CASE ANALYSIS: BLACKBERRY

Biruk Lulseged
Joseph Ruggiero
William Arrington
BlackBerry’s name has been lost in the frenzy of an Android and Apple revolution in mobile communications. Once a technology giant, BlackBerry still holds true and steadfast to its prior years of innovation and success. All of that innovation the company still possesses is nothing without the market for its product. In order to reclaim its place in the mobile communications market, it is imperative that BlackBerry find and rebuild its niche in the business sector once again in order to grow into the public sector. Without this backing, BlackBerry will be lost in the Android and Apple market just as it already has been. Focusing less on BlackBerry specific features and focusing more on the features that will draw the public in, such as Application selection, will win the love of the customer BlackBerry once dominated.

**Explanation of Sector & Industry**

The technology sector covers a large number of industries; it is a sector of the economy that relates to industries that provide any communication services. Computer hardware, computer software & services, electronics, internet, and telecommunications have changed many lives for the better or worse. These industries are also the backbone of the technology sector, and business in this sector can range telecommunication providers to satellite companies.

BlackBerry, primarily operates in the communication equipment industry. The industry provides electronic equipment and services to individuals, multinational corporations, NGO’s, government agencies, and to educational institutions to facilitate communication. The equipments can range from hand held phones to telephone network infrastructure, and the products in the industry may operate with wireless or wired connection to the public communication network.
Technology in this day and age is very advanced and requires constant update to have a competitive edge in the industry. As a result, competition between companies in the industry can be intense and barriers to entry can be high. Even though BlackBerry is not one of the big players, it has found a small safe niche in the market and holds 5% of the market share (Moorman). On the other hand, according to datamonitor, BlackBerry has a strong presence in the enterprise smart phone market. Some of the big players in the industry and major competitions for BlackBerry are Apple, Samsung, and Nokia; and in such an environment, demand may be volatile depending on the economy, so having a strong market base can be crucial. In addition, products sold to enterprise institutions (corporations, government agencies, educational institutions, and NGO's) are categorized as networking equipment and products for individuals or public carriers are categorized as telecom equipment.

Communication plays a big role in the environment we live in. For the communication equipment industry, demand for network, bandwidth, and data are tremendously high. With a technology driven society, rapid use of online video streaming, social media, and data intensive wireless devices have also improved and are many more in number than they were before. According to Standard and Poor's, "data being the most prevalent traffic carried over the network, the industry is paying attention to the fast moving data transfer solutions rather than voice equipment alone. On top of that, equipment vendors in the domestic and international markets are making great effort to capture the industry's long term investment (such as putting more focus on data) made by telecommunication service providers and corporations are somewhat struggling with their communication infrastructure to keep up with network utilization loads."
Communication network has become part of our day to day life, it can be sending an e-mail, social networking sites, checking the news, sports updates, or using navigation systems. The majority of us depend on handheld communication devices. Currently, the market for the wireless technology with data service is highly in demand as opposed to wireless services with just voice. According to Standard and Poor's, in the past five years, the growth rate of the smartphone market in the United States is 58% and this is a segment that Blackberry targets, and it had roughly 23% share as of April 2011. With our life rapidly becoming digitalized, we are relying more and more on technology every day. Moreover, BlackBerry, is estimated to have 76 million BlackBerry subscribers at the end of February 2013 (Moorman). As a result, it can strengthen its segment and be a potential for growth.

External analysis of the general environment

The general environment is composed of different segments that can influence an industry and the firms within it. These segments can be grouped into six categories: demographic, sociocultural, legal/political, technological, economic, and global. Companies cannot directly control the general environment but they can collect data and information which can help them understand each segment and avoid any complications. In regards to the communication equipment industry, and for BlackBerry in particular, the key general environment trend that can heavily affect the performance of the company is the technological segment (Moorman).

In order to succeed and gain a competitive edge, a business has to keep up with the technological changes in the industry and BlackBerry has been behind on getting new and
BlackBerry® innovative technological advanced products to the market place as opposed to its competitors.

In addition, in an industry where technology is a huge factor, revenue is generated through the creation of new and improved products; thus, falling behind in this particular segment can have huge impact on a business.

**External analysis of the industry environment (opportunities and threats)**

To analyze the external industry environment, we examined the opportunities and threats of BlackBerry. The opportunity in the industry environment with regards to the company is that BlackBerry will continue to be successful the growing enterprise market. In the coming years, mobile business customers are projected to grow and in North America alone it is expected to exceed 60% (Buggey). Second, according to datamonitor, there are positive trends in the tablets market. BlackBerry® playbook tablet will enable the company to tap into this market, and are forecasted to grow approximately 50% from 2011-2015. Additionally, enterprises are consistently investing in tablets, and BlackBerry has sold 500,000 tablets since it has launched its playbook (Moorman). Third, there is increased adoption of cloud computing, BlackBerry® well established cloud computing system can help gain market share. And BlackBerry can strengthen its competitive edge by leveraging its cloud computing system (Buggey).

According to datamonitor, the threat in the industry environment with regards to the company is the intense competition that can weaken BlackBerry® competitive advantage. The company was one of the leaders in the market and due to some unsuccessful models that were launched in the past, it had lost significant market share. Second and the main threat is the rapid change of technology and short life cycles. Competitions in the industry launch technologically advanced products more frequently than BlackBerry, which can impact the demand for
BlackBerry is not able to keep pace with the technological advances, it would be able to keep up with changing consumer preferences.

Internal analysis and reflection of resources and current value chain exploitation

BlackBerry’s corporate headquarters is located in Ontario, Canada. They are a publicly traded company with a strong international presence, particularly within Western Europe and the United States. Because of this, the company has three subsidiaries that handle different aspects of the business in these countries. RIM Finance LLC and RIM Limited are located in Delaware, and BlackBerry UK Limited is located in England and Wales (BlackBerry). An overwhelming majority of BlackBerry devices are assembled overseas. The company has five different suppliers in with locations in Hong Kong, China, India, Mexico and the Ukraine (Carr). Once the devices are imported into the country they are to be sold in, distribution is handled by various carrier partners, such as AT&T and Verizon in the United States and Orange Mobile in the UK. Sales, marketing, and support are all handled internally as well. The company has separate marketing and support teams for both B2B and B2C business. Operations, customer support and technical teams comprise a large portion of BlackBerry’s workforce, with over 4,800 employees across the United States, Canada and the UK working in such a capacity (Blackberry).

Research and Technology Development has been a key area of focus for BlackBerry in recent years. Overall spending in this area has increased from $1.4 billion to $1.6 billion from 2011 to 2012. There are currently over 6,100 employees in this department, and their primary focus has been working on the hardware and software used in current and soon-to-be-released BlackBerry 10 devices (BlackBerry).
BlackBerry's financial performance is not where it needs to be in terms of revenue, profit or growth. During the financial year of 2012, the company operated at an overall loss of $646 million, compared to a profit of $1.1 billion in 2011 (Ray). For some perspective, Apple operated at a profit of $41 billion during that same time period, generating $112 billion in revenue simply from phone and tablet sales (Apple). Samsung was also able to out-do BlackBerry, earning $13.7 billion in profit from $71 billion in phone and tablet sales during that same time frame (Samsung). These numbers, further outlined in Exhibit #1, put into perspective just how far BlackBerry has to go in order to become a viable threat in today's smartphone market. In addition to gaining market share, they must focus on ways to become profitable and eliminate any wasteful spending occurring throughout the organization.

In terms of intellectual property and other intangible resources that compose BlackBerry's internal environment, the company is performing admirably. Since losing a lawsuit to Nokia in the late 1990s, the company has applied for and received patents on many of its critical innovations (Smith, Jeffrey). Many experts value BlackBerry's patents at somewhere between $1 and $4 billion, depending upon how they would be sold — for example, if the company went bankrupt and they were sold at auction, their value would be different than if rights to certain patents were sold individually under normal circumstances. At one point last year, the overall value of BlackBerry's intellectual property alone was higher than the overall market value of the company (Smith). While this is not a statistic any company should be proud of, it does exemplify what an excellent job their product management and legal department has done in recent years.

Because so much of what BlackBerry does is handled in-house, strategic alliances haven't been much of a focus in recent years. Currently, the company is focused on networking
BS, Walt Disney and Sony Records to provide exclusive music and video content for BlackBerry 10 owners (Carew). Pursuing partnerships like this could be beneficial because iPhone and Android users have a bevy of applications and media services at their disposal, so anything that can be done to bring content to BlackBerry's devices and app store is worth the extra effort and cost. The company also has a history of working both with carriers and large business and government organizations to forge wholesale partnerships. This has been a point of emphasis in recent months, as an anonymous buyer recently submitted a purchase order for 1 million BlackBerry devices (Braga). It is possible that more opportunities for strategic alliances and joint ventures will open up in the future, because many experts believe that BlackBerry may be better suited to licensing its operating system to different phone manufacturers (Tode). While it is uncertain that the company would ever seriously consider going in this direction, doing so would greatly reduce overhead costs and could be a successful business model moving forward.

Analyses of the organization’s business-level and corporate-level strategies

Faced with an overall lackluster level of financial performance and market share, BlackBerry re-assessed both their business and corporate level strategies in 2011. Their primary focus since then has been on restructuring. The company set a time frame of 3-5 years to become financially solvent again. To help accomplish this, they recently cut 5,000 jobs (or 30% of their overall workforce (Smith, Catherine). In addition, Thorsten Heins was promoted to CEO, replacing BlackBerry's original co-founders Jim Balsillie and Mike Lazaridis, who had been in charge of the company since 1984 (Bosker). Since his promotion, Heins has worked to oversee the development and launch of the BlackBerry 10 operating system and BlackBerry Z10 and Q10 smartphones.
BlackBerry

The company is basically pinning its future on these new devices, and the hope is that adjusting and reevaluating business-level strategies around these two products will lead to a more profitable and competitive position in years to come. The entire new BlackBerry experience is based upon providing users with a new smartphone experience (McCann). As such, the company is pursuing a differentiation strategy with these products. They are essentially hoping to reach out to consumers who may be tired of their iPhone or Android device and are looking for something different. Price points for the new devices are also in line with this way of thinking. The BlackBerry Z10 retails for $199, while the Q10 retails for $249. The iPhone 5, in comparison, is available in different configurations starting at $199 and continuing through $399. Samsung’s Galaxy S4 — a popular Android device — is available in $199 and $249 versions as well (McCann). So, BlackBerry certainly isn’t trying to undercut either competitor on price, or position their products as premium items by going with a higher price point.

While BlackBerry smartphones have been noted as excellent business devices in the past, now more than ever the company has been focused on the everyday consumer (Kelly). So while past iterations of BlackBerry devices may have launched with both differentiation and focus strategies in mind, there has been less of a combination effort this time around. Many features of BlackBerry 10 still cater heavily to business users. For example, the operating system has the unique capability of switching from a personal environment to a secure business environment in the form of user profiles (McCann). Advertising features such as these and the benefits to business users may be something the company can lean on in the future to further improve their business-level strategies and market to their ideal consumers.
The most clear cut path in reclaiming the market BlackBerry once owned is to regain its niche in the business sector of the mobile communications market. There are already 3,500 companies registered for the BlackBerry10 Ready program, which will soon make the transition to BlackBerry throughout their infrastructure. Through programs like this, it will not be long before the public comes to the same conclusion these businesses have; BlackBerry is trustworthy again. Before the public sector of the market can do this, the problem BlackBerry has faced with lack of BlackBerry10 popularity must be solved. In order to compete, BlackBerry must extend its Application market to bring in the Apps the public loves with Android and Apple. While the new devices are equipped with the once loved BBM applications specific to BlackBerry, there is too much focus on these technologies by the company. These concepts are perfect for the businesses buying the new devices in bulk for their professional devices, as they will have a fast and secure interoffice line with BlackBerry Messenger services. However, BlackBerry no longer has the backing in the public sector for these services to be utilizable or marketable. Until the Z10 smartphones are selling better with personal customers, there should be more focus on the phone itself and building the Application selection to compete with Android and Apple smartphones. As of now, the BlackBerry name has a negative connotation as being out dated and untrustworthy. If this connotation is not removed from the public's eye, the phones will not sell as well as hoped, and BlackBerry is already late to release such a phone.
Appendices

Exhibit #1: Financial Performance in 2012

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<thead>
<tr>
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<th>Revenue</th>
<th>From Phones / Tablets</th>
<th>Profit</th>
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<td>BlackBerry</td>
<td>$11.1 Billion</td>
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<td>Apple</td>
<td>$156 Billion</td>
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<td>$41 Billion</td>
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<td>Samsung</td>
<td>$165 Billion</td>
<td>$71 Billion</td>
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Graph showing comparison between BlackBerry, Apple, and Samsung's revenue, profit from phones/tablets, and profit.


Bosker, Bianca. "RIM CEOs Out: Jim Balsillie, Mike Lazaridis Replaced By Thorsten Heins."  


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