

BlackBerry: a bad apple?

By [Ashley Hibben](#)

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Credit: Official BlackBerry Images

This week has been a bitter pill to swallow for BlackBerry and its beleaguered executives. On 20 September the company's stock plummeted 17 per cent as it announced expected losses of \$1bn this quarter, and the lay-off of 4,500 staff. Last Tuesday brought the news of a possible \$4.7bn sale to its largest shareholder, Fairfax Financial. On the other side of the Atlantic, Nokia has sold its iconic mobile handset business to Microsoft for \$7.2bn, in an attempt by both companies to reposition themselves against the might of Apple and Samsung in the smartphone market.

All of this represents a spectacular fall from grace for these once mighty brands. Just five years ago, Nokia had a 62.5 per cent market share in mobile phones and BlackBerry was worth almost £50bn. Today, they can only watch as consumers around the world queue to get their hands on the latest iPhones. Indeed, 9 million iPhones were sold in just one weekend.

The question that has vexed many analysts and consumers is how these once pioneering companies could fall so spectacularly in such a short period of time. In truth, the answer can be summed up in one word: competition. It is true that Nokia and BlackBerry were both overtaken, product-wise, by the iPhone 3G and Google's Android system in 2008. However, it was their failure to see the huge change in the mobile market that these products would bring that led to their downfall.

In short, both companies were too slow to react; neither could replicate the quality package of Apple's iPhone, or match the flexibility and openness of Google's Android system.

BlackBerry in particular has suffered from the inexorable rise of app-based mobile phones. Much of its appeal was wrapped up in its reliable and secure BBM service, which attracted everyone from governments to teenagers. But since 2008, Android and iOS applications such as WhatsApp have overtaken BBM; WhatsApp now handles 31 billion messages a day, compared to BBM's 10 billion. Of the two pioneers, Nokia appears to be the most likely to weather the storm and re-emerge as a contender, thanks to its tie up with Microsoft and Windows Phone. Microsoft's operating system, which has been installed on all Nokia products since 2011, has gradually gained market share against Apple's iOS over the last year.

The company has also kept hold of its patent library, which is likely to be a lucrative source of revenue.

Microsoft developers, desperate to attract Android's 900 million users to their products, are likely to want some of Nokia's technologies. Unfortunately, BlackBerry appears to be facing a far harder road.

The company had already announced its withdrawal from the lucrative consumer market following the failure of its Z10 smartphones earlier this year, in an effort to focus on its core business services. The seemingly enforced sale of the company for a fraction of its worth five years ago would suggest that this might not save the once-great brand.

Its remarkable to think that a product that practically everybody once enjoyed being associated with, has drifted away into the distance of the smartphone race. BlackBerry and Nokia have sowed the seeds of their own demise.



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