

# BlackBerry maker facing critical test this year

May 30 2012, by Rob Lever

---

BlackBerry maker Research In Motion, losing ground rapidly in the smartphone wars, needs to take bold steps to revive its fortunes and compete with iPhones and Android devices overwhelming the market, analysts say.

RIM, which pioneered the smartphone, risks falling further behind the competition, and the Canadian firm may even slip behind Microsoft, which is making a new effort with Nokia to develop Windows-powered devices.

The company warned Tuesday it could report a loss in the current quarter and said it had hired investment firms to study its strategic options.

JP Morgan Securities and RBC Capital Markets were retained to advise RIM in a "strategic review," which could mean a sale, alliance or other reorganization of the business.

RIM shares slid 8.6 percent in morning trade to \$10.27 on the news, down from a peak of \$144.56 in 2008.

A survey by the research firm IDC showed smartphones powered by Google's Android software accounted for 59 percent of the global market in the first quarter of 2012, with 23 percent for Apple's iPhones.

That left just 6.4 percent for BlackBerry, compared with 13.6 percent a

year ago.

In the US market, only around five percent of smartphone buyers opted for BlackBerry in the past three months, according to a Nielsen survey.

Roberta Cozza, an analyst with Gartner, said RIM risks becoming a "niche" player in the market, especially with some companies adopting a "bring your own" smartphone policy.

"Our outlook is that 2012 will be very tough for RIM," Cozza told AFP.

Cozza said the introduction of the new BlackBerry 10 platform later this year, which is aimed at confronting Apple and Android, may do little to help the company.

"Their future relies on the execution of the BlackBerry 10 platform and, unfortunately, the outlook we have is not very positive," she said.

Even if the new platform is successful the introduction may be overshadowed by the expected launch of a new iPhone, as well as new Android offerings from Samsung and others, and an aggressive move by Microsoft.

"So this (BlackBerry) will be just another device, amid a lot of noise from other big players," Cozza said.

BlackBerry has traditionally been strong in the government sector, and it got a boost in early May with a big order from the US Defense Department, which cited its strong security features.

But the US Transportation Security Administration has unveiled plans to buy 1,000 iPhones, and Apple and Android devices are slowly gaining ground in the congressional market that had been dominated by RIM.

A National Journal survey showed 77 percent of Capitol Hill staffers said they have BlackBerrys in January, down from 93 percent in 2009, while 41 percent had iPhones.

Some reports said RIM will shed more jobs and take additional writeoffs as it prepares for the new platform launch. But this may be too late, according to analysts.

Software developers making apps for smartphones "are investing in the iOS (Apple) platform and Android," said Cozza.

"They want to be rich and famous and go where the volumes are. So the BlackBerry 10 will be their fourth choice. Even Microsoft-Nokia is a more interesting proposition."

More bluntly, technology blogger Shelley Palmer said the BlackBerry is dead -- mainly because it is incompatible with Google apps.

"It's so sad to see a once-great product die such a slow, agonizing death. But it's truly over," he said. "There is nothing, short of reinventing BlackBerrys, that can save RIM."

But Jack Gold of J. Gold Associates said RIM is "troubled" but still alive.

"They still have a loyal, if shrinking, following in the enterprise and government. And in other parts of the world like Latin America and Indonesia, they are a leading consumer smartphone brand," Gold said in a research report.

"However, without being a leader in North America, long-term prospects are bleak. RIM needs to recover from a market perception of being old, clunky and uncool. It needs a compelling user experience fueling that

perception change before it can recapture market momentum."

Ramon Llamas of the research firm IDC said that "in the short term, the general consensus is they need to prepare for dwindling market share."

Llamas told AFP that RIM needs to be "a lot more creative" and that the new platform must "knock the ball out of the park" to keep the company competitive.

But because BlackBerry 10 is not yet out, he said, "It's going to be more challenging before it gets better."

(c) 2012 AFP

Citation: BlackBerry maker facing critical test this year (2012, May 30) retrieved 26 April 2024 from <https://phys.org/news/2012-05-blackberry-maker-critical-year.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.