

Critical, long-overdue BlackBerry makeover arrives

ROB GILLIES - Associated Press - Associated Press

The new crop of BlackBerry smartphones has finally arrived after a lengthy delay that allowed other mobile devices and operating systems made by Apple, Google and Samsung to build commanding leads in a market that is redefining society and technology.

BlackBerry maker Research in Motion Ltd. unveiled its long-awaited line-up of revamped smartphones and software at simultaneous events held in New York, Toronto, London, Paris, Dubai, Johannesburg, Jakarta and Delhi. Underscoring the stakes riding on the products, RIM announced that it is changing the company's name to BlackBerry.

The first devices in BlackBerry's new generation will be called the Q10, which will feature a physical keyboard like previous versions of the BlackBerry, and the Z10 will have only touch-screen keyboard, like Apple's trend-setting iPhone and other handsets running on Google's Android software, including Samsung's popular Galaxy.

RIM's fate is riding on the new BlackBerrys. The Canadian company's losses have been piling up in the past two years while the iPhone and Android devices have been winning millions of zealous converts.

"Today represents a new day in the history of BlackBerry," RIM CEO Thorsten Heins said in New York.

Investors evidently didn't like what they saw. RIM's stock fell 71 cents, or more than 4 percent, to \$14.95 in early afternoon trading.

Repeated delays have left the once-pioneering BlackBerry an afterthought in the shadow of the iPhone and Google's Android-driven devices. There has even been talk that the fate of the company that created the BlackBerry in 1999 is no longer certain.

Heading into Wednesday's event, there was renewed optimism. Previews of the BlackBerry 10 software have gotten favorable reviews on blogs. Financial analysts are starting to see some slight room for a comeback. RIM's stock has more than doubled from its nine-year low in September, though it's still nearly 90 percent below its 2008 peak of \$147.

RIM redesigned the system to embrace the multimedia, apps and touch-screen experience prevalent today. The company is promising speedier devices, a superb typing experience and the ability to keep work and personal identities separate on

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the same phone.

Most analysts consider BlackBerry 10's success to be crucial for the company's long-term viability. Doubts remain about the ability of BlackBerry 10 to rescue RIM.

"We'll see if they can reclaim their glory. My sense is that it will be a phone that everyone says good things about but not as many people buy," BGC Financial analyst Colin Gillis said.

Jefferies analyst Peter Misek called it a "great device" and said RIM does have some momentum just months after the Canadian company was written off for dead.

"Six months ago we talked to developers and carriers, and everybody was just basically saying 'We're just waiting for this to go bust,'" Misek said. "It was bad."

The BlackBerry has been the dominant smartphone for on-the-go business people and crossed over to consumers. But when the iPhone came out in 2007, it showed that phones can do much more than email and phone calls. Suddenly, the BlackBerry looked ancient. In the U.S., according to research firm IDC, shipments of BlackBerry phones plummeted from 46 percent of the market in 2008 to 2 percent in 2012.

RIM promised a new system to catch up, using technology it got through its 2010 purchase of QNX Software Systems. RIM initially said BlackBerry 10 would come by early 2012, but then the company changed that to late 2012. A few months later, that date was pushed further, to early 2013, missing the lucrative holiday season. The holdup helped wipe out more than \$70 billion in shareholder wealth and 5,000 jobs.

Although executives have been providing a glimpse at some of BlackBerry 10's new features for months, Heins will finally showcase a complete system at Wednesday's event. Devices will go on sale soon after that. The exact date and prices are expected Wednesday.

Regardless of BlackBerry 10's advances, though, the new system will face a key shortcoming: It won't have as many apps written by outside companies and individuals as the iPhone and Android. RIM has said it plans to launch BlackBerry 10 with more than 70,000 apps, including those developed for RIM's PlayBook tablet, first released in 2011. Even so, that's just a tenth of what the iPhone and Android offer. Popular service such as Instagram and Netflix won't have apps on BlackBerry 10.

Gillis said he'll be looking to see when RIM releases a keyboard version of the new phone. The first BlackBerry 10 phone will have only a touch screen. RIM has said a physical keyboard version will be released soon after. He said a delay could alienate RIM's 79 million subscribers.

"The No. 1 feature that they like is the physical keyboard," Gillis said.

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