



Should You Finally Buy BlackBerry (TSX:BB)?

Description

Do you remember **BlackBerry** ([TSX:BB](#))([NYSE:BB](#))? The one-time king of the smartphone has become synonymous with cybersecurity over the past few years. The company also continues to dabble in the IoT field and with autonomous driving. But do any of these initiatives (or others that may materialize) make the company any better of an investment? Is it time to finally buy BlackBerry?

Let's try to answer that.

What does BlackBerry do now?

Cybersecurity remains a primary source of revenue for the company. In the most recent quarter, BlackBerry reported revenue of US\$185 million, of which the cybersecurity segment accounted for \$122 million.

Outside the cybersecurity segment, BlackBerry continues to focus on the adoption of its QNX system. QNX is the operating system currently powering over 120 million automobile infotainment systems around the world.

That significant market share means that there is a huge opportunity for BlackBerry with QNX. That opportunity will come as part of the move toward autonomous vehicles.

There's a flip side of that equation. Despite that already massive market share, the revenue generated from that segment is still on the low end, falling behind the cybersecurity business.

Time to reset expectations

BlackBerry has always been strong on ambition but often falls short on execution or profitability. To be fair, BlackBerry has excellent ideas, but those ideas need to come to market. They also need to eventually generate some revenue for BlackBerry.

So then, what is the BlackBerry of tomorrow going to be?

The company recently announced updated guidance for the next few years. Among other things, BlackBerry sees itself approaching a breakeven point on non-GAAP EPS and cash flow at some point in fiscal 2024. (Keep in mind that BlackBerry's Q1 2023 fiscal year runs through the end of May 2022).

As for positive cash flow and turning into the black, the company sees that coming in fiscal 2025.

In other words, we can expect the trend of losses and negative cash flow to continue. That's hardly a reason for investors to buy BlackBerry now, right?

Should you finally buy BlackBerry?

If BlackBerry peels QNX from its infotainment cage and makes it part of the lucrative autonomous vehicle market, then the company stands to profit greatly.

In a similar vein, the company still has the potential to be realized from its cybersecurity business.

In other words, long term, the company could be a profitable one and subject to some handsome growth.

Unfortunately, given the current market, in the short term, BlackBerry's potential for growth is far behind other investments on the market. Some of those other investments offer a handsome dividend, too.

In my opinion, unless you are already invested in BlackBerry or have very long timelines, it may be better to [invest elsewhere](#) for growth.

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