BlackBerry Forges Foxconn Partnership Amid Dismal 3Q Earnings Report

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BlackBerry continues its slide as the company slowly but surely implements measures to right its sinking ship. The company today reported a loss of $4.4 billion on $1.2 billion of revenue for its fiscal third quarter. That compares to last quarter **[1]** when BlackBerry posted a $965 million loss, on $1.6 billion.

Friday's results are the first to be reported under new CEO John Chen. In a statement, Chen said the company's new strategy, which involves a return to enterprise services, security and device management, will result in "improved financial performance in the coming year." As part of that strategy, BlackBerry earlier this year announced **[2]**that it would cut 40 percent of its workforce.

“While our Enterprise Services, Messaging and QNX Embedded businesses are already well-positioned to compete in their markets, the most immediate challenge for the Company is how to transition the Devices operations to a more profitable business model,” Chen said.

BlackBerry's devices business continues to lose traction, as consumers remain unswayed by new BlackBerry 10 devices. The company reported revenue on 1.9 million smartphones in the third quarter, compared to 3.7 million in the previous quarter.

As part of the revamping of its devices business, BlackBerry today announced a five-Year partnership with Foxconn, which is the primary manufacturer for many Apple products. Under the partnership, Foxconn will jointly develop and manufacture certain new BlackBerry devices and manage the inventory associated with those devices. BlackBerry said the first project for that partnership will be to develop a smartphone for Indonesia and other "fast-growing markets," within the 2014 timeframe.

Chen said the move to Foxconn will allow BlackBerry to focus on "what it does best," namely, "security, software development and enterprise mobility

management."

Many had thought BlackBerry's continued loss of share in the device market would eventually mark its exit from that segment, but Chen said the partnership with Foxconn should be seen as the exact opposite.

“This partnership demonstrates BlackBerry’s commitment to the device market for the long-term and our determination to remain the innovation leader in secure end-to-end mobile solutions,” Chen said.

Part of BlackBerry's continued messaging lately is that the company remains financially sound, with $3.2 billion in cash on hand as of November 30, 2013. That's compared to $2.6 billion at the end of the previous quarter.

Chen recently took over for previous CEO Thorsten Heins. Part of since assuming the position has been to reassure customers **[3]** that their products will continue to see support going forward.

In a recent open letter to consumers, Chen also acknowledged that BlackBerry has a lot of work to do to regain its footing.

"I know that it’s going to take time, discipline and tough decisions to reclaim BlackBerry’s success and we are ready for that challenge," Chen wrote.

Shares of BlackBerry were down just under 2 percent to $6.13 in early trading Friday but had rebounded up over a precent by 9:00 a.m. CT.

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