



BlackBerry (TSX:BB) Could Dominate China EVs

Description

Recently, **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) made waves when it locked down a contract with Chinese automaker **WM Motor**. WM, a manufacturer of electric vehicles (EV), tapped BlackBerry's QNX as its car OS of choice, initiating a long-term business relationship. Prior to this, BlackBerry hit a setback when **Ford** announced that it had dropped QNX in favour of **Alphabet's** competing offering.

The WM Motor news was a welcome development for a company facing increasing competition from Silicon Valley. Providing recurring revenue, the contract will help BlackBerry grow in the year ahead. It may also signal more Chinese deals to come in the future. BlackBerry actually has a huge edge in supplying car software to the Chinese market, thanks to global geopolitics. In this article, I'll explore that edge and why it could be BB's "ace in the hole."

Tensions between the U.S. and China

In 2021, tensions between China and the U.S. are escalating. Among other things, we've seen

- Canada detain Meng Wanzhou at America's behest;
- Former president Trump slap exorbitant tariffs on Chinese goods; and
- U.S. media increasingly blame the COVID-19 pandemic on a "Chinese lab leak."

These developments signal a thawing relationship between the U.S. and China. And that's good for Canadian businesses looking to serve the Chinese market. While Canada is itself caught up in these issues to an extent (see the bullet point on Meng Wanzhou), our relationship with China isn't nearly as contentious as America's is.

This gives companies like BlackBerry an advantage over competitors like Alphabet that may be looking to serve the Chinese market. Already China has banned a variety of Google internet services. The possibility that they will ban Google car software is very real. In this scenario, Chinese firms would need a different supplier, and BlackBerry is right there to take the spot.

Other Chinese automakers partnered with BlackBerry

In addition to all the above-mentioned points, it's worth pointing out that BlackBerry already has deep relationships with China. Among other things, it has

- A partnership with **Baidu**;
- A deal to collaborate with **Marelli** on cockpit software (Marelli is an Italian supplier of parts to Chinese firms);
- And more.

BlackBerry already powers the Level 3 Driving Domain Controller for XPeng smartcars, and it has deep business ties to China. When combined with America's thawing relationship with that country, this implies that BlackBerry may become the auto software supplier of choice for the massive Chinese car industry.

Foolish takeaway

BlackBerry has come a long way in the last decade. After [failing as a smartphone maker](#), it re-invented itself as a car software company and got its software installed on 175 million cars. It has been quite a transformation. BlackBerry is currently one of the most talked about [Canadian technology stocks](#), thanks in no small part to its rapid business transformation. And this is just the beginning. BlackBerry is currently pushing aggressively into the vast and growing Chinese market and is seeing some results from its efforts. If this continues, then perhaps BlackBerry will complete its turnaround and return to its former glory.

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