BlackBerry and the Very Big Year

Ben Munson

If the forecasts are to be believed, 2013 couldn't be any bigger for RIM.

The BlackBerry maker had a rough 2012, one that was capped with the Canadian wireless giant reporting [1] a first-ever loss in subscribers. Roughly one million devotees of the BlackBerry's iconic smartphone design jumped ship. In a three-month ComScore study ending in November last year, RIM was still clinging to a 7.3 percent OS market share in the U.S., compared to the 11.2 percent it held at the beginning of ComScore's previous three-month study beginning in April. RIM used to dominate those studies not so long ago, putting up Android-like numbers. For instance, 43 percent of U.S. smartphones were running a BlackBerry OS in a similar ComScore report from January 2010.

In the face of such disappointing numbers, 2012 seemed largely dedicated to "back to the drawing board" time for RIM. As the results of the work of the last year or two slowly trickle out, the pessimism surrounding the Canadian mobile pioneer could be dissipating.

Eric Jackson, founder of Ironfire Capital and regular contributor for *Forbes*, predicted [2] in 2011 that RIM would be dead by the first quarter of 2013. In a recent response to a question of if he had revised his thoughts on RIM since then, Jackson said that he had been long on the company since November.

He's not alone in changing his mind about the struggling OEM.

After eight years of subscribing to the company's enterprise service, U.S. Immigration and Customs Enforcement (ICE) decided it would ditch [3] RIM and pay to put Apple products in its employees' hands. But ICE may still have a change of heart considering it opted into RIM's BlackBerry Enterprise Service 10 beta testing last month.

As the January 30 unveiling of the new BlackBerry 10 OS and the first new devices that will carry it draws near, lots of good news has bolstered RIM's stock. In the U.S., all four major U.S. carriers plan to stock their shelves with new Blackberry 10 devices. In Canada, major carrier Rogers has seen plenty of early demand [4] based on the number of pre-orders coming in.

As the planets potentially align for a BlackBerry renaissance, it's worth taking a look

what caused the fall from grace that set up this possible comeback.

“Blackberry has to be cool again.”

Kevin Burden, director of mobility at Strategy Analytics, couldn’t stress that enough.

“I took out a Blackberry on the plane and the woman sitting next to me said ‘Why are you still using a BlackBerry?’” said Burden, adding that wasn’t the only time that had happened to him. “There was prestige that went along with Blackberry. There was nothing negative associated with the brand.”

CEO Thorsten Heins made a play to regain some of that cool at BlackBerry World 2012 that stretched beyond the indie cred he got from walking out for his keynote to M83. Halfway through, he produced the BlackBerry Alpha Dev and then the head of RIM’s software portfolio, Vivek Bhardwaj, gave a sneak peek of what BlackBerry 10 could do. The way the OS intuitively flows, the way the keyboard learns a user’s habit, the way the camera allows users to go back in time to get the shots they just missed…the crowd ate it up. All the while, Heins clapped right along while exclaiming how it all was “so cool.”

So when did BlackBerry become uncool? Michael Morgan, senior analyst at ABI Research, pinpoints to around 2009, 10 years after the company first launched.

“RIM decided that it didn’t necessarily want to be a part of the smartphone arms race,” Morgan said. “It didn’t want to spend all of its R&D budget and all of its time and effort trying to come up with the next very expensive technology. Instead it wanted to rely on its business services and its security features and see how far it could take that with, we’ll call it last year’s technology.”

A decision, Morgan noted, that was made too soon in the smartphone space.

“The market wasn’t ready for that. It was being driven by the best, brightest and newest.”

From that point on, the decline in popularity could be tracked by watching RIM’s steadily plummeting numbers in OS market share in the U.S. But it could have been a lot worse, said Morgan, who was surprised RIM had done as well as it has the last few years. It’s a fact he attributed not only to loyal enterprise and government subscribers, but also to the youth market in spots around the globe like the Arab Emirates, Latin America and Malaysia, using BlackBerry Messenger’s free inter-device messaging to circumvent text messaging costs.

“Is it as bad as it could be? No. Is it great? No,” said Morgan.

We’ve Seen this Before

Burden of Strategy Analytics likens what happened to RIM to what happened to Motorola, Nokia and Palm, in that handset vendors that tended to have a lot of success early on seem to be the ones that suffer the most now. But in the early days of mobile data, he noted, the carriers loved RIM for its efficiency.

“As [the operators] were slowly building up their two and a half G and 3G networks, and they were running into capacity problems in terms of data,” Burden said, “they looked over at RIM and said ‘Geez, why can’t every vendor build devices and transport systems like RIM has?’”

But as the network build-outs continued, capacity became less of a problem as other OEMs like Apple and all the Android players came in and started “blasting data over their networks,” Burden said RIM was hurt by founder Mike Lazaridis continuing to tout how BlackBerry devices got such good data gas mileage.

“We used to go back to [Lazaridis] and say ‘That was all a great story like 10 years ago but no one really cares any longer.”

Learning from the Past

Analyst Aapo Markkanen at ABI wrote in a column [5] that RIM won’t just be playing catch-up but “instead it is offering something that is fresh and innovative enough to become a credible alternative.”

A lot of that early hype has to do with the smooth “flow” style of the UI and the smart keyboard that learns your patterns and predicts words that then appear, on BB’s trademark frets in between key rows, and allow you to swipe them upward into the text field.

But Morgan thinks one of smartest components of the new OS is how it answers the growing concerns of the BYOD movement. BB10 is designed to know the difference between personal and professional data and “it makes sure the data only appears when and where it should and doesn’t go where it shouldn’t,” said Morgan, which could help answer the security questions that arise from employees using their own smartphones at work.

The division between personal and business data is an added bonus for RIM’s crucial enterprise base. Combined with keeping the beloved physical QWERTY around for diehards, it’s a move that should go far in making sure those enterprise

users don't feel forgotten as BlackBerry goes out and tries to grab a share of the consumer market.

Burden thinks the timing could be right for BB10, citing the possibility of user fatigue striking devotees of the U.S. market's two big mobile platforms.

"We're at the five-year threshold for Android and iOS," said Burden, although the ecosystems put in place around those platforms will still pose a challenge for BB10 in trying to make an impact.

RIM's app market, BlackBerry World, has benefitted from a strong initial response from developers, perhaps due to the multiple BlackBerry Jam developer conferences, including a recent "Port-a-Thon [6]" event that resulted in 15,000 apps being submitted in just less than two days.

Of course, once the secrecy surrounding the upcoming launch evaporates and RIM finally pulls the curtain back on BlackBerry 10, Burden said it'll be vital to get the word out to consumers, advising RIM to "get out there and tell everyone this is the best thing you've ever built."

Source URL (retrieved on *08/21/2014 - 6:18pm*):
http://www.wirelessweek.com/articles/2013/01/blackberry-and-very-big-year

Links:
[1] http://www.wirelessweek.com/news/2012/12/rim-loses-blackberry-subscribers-first-time
[2] http://www.businessinsider.com/research-in-motion-will-be-dead-by-2013-2011-8
[3] http://www.wirelessweek.com/news/2012/12/rim-launches-bb-10-beta-enterprise-government
[4] http://bgr.com/2013/01/10/blackberry-10-demand-analysis-287451/
[5] http://www.abiresearch.com/blogs/why-rim-stands-chance-blackberry-10/
[6] http://www.theverge.com/2013/1/14/3874696/blackberry-10-15000-app-submissions