



Should You Buy BlackBerry Stock (TSX:BB) Stock in 2021?

Description

With all the news coverage on **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) stock in 2020, you'd think it was a 10-bagger. And while that might be a stretch, there were some definite signs of life for the tech company last year.

For investors who bought into [BlackBerry stock](#) during the market's low last year, you would have been sitting on gains of more than 150% at one point. Sadly, the year ended with the tech company trading at a price not so far from where it was at the beginning of 2020.

BlackBerry is a far different company than it was a decade ago. The days of trading above \$100 a share could be long gone. But if last year proved anything, it's that a turnaround is in the works.

Over the last five years, BlackBerry shares are pretty much flat. Since 2010, shares are down more than 80%.

Looking strictly at past performance, there are more than enough reasons to be bearish on BlackBerry stock. But if you're a [long-term investor](#) looking to the future, I believe there's a lot more to be bullish about than bearish.

Strength in the cybersecurity industry

BlackBerry aside, I'm extremely bullish on the cybersecurity industry.

Prior to 2020, the entire cybersecurity industry was projected to grow at a rate of more than 10% annually over the next five years — projections set before the COVID-19 pandemic caused a massive disruption in the working environment.

The pandemic shifted employees out of shared office spaces and into a work-from-home setting. As a result, the dependence on cybersecurity-related technology has skyrocketed over the past 10 months.

We've seen a handful of much larger American cybersecurity companies see huge spikes in growth through 2020.

Such major players as **CrowdStrike Holdings**, **Cloudflare**, and **Zscaler** were up more than 250% in 2020.

In terms of sheer market cap, BlackBerry definitely has some catching up to do with those three American companies. But a recently announced partnership with **Amazon** ([NASDAQ:AMZN](#)) should help narrow that gap.

BlackBerry's recent partnership with Amazon

In early December of 2020, BlackBerry announced that it was teaming up with the world's largest cloud computing platform, Amazon Web Services.

BlackBerry stock ended the week up close to 40% on the news.

The multi-year partnership will see BlackBerry and Amazon teaming up to develop a highly sophisticated vehicle platform data. The platform will help automakers collect and analyze data from all kinds of different vehicle sensors.

BlackBerry's platform, named Ivy, collects the sensor data to provide insights for the driver, such as upcoming traffic or icy road conditions. BlackBerry will bring the platform to the table, where Amazon will provide the market-leading machine-learning technology.

The initial reaction from the market was very bullish, and I'm in total agreement.

BlackBerry management has done a very admirable job pivoting away from the smartphone industry and into the world of cybersecurity. The recent partnership with Amazon is a testament to that.

BlackBerry's valuation

What really seals the deal for me on BlackBerry stock is the valuation.

If you're looking to own a top growth stock in the market today, you're going to need to pay up. All three of the U.S.-based cybersecurity companies I mentioned earlier are trading at an extremely expensive price-to-sales (P/S) ratio of about 50. BlackBerry, on the other hand, is trading at a P/S ratio of 5.

BlackBerry's revenue growth may not be as high as some of the other top cybersecurity companies today, but its upside potential is well worth the risk of its current valuation.

Foolish bottom line

It's no secret that I'm bullish on the cybersecurity industry. That's only part of the reason I'm saying BlackBerry is a strong buy today, though. I'm also a big believer in the stock, and the recent partnership with Amazon could mean that BlackBerry is just getting started.

If you're looking to add some growth to your portfolio but aren't willing to pay an absurd price, BlackBerry is a perfect happy medium.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. BB
2. blackberry
3. blackberry stock
4. cybersecurity
5. cybersecurity stocks
6. tech stocks
7. technology

TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. NYSE:BB (BlackBerry)
3. TSX:BB (BlackBerry)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Tech Stocks

Tags

1. BB
2. blackberry
3. blackberry stock
4. cybersecurity
5. cybersecurity stocks
6. tech stocks
7. technology

Date

2025/09/28

Date Created

2021/01/02

Author

ndobroruka

default watermark

default watermark