

RIM says first new device won't have keyboard (Update)

June 21 2012, by ROB GILLIES



Tim Neil, Research In Motion Ltd.'s Canadian Operating Director of Operations, Platforms and Tools, speaks about the BlackBerry 10 architecture during the RIM BlackBerry 10 Jam World Tour in Toronto on Thursday June 21, 2012. The first BlackBerry device running RIM's new operating software will not have a physical keyboard, only a touch-screen one. RIM is expected to start selling BlackBerry 10 touch-screen devices this year. (AP Photo/The Canadian Press, Aaron Vincent Elkaim)

The first BlackBerry device running Research In Motion Ltd.'s new operating software will not have a physical keyboard, only a touch-screen one.

The BlackBerry 10 software will be offered on devices with physical keyboards in the future, but RIM spokeswoman Rebecca Freiburger declined to say when. RIM is expected to start selling BlackBerry 10 touch-screen devices this year.

Top-selling smartphones these days, including Apple Inc.'s iPhone and several running Google's Android software, also lack physical keyboards. But RIM's attempts in the past to offer touch-only phones have largely flopped.

Many corporate users have stuck with the BlackBerry solely because of its physical keyboard, given a perception that it's harder to type emails on a touch screen. The BlackBerry 10 system has already been delayed about a year, and with additional delays to get a physical keyboard, those people may not be willing to wait any longer, especially as the iPhone makes greater in-roads in corporate settings. Those users may simply get the new iPhone expected this fall.

RIM's hopes hang on the BlackBerry 10 system, which is meant to offer the multimedia, Internet browsing and apps experience customers now demand. The Canadian company is preparing to launch the new software later this year, just as North Americans are abandoning BlackBerrys for iPhones and Android devices.



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Colin Gillis, an analyst with BGC Financial, called it puzzling that RIM isn't leading with its strength by releasing a keyboard BlackBerry first.

"The physical keyboard is the most dominant item that separates out Research In Motion from its competitors," Gillis said. "If you are not playing to your historical strengths you may find it more difficult to get traction."

Gillis said there is a spot in the market for RIM but the company "just got to get it together."

But Jefferies analyst Peter Misek said BlackBerry 10 is all about touch and closing the gap with Apple, so people should not be surprised that the initial model will have only a touch screen.

"They are going to build a BlackBerry device with a keyboard, but it's just going to take longer," Misek said. "Maybe it will come a month or two after, but frankly it might be already too late."



Guests are seen during Research In Motion Ltd.'s BlackBerry 10 Jam World Tour in Toronto on Thursday June 21, 2012. The first BlackBerry device running RIM's new operating software will not have a physical keyboard, only a touch-screen one. RIM is expected to start selling BlackBerry 10 touch-screen devices this year. (AP Photo/The Canadian Press, Aaron Vincent Elkaim)

RIM once dominated the corporate smartphone market but failed to adapt to the emerging "bring your own device" trend, in which employees use their personal iPhones or Android devices for work instead of relying on BlackBerrys issued by their employers. As the movement caught on, the iPhone made the BlackBerry look ancient.

RIM's future is far from certain as its flagship devices rapidly lose market share to flashier phones. With more than \$2 billion in cash, bankruptcy seems unlikely in the near term. But RIM's U.S. share of the smartphone market fell sharply from 44 percent in 2009 to 10 percent in 2011 according to market researcher NPD Group.

RIM said Wednesday it has started laying off employees as part of a restructuring plan aimed at saving about \$1 billion this year.

RIM's stock fell 27 cents, or 2.6 percent, to close Thursday at \$10.07.

A look at BlackBerry maker Research in Motion

Research In Motion Ltd., the Canadian company that makes the BlackBerry, said Thursday that the first device running its new BlackBerry 10 operating software will not have a physical keyboard, only a touch-screen one.

Top-selling smartphones these days, including Apple Inc.'s iPhone and several running Google's Android software, also lack physical keyboards. But RIM's attempts in the past to offer touch-only phones have largely flopped. Many corporate users have stuck with the BlackBerry solely because of its physical keyboard, but they may not wait longer.

Here's a look at recent developments as the company struggles to regain market share lost to the iPhone and Android devices:

Sept. 15, 2011: RIM reports a sharp drop in net income and revenue in the fiscal second quarter and says it has sold far fewer PlayBook tablet computers than it expected.

Oct. 10: Email and Internet services are disrupted for three days, primarily outside North America. RIM says a crucial link in its infrastructure had failed, and a backup didn't work either. By the third day, other users, including those in the U.S. and Canada, were affected by a backlog of traffic.

Oct. 25: RIM says it is delaying the launch of an upgraded operating system for the PlayBook until February, saying it isn't up to its standards yet. The company also says the new version initially won't have the popular messaging service BlackBerry Messenger. It's the third delay announced since the features were promised in April.

Dec. 2: RIM says it is writing off much of its inventory of PlayBook tablets after it had to sell them at a deep discount. The model originally priced at \$500 now costs \$200. The company says it's taking a pre-tax charge of \$485 million in the just-ended quarter. RIM also says it will sell fewer BlackBerrys in the holiday quarter than in the one that just ended. It also says it won't meet full-year earnings guidance of \$5.25 to \$6 per share, the third cut in a row.

Dec. 6: RIM says "BlackBerry 10" will be the new name for its next-generation system after the company loses a trademark ruling on its previous name, BBX.

Dec. 15: RIM says new phones deemed critical to the company's future won't be out until late 2012. The company says the BlackBerry 10 phones will need a highly integrated chipset that won't be available until mid-2012, so the company can now expect the new phones to ship late in the year. The company also says BlackBerry sales will fall sharply in the

holiday quarter compared with the three months that ended Nov. 26. RIM says it would only ship between 11 million and 12 million BlackBerrys in the fourth quarter, down from 14.1 million in the third quarter.

Jan. 22, 2012: RIM founder Mike Lazaridis and long-time executive Jim Balsillie announce they will step down as co-CEOs. Thorsten Heins, a chief operating officer who joined RIM four years ago from Siemens AG, was named as their replacement. Lazaridis and Balsillie remain on the board.

Feb. 21: RIM finally releases an upgraded operating system for its PlayBook. The free upgrade allows for built-in email, calendar and contacts on the tablet — features promised within 60 days after the PlayBook's launch last April. The PlayBook had received negative reviews because it launched without an email program and the popular messaging service BlackBerry Messenger. The new version still doesn't include the messaging service.

March 29: RIM says Balsillie has resigned from its board, and two top executives are leaving. RIM also writes down the value of its product inventory again as the company reports a loss of \$125 million, its first quarterly loss since fiscal 2005. Heins doesn't rule out a sale, but he says it is not the main direction of the strategic review he's overseeing.

April 26: Newest board member of RIM says a turnaround could take three to five years. Prem Watsa, RIM's third-largest investor, says he sees his investment in the company as a long-term one, adding that RIM's fortunes won't be reversed soon.

May 1: RIM unveils a newly designed smartphone prototype powered by its upcoming BlackBerry 10 system. The prototype BlackBerry has a touchscreen, but no physical keyboard like most BlackBerry models. No

update was given on the new system's launch date.

May 2: Company stresses that while the prototype has no physical keyboard, RIM will continue to make some models with one.

May 8: RIM announces hiring of two senior executives from struggling tech companies. Frank Boulben, the new chief marketing officer, comes from LightSquared. Kristian Tear, the new chief operating officer, is from Sony Mobile Communications.

May 29: RIM says it will have an operating loss in the current quarter and significant layoffs this year. The company says it has hired J.P. Morgan and RBC Capital Markets to help evaluate various strategies, including opportunities to partner with other companies and license software.

Wednesday: RIM says it has started laying off employees as part of a restructuring plan aimed at saving about \$1 billion this year.

Thursday: Company says the first BlackBerry device running BlackBerry 10 will not have a physical keyboard, only a touch-screen one. Ones with hard keyboards will eventually be made, but the company declines to say when.

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