Facedrive vs. BlackBerry Stock

Description

Two of the hottest Canadian stocks over the last year have been **Facedrive** (TSXV:FD) and **BlackBerry** (TSX:BB)(NYSE:BB). BlackBerry stock has been hot lately, as it's being pumped on the internet along with many other so-called meme stocks. Facedrive stock, however, has been popular, as investors have looked for high-potential tech and EV stocks to buy for the future.

So, if you're looking for a high-quality tech stock to buy for significant growth potential, you may be wondering which is the better stock to buy now.

To decide which is the better buy, we have to look both at the company's current position and its future potential. Then, of course, we need to make sure that the stock is undervalued and we aren't overpaying.

First thing's first, though, is deciding whether the stocks are even worth a long-term investment. As Warren Buffett once famously said in his 1996 letter to shareholders, "If you aren't willing to hold a stock for 10 years, don't even think about owning it for 10 minutes."

So, with that being said, here's the better stock between Facedrive and BlackBerry.

Facedrive stock

It's not surprising that Facedrive is a stock that's grown rapidly in popularity. The company has an admirable business model in a world that urgently needs to address the climate crisis.

Facedrive is primarily a ride-sharing company. However, through its ESG mission, one of its main goals is to do business sustainably. A few years ago, this wouldn't have caught much attention. However, with the rise in ESG investing in recent years, it's a business model that's turning many heads.

The issue that many investors have is that Facedrive stock faces stiff competition in the ride-sharing industry. Plus, it currently has a tiny footprint where it's doing business. So, it's going to be crucial to see rapid growth from the company over the coming years to show it can compete but also scale costs.

The one thing it has going for it, though, is that it's not as overpriced as BlackBerry stock currently is. At just over $15 a share, the stock is roughly 75% off its high. However, with a market cap of $1.4 billion, and a price-to-sales ratio of 185 times, it still looks expensive.

Facedrive stock certainly looks like it could have potential. However, an investment today seems a little early and therefore significantly risky, especially at this valuation.

BlackBerry stock

BlackBerry stock is a company that's been around for a while. Today, it's a software security business that investors and analysts think has a tonne of long-term potential.

As technology continues to improve and more devices are connected to each other, having high-quality software security is paramount. What investors think is most promising, though, about BlackBerry's future potential is the introduction of self-driving cars.

BlackBerry IVY, a product that was built with **Amazon** Web Services, offers a tonne of potential in the future and could be revolutionary for the automotive industry. That still could be a few years off, though.

So, while BlackBerry is a decent company today and has a fair amount of growth potential in the future, it's once again way overvalued. Despite that, it only trades at 9.6 times its sales compared to Facedrive stock trading at 185 times.

Most analysts agree that the stock is worth about $11 a share. So, although the stock is a quality business and could be a great tech stock to add to your portfolio, buying at these prices is way too risky.

Foolish takeaway

Both stocks offer growth potential in the future. However, both are also overpriced today. In my view, BlackBerry is the better stock to buy for the long term of the two. Like I said before, though, I wouldn't consider buying it until it trades closer to its fair value.

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