

BlackBerry ending US licensing deal with T-Mobile (Update)

April 2 2014



Apple's iPhone 5 is advertised in the window of a Manhattan T-Mobile store on April 12, 2013 in New York City

BlackBerry is ending its U.S. licensing deal with T-Mobile, saying the companies no longer have complementary strategies.

The disconnect appears to be related to a T-Mobile promotion that BlackBerry took issue with last month.

In a blog post in February, BlackBerry CEO and Executive Chair John Chen said that T-Mobile had emailed an offer targeting BlackBerry users on its network asking them to switch their BlackBerry devices to a competitor's smartphone. Chen said that BlackBerry had not been told of T-Mobile's plans in advance and thanked its customers for expressing their displeasure. Chen told its customers that BlackBerry was upset about the offer and that T-Mobile hadn't spoken with the Canadian company before or after launching the promotion.

BlackBerry's existing licensing agreement with T-Mobile U.S. Inc. expires on April 25.

Once the deal ends, BlackBerry customers on the T-Mobile network shouldn't see any change in their service or support, Blackberry said.

BlackBerry Ltd., formerly known as Research In Motion, said that it will work with T-Mobile to help any BlackBerry customers remaining on the T-Mobile U.S. network or any customers buying devices from T-Mobile's existing inventory.

BlackBerry said it's also working with its other carrier partners to give its customers options should they want to switch to another carrier.

Chen said in a statement that the company hopes to work with T-Mobile again when their business strategies align.

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. The BlackBerry has also been hurt by competition from Android-based rivals.

On Friday the company reported mixed fourth-quarter results as its

adjusted loss was better than expected, but revenue—which dropped below \$1 billion for the first time since late 2007—fell short of analysts' expectations.

BlackBerry is transitioning its business from a smartphone company to a software business under Chen, who is deemphasizing the hardware business after last year's launch of the BlackBerry 10 failed to spark a turnaround.

Chen, who is credited with turning around Sybase, a data company that was sold to SAP in 2010, is putting more emphasis on BlackBerry's mobile device management business, a collection of software that allows IT departments to manage different devices connected to their corporate networks. He is also emphasizing BlackBerry's popular BlackBerry Messenger application that is now also available on Apple and Android devices. And he is trying to highlight BlackBerry's embedded QNX software systems, which are used in-vehicle infotainment systems and industrial machines.

BlackBerry's stock dipped 2 cents to \$8.08 in premarket trading Wednesday about three hours ahead of the market open.

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