



NATIONAL

# BLACKBERRY CRUMBLES

– CAN THIS CANADIAN TECH COMPANY BE SAVED?



The **prognosis** is bleak, at least one expert says. In fact, he doubts that the **invalid** can be nursed back to health. “Patient in intensive care. Consider **do not resuscitate** order,” advises Iain Grant.

Mr. Grant isn’t a doctor. He’s a business analyst – and he’s referring to BlackBerry, the Canadian telecommunication and wireless equipment company based in Waterloo, Ontario. BlackBerry makes smart phones of the same name and offers services to support them. Mr. Grant believes the firm may not survive recent setbacks.

## A TITAN FALLS

That opinion isn’t surprising. At one time, the corporation that created the BlackBerry was a **titan** of Canadian business. Its devices were beloved

by 80 million users in industry and governments all around the world.

One notable fan was U.S. President Barack Obama. “I’m clinging to my BlackBerry,” he told secret service agents shortly after his election in 2009 when they tried to convince him to give it up for security purposes.

At its peak, BlackBerry employed 16,500 people and was valued at \$83 billion. Yet today, it has fallen on hard times. The company announced in September that it would cut 4,500 jobs – about 40 percent of its present workforce. As well, its stock price has dropped from a high of \$140 per share in 2008 to less than nine dollars now.

## THE STORY OF THE BLACKBERRY

Originally named Research in Motion (RIM), the BlackBerry company was started in 1979 by two Ontario

university students, Michael Lazaridis and Doug Fregin. They established RIM as an electronics and computer science consulting firm.

## DID YOU KNOW?

The BlackBerry was named after its keyboard, which resembles the small drupelets of the blackberry fruit.

At first, RIM produced pagers, but in 1992, research staff found a way not only to receive messages on a pager, but to send messages back. That was a **big innovation** at the time. Mr. Lazaridis saw an opportunity to turn the discovery into a way to send email over wireless networks.

The first BlackBerry, which appeared in 1998, was a simple gadget. This prototype had a keypad and software

## DEFINITIONS

**DO NOT RESUSCITATE:** used in hospitals to indicate a decision by the patient or the patient’s family to avoid extraordinary means of prolonging life

**DRUPELETS:** the small parts of an aggregate fruit that resemble a drupe [a fruit with a stone surrounded by a soft thick part covered with skin]

**INNOVATION:** the act of introducing something new

**INVALID:** one suffering a chronic illness or disability

**PROGNOSIS:** a prediction of the course and outcome of a disease

**PROTOTYPE:** one of the first units manufactured of a product, which is tested so that the design can be changed if necessary

**STOCK:** a share of ownership in a company

**TITAN:** something of great size, strength and achievement



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that allowed people to email back and forth. Users could also browse the Internet in a limited way.

## AN EARLY SMARTPHONE

But BlackBerry products really took off in 2003, when the company introduced a hand-held unit that added telephone and texting features, making it one of the first smartphones. Internet access was still restricted, however. That was a strategic decision, Mr. Lazaridis later said, because the company did not want to overload wireless networks.

These products appealed to people who needed to connect with others while on the go. Users especially liked the raised keyboard, designed like the familiar QWERTY keyboards that come with computers.

Businesses and governments, who bought the devices by the thousands, also appreciated the BlackBerry's secure network. Their support was key to helping BlackBerry grow to become an international powerhouse.

## A COMPETITOR BUTTS IN

In 2007, however, a strong competitor – Apple's iPhone – entered the marketplace. Other models from other makers soon followed – all with added features, such as full web access, cameras and MP3 players. BlackBerry began to lag behind. Many feel that the company simply didn't adapt to changing customer needs and that BlackBerrys couldn't compete with newer, slicker phones.

"They were always slow to market, and there were always delays in launching," said one business analyst.

A reason for iPhone's appeal is the apps it supports. App is short for application. It's a specialized program for smartphones linking users to services. BlackBerry hurried to create some apps of its own, but didn't make enough worthwhile ones, say critics.

## DID YOU KNOW?

By the end of 2011, close to 60 percent of BlackBerry sales were in countries other than Canada, the U.S. and the UK.

## LOSING ITS WAY

Others argue the firm simply lost its way by forgetting its most important customers – business people. They recall what happened in 2010 when the company told a crowd of executives that it planned to add new features such as a camera and games. The group's reaction? We don't need this stuff on our phones. Stick to business.

BlackBerry tried desperately to regain its dominant position. In 2011, it released a tablet, the BlackBerry Playbook, but the product failed to catch on. This year, the company introduced new phones with a touchscreen and a tactile keyboard. Reviews were good but sales disappointed.

Ever since, BlackBerry has been on a downward spiral. Many feel it's just a matter of time before it closes its doors.

## BUYERS TO THE RESCUE?

In August, BlackBerry put up a "for sale" sign – and it has gotten some response. After all, the company still has around 72 million subscribers, some valuable patents and owns some expensive properties.

One group of investors under the name of Fairfax Financial Holdings reportedly offered the company \$4.7 billion in September. This group was given until November 4 to make the deal work.

In the meantime, another group, Cerberus Capital Management based in New York, has also expressed interest. So has Lenovo, a Chinese company.

Whether any of these parties will buy and then be able to turn around the company remains a question. But at least one of the key players in this story thinks that in the end, BlackBerry will land on its feet.

"Many companies go through cycles. Intel experienced it, IBM experienced it, Apple experienced," commented Mr. Lazaridis. "The fact that a Canadian company was able to compete... with two of the largest tech companies in the world is a big deal. People counted IBM, Apple and other companies out only to be proven wrong. I am rooting that they are wrong on BlackBerry as well." ★

## DEFINITIONS

**EXECUTIVES:** people with senior responsibility in a business

**DOMINANT:** most important, powerful or influential

**MARKETPLACE:** the world of business and commerce

**PATENTS:** grants made by government giving the creator of an invention the sole right to make, use, and sell that invention for a set period of time

**POWERHOUSE:** a forceful or powerful person or thing

**TACTILE:** affecting the sense of touch



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## ON THE LINES

Answer the following in complete sentences:

1. When and where was Blackberry founded?

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2. Briefly describe BlackBerry's first devices.

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3. Who did BlackBerry's early smartphones appeal to? Why?

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4. Why was Internet access restricted in BlackBerry's early smartphones?

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5. What evidence is there that BlackBerry was a 'titan of Canadian business' when the company was at its peak?

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6. List at least two reasons why BlackBerry has faltered in recent years.

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7. What did BlackBerry announce in September?

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8. What has happened to Blackberry's share price since 2008?

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## FACT OR OPINION?

**Facts** are descriptions of what is the case or of what has occurred/will occur. They can be verified or tested; they are true or false. **Opinions** are unconfirmed beliefs or conclusions that indicate what could be or what is a good or bad idea. They can be justified or argued for; they are reasonable or unreasonable.

Mark each statement **F** (Fact) or **O** (Opinion):

- \_\_\_\_\_ 1. The BlackBerry is a far better device than the iPhone.
- \_\_\_\_\_ 2. The BlackBerry company will survive this latest downturn and become a powerhouse once again.
- \_\_\_\_\_ 3. At one time, there were 80 million BlackBerry users worldwide!
- \_\_\_\_\_ 4. By the end of 2011, close to 60 percent of BlackBerry sales were in countries other than Canada, the U.S., and the UK.
- \_\_\_\_\_ 5. In September, the BlackBerry company announced that it would cut almost 40 percent of its workforce.

## BETWEEN THE LINES

**Making a prediction:** What do you suppose might happen to the BlackBerry company? A plausible prediction is supported by evidence in the article and is consistent with known facts outside of the article.

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## JUST TALK ABOUT IT

What advice would you give to the owners of BlackBerry? Give reasons to support your response.

## ONLINE

Go to [www.news4youth.com](http://www.news4youth.com) and select the *What in the World?* tab to find out more about BlackBerry on the company's website (or visit <http://ca.blackberry.com/>). ★