



Has Blackberry Stock Finally Stopped the Slide?

Description

In my view, **Blackberry Ltd.** ([TSX:BB](#)) is one of the most exciting [tech companies in Canada](#). But looking at Blackberry stock, I would not blame you for not agreeing with me. Yet, its past troubles notwithstanding, Blackberry is facing a bright future. As a key player in the embedded systems and cybersecurity industries, growth is almost guaranteed if this company plays its cards right.

Blackberry stock is fighting its way back

At the end of 2022, Blackberry's stock price hit as low as \$4.41. Since then, it's rallied more than 27% – [little comfort to an investor like me who bought the stock way higher](#). But still, I'm led to believe that maybe it's finally on its way up. The reasons for this are many of the reasons I liked the stock in the first place. It's just taking longer than I'd hoped for the revenue growth to kick in.

But the fact is that despite what the headline results might suggest, there's been a lot of work behind the scenes at Blackberry. For example, the momentum has clearly been building. In the first half of this fiscal year, Blackberry has had more design wins in dollar terms than the company ever had in a full year. This is being driven by the secular trend toward the digitization of the car. It's a powerful trend that is clearly only accelerating. These design wins don't show up in the financials right away, as the revenue comes later.

Also, Blackberry's auto software platform, IVY, has finally secured its first sale. While management did not give much detail, this sale is one that will generate recurring revenue for Blackberry. It will serve as validation of the IVY platform, and it will surely cause others to jump in as well.

This is just a glimpse of what's to come. In fact, management expects to have a big product year in the next 12 months as this momentum continues. This is not hard to believe, as it's estimated that the auto software industry will grow from a \$19 billion one in 2021 to a \$57 billion one by 2025.

Financial results expected to ramp up this year

Blackberry's embedded system, or internet of things, segment includes more than the automotive division. It also includes software for the medical industry and industrial applications, as well as software for the oil and gas industry. Everywhere, things are moving toward increasing digitization. The benefits are many – greater efficiency, more cost-effective, and higher performance.

So, the embedded systems segment is finally starting to post the strong results we always knew it could. For example, in Blackberry's latest quarter, revenue in this segment increased 28%. I think investors really need to see some consistency here before the stock can react positively to this. But it's a good start, and judging by the momentum that's building I think it will come soon. Right now, this segment accounts for 30% of total revenue.

Motley Fool: The bottom line

Blackberry remains armed with a low-debt, healthy balance sheet to see it through the coming years. Also, the company continues to win awards for its innovative and revolutionary technology in both its embedded systems segment and cybersecurity segment. Lastly, the momentum is building. It feels like the calm before the storm for Blackberry's stock price – and by storm, I mean an explosion of positive news and results that drive it higher.

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