



BlackBerry (TSX:BB) Just Surged 30%: Here's Why Investors Are Bullish on the Tech Stock

Description

While the pandemic may still be far from over, recent optimism in the stock market may lead investors to think otherwise. The stock market is supposed to be forward-looking, and we're seeing that on full display right now.

Earlier this year, the **S&P/TSX Composite Index** dropped an incredible 35% in just over one month. Perhaps even more astonishing, that same index is now trading above the price that it began the year.

Tech stocks are soaring

The pandemic has certainly stifled the growth of many Canadian stocks. Banks and [travel-related companies](#) have been among the hardest hit. At the same time, we've witnessed a surprising amount of tech stocks that seem to have an even larger market share than before the pandemic first hit.

The [growth in tech stocks](#) throughout this pandemic is even more evident in the U.S. stock market. The tech-heavy **NASDAQ Composite Index** is up about 35% since the beginning of the year. In comparison, the **S&P 500 Index** is up not even 15%.

Even with the recent positive vaccine news, we're definitely not out of the woods yet. We're seeing many companies riding strong bull runs right now, but I believe there are plenty of deals still to be had.

BlackBerry

It's been a while since **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) was a market-beating stock. The tech company has been on a gradual decline over the past decade. It might be a while before the company is once again trading above \$100 a share, but I believe it will be sooner rather than later that the tech stock returns to delivering market-beating growth to shareholders.

Year to date, BlackBerry stock is down about 5%. Along with many other companies, prices were slashed earlier this year. But since the beginning of November, the tech stock is up roughly 30%.

Positive vaccine news may have been the primary catalyst in driving 30% growth in November, but there is a lot to be bullish about on BlackBerry over the next five to 10 years.

BlackBerry was once a major player in the smartphone industry. While the company still does have some ties to that industry, it's mainly only through licensing its name to partners. Today, BlackBerry is a leader in the very lucrative cybersecurity industry.

Superior margins than the smartphone industry are just one reason to get excited about BlackBerry's shift in strategy. The cybersecurity industry is expected to grow at an annual rate between 10-12% over the next five years. BlackBerry is already positioned as a leader in the industry and there is a strong chance that its position will only strengthen as the entire industry grows.

There are many different sectors within the cybersecurity industry. BlackBerry specializes in providing its enterprise-level customers with endpoint security and data privacy management. The company leverages artificial intelligence and machine learning to power its market-leading solutions.

Growth through acquisitions

In addition to organic growth, BlackBerry management has implemented an aggressive acquisition strategy to help fuel revenue growth.

One of BlackBerry's larger acquisitions came in early 2019. The company acquired California-based Cylance for \$1.4 billion in cash. Management commented that the acquisition will help further strengthen BlackBerry's position in the market. Cylance will add market-leading expertise in machine learning and artificial intelligence technology.

Foolish bottom line

There is still a ways to go, but there is the potential for a strong turnaround for BlackBerry. For investors that have a time horizon of five to 10 years, this tech stock is reasonably priced today and has a very high ceiling.

Trading at under \$10 a share, BlackBerry stock is definitely worth taking a chance on at these prices.

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