

RIM's largest investor says he stands by company (Update)

April 11 2013, by Rob Gillies

The largest investor in Research In Motion said Thursday that he will stick with the BlackBerry company despite founder Mike Lazaridis's announcement that he will leave the company.

Prem Watsa, a board member who owns 10 percent of the company, first became interested in RIM because of his friendship with Lazaridis.

The 52-year-old Lazaridis last month announced plans to leave RIM on May 1. He stepped down as co-chief executive in January 2012, but stayed on as vice chairman and a board director.

Watsa said Thursday at his annual meeting for Fairfax Financial Holdings that CEO Thorsten Heins has done a great job since taking over last year, and he expects the company will do well over time. He has called Lazaridis a technical genius who invented the modern smartphone and said he will be missed. Lazaridis, RIM's second largest shareholder, started a new venture capital fund last month and is also a major philanthropist.

"Mike very simply said to us that he was tired. He had a ton of work. He's going to be a big supporter of the company. He's not going to sell his shares," Watsa said. "He chose Thorsten Heins to be CEO and Thorsten has done an outstanding job in the last year and continues to."

Watsa said he's a "big supporter" of Heins and called his promotion the right decision a year ago. He also said he's excited about the new

BlackBerry 10 operating system.

"It's not early days. Thorsten has done a tremendous job. He's got new management into the company and he's building for the future," Watsa said

The BlackBerry, pioneered in 1999, had been the dominant smartphone for on-the-go business people and other consumers before the iPhone debuted in 2007 and showed that phones can handle much more than email and phone calls. RIM faced numerous delays modernizing its operating system with the BlackBerry 10. During that time, it had to cut more than 5,000 jobs and saw shareholder wealth decline by more than \$70 billion.

RIM surprised Wall Street last month by returning to profitability and shipping about 1 million new touch-screen BlackBerry Z10 phones in the most recent quarter, which ended March 2. It will take several quarters, though, to know whether RIM is on a path toward a successful turnaround. RIM had just entered the critical U.S. market with the Z10 phone. The more anticipated Q10 keyboard phone won't be on sale until late May or June because U.S. wireless companies are still testing it.

Watsa said he thinks there "will be sufficient response in a positive way" from Americans, particularly when the keyboard version is released..

Watsa noted RIM still has more 75 subscribers worldwide and said the BlackBerry is known for its security. He also noted that there are 6 billion cellphones in the world and that only a billion are smartphones.

"They have many advantages, lots of challenges too, competition from Apple and Google. It's not easy but it's a growing market," he said.

RIM shares fell \$1.13, or 7.7 percent. to \$13.56 in afternoon trading

after two analysts said store checks indicate modest initial Z10 sales in the U.S.

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