

Struggling BlackBerry maker begins job cuts (Update)

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In this Wednesday, May 30, 2012, file photo, three people on the floor of the New York Stock Exchange display their BlackBerry smartphones. Struggling BlackBerry maker Research In Motion says Wednesday, June 20, 2012, it has started laying off employees as part of a restructuring plan aimed at saving about \$1 billion this year. (AP Photo/Richard Drew)

(AP) — Struggling BlackBerry maker Research In Motion said Wednesday it has started laying off employees as part of a restructuring plan aimed at saving about \$1 billion this year.

RIM said in May that there would be "significant layoffs" this year. On Wednesday, the Waterloo, Ontario-based company said it has "reduced some positions as part of its program and may continue to do so as the company methodically works through a review of the business."

RIM declined to provide numbers, but will offer an update when it reports quarterly financial results on June 28. RIM had about 16,500 employees in early May. The company cut 2,000 jobs last July.

The once iconic BlackBerry company is facing the most difficult period in its history. RIM is preparing to launch a new operating system—BlackBerry 10—later this year, just as North Americans are abandoning BlackBerrys for iPhones and Android phones.

Jefferies analyst Peter Misek said he expects RIM to cut about 6,000 employees. Misek said RIM's revenue base will not cover its costs. He said the company needs to be flexible as it releases its new BlackBerry 10 phones.

He expects the layoffs to be related to RIM's older software and manufacturing platforms.

"They can't jeopardize the company," Misek said. "They have to give BlackBerry 10 a number of shots. If they release a BlackBerry 10 device and it's a good device, but it does OK, they'll want to pull off an even better device shortly thereafter, and if you don't have an appropriate cost structure you might wipe out your cash before you have an opportunity."

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 to work instead of relying on BlackBerrys issued by their employers. As the movement caught on, Apple's 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's hopes hang on BlackBerry 10. The upcoming software is meant to offer the multimedia, Internet browsing and apps experience customers now demand.

RIM's stock dipped 41 cents, or 3.9 percent, to close at \$10.33 in Wednesday's trading on the Nasdaq Stock Market.

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