QNX operating system for a new line of SUVs. QNX Neutrino is a car OS that handles the essential functionality of a car's user interface. It includes basics like graphics, device inputs, video capture and fonts. On top of these features, car manufacturers and developers can build the specific apps they want.

WM is using this OS in its W6 line of SUVs. These are AI-powered cars that can perform parking maneuvers without human input. In a statement, WM touted BlackBerry's "safety, cybersecurity and reliability" among the reasons for its choice.

What is this company all about?

WM Motor is an electric car company based in China. Its founder, Freeman Shen, was previously chair of **Volvo**. It currently has two smart, long range, battery-powered cars in production. Its first model, the EX5, was launched in 2018. It quickly went on to sell more than 30,000 units. While VM Motor is not a publicly traded company, it is among China's best-funded and fastest-growing EV startups.

Why does it matter?

BlackBerry's partnership with WM matters because it positions BlackBerry nicely in the EV space. EV is a [massive growth industry](#), expected to grow at 40% CAGR from 2020 to 2027. The auto industry as a whole has been growing at just 4.6% per year over the past 70 years. Growth has been even slower over the past decade.

Electric vehicles are the next big thing in cars. According to a study by Boston Consulting Group, EV sales will overtake gas powered car sales by 2030. If that prediction comes true, then companies like WM Motor could grow dramatically. In such a scenario, BlackBerry's deal with WM Motor could drive significant growth in revenue and earnings.

Lately, BlackBerry has been making big strides toward re-inventing itself as a software company. The

“aura” of failure as a smartphone maker still haunts the company, but its software business is seeing some success. In its [most recent quarter](#), BlackBerry delivered \$215 million in total revenue, \$165 million in software revenue, a 73% gross margin, \$0.03 in diluted EPS, and \$51 million in cash from operations. The company’s pivot away from smartphones and toward software has delivered results. Now, with a new deal under its belt, the company might grow even further from here.

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