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## Research in Motion

There was a time when all the top executives and corporations used Research in Motion's (RIM) flagship smartphone, the BlackBerry, almost exclusively. Conference rooms were littered with different models of Bolds and Curves, and a person wasn't important unless they had a BlackBerry on their hip. Just one year ago, the BlackBerry operating system commanded 42% share of the U.S. smartphone market and was firmly rooted as the invincible business-oriented phone, but one year is a lifetime in the world of technology. Since that time, BlackBerry devices have been outpaced in the market and as of March 7<sup>th</sup>, RIM no longer had the most popular platform in the U.S. market.<sup>1</sup> Still, Blackberry commands a large market share in an ever-booming industry, but it must find a way to innovate while also maintaining its coherent strategy.

## Early History of Smartphones and BlackBerry

Today's mobile phones must do so much more than just make phone calls as people expect all their information instantly and easily. Smartphones have integrated advanced computing capabilities with the convenience of mobile technology, allowing users to access online browsers, various messaging systems, multimedia capabilities and much more. The first smartphone emerged on the market in 1993 when IBM released Simon, which added to its mobile phone a PDA, a fax machine, and even a primitive touch screen. Although this technology was revolutionary for its time, the IBM Simon was "brick-like, huge and heavy," nothing like the modern smartphones the world has today. Over the next ten years, a slew of manufacturers released new phones that challenged the idea of mobile technology.

In 1996, the Palm Pilot was released and although it was not an actual smartphone, it was a pioneer in normalizing the use of mobile data and accessing corporate enterprise

systems.<sup>ii</sup> Ericsson later released the GS88 in 1997, the first labeled “smartphone”<sup>iii</sup> and in 2001 Palm introduced the Kyocera 6035, one of the first smartphones to be widely released in the U.S.<sup>iv</sup>

Even before releasing its first smartphone, Research in Motion had garnered widespread acclaim for its two-way pager. Their pagers, such as the 800 series, did not have the ability to make calls yet but had begun to integrate enterprise mail, organizational tools and points of corporate data access, all of which would come to define BlackBerry in the future.<sup>v</sup> In 2002, Research in Motion announced its first smartphone under the BlackBerry moniker, the 5810. Since then, Research in Motion has released over 50 different smartphones, such as the Pearl, Curve and Bold, all which have revolutionized the smartphone industry while maintaining its core functionalities.

## Business Model

Research in Motion’s Blackberry device has become synonymous with business. The reasoning behind that association is the BlackBerry has long been the choice for politicians, bankers, and other corporate users for its secure features and access to the office wherever they went. For a long time, no other smartphone significantly challenged the BlackBerry as the leading smartphone in this area due to its wealth of proprietary systems and stranglehold on the marketplace.

### *Messaging*

One of BlackBerry’s primary benefits is its “push email” technology, which will “push” emails to the user’s smartphone and notify them whenever or wherever they might be. This was the reason behind Blackberry’s popularity with the business crowd, because they were able to get and send their emails instantly. After all these years, no other company or competitor can yet match the efficiency of RIM’s push email system. In addition, BlackBerry users are able to link up to 10 email accounts, including business and personal email addresses. All of this is done without ever having to open up a specific application or log onto the Internet, which other competing smartphones still have to do.<sup>vi</sup> Also, BlackBerry users can

have access to a myriad of other messaging clients, including the popular BlackBerry Messenger, which can link any BlackBerry users together for instant messaging.

### *Security Options*

Just like receiving their messages instantly and anywhere, having the maximum security for their messages may be equally as important to many BlackBerry users. Whether the user is an investment banker, stockbroker, or government official, making sure no else has access to their personal information is key. In addition to just setting a password for their device, BlackBerry users can encrypt all of the data stored on or sent from their device, enhance Bluetooth security, or even wipe their device of all information.<sup>vii</sup> All of the security features offered on the BlackBerry device make it extremely difficult to impossible to intercept any information originating from the smartphone, which makes it ideal for anyone looking to keep their information secure.

### *BlackBerry Enterprise Server*

The BlackBerry Enterprise Server, or BES, is the package that a majority of the BlackBerry's many features run through, including the e-mail and security systems. Although any BlackBerry user has individual access to the BES, the strength of the BlackBerry over the years is the ease to which the BES can be folded into a corporate structure. RIM specifically designed the BES for companies, more specifically their IT departments, to easily adopt, upgrade, and remove certain aspects of the software. Once a company implements the BES software, it creates a precise link between its information database and the individual and securitized PIN ID in each employees' BlackBerry. The IT Department then can control the information sent, including all e-mails, and the security features of the individual BlackBerry, as well as archiving any data.<sup>viii</sup> As a result, when companies desired a single, mobile enterprise software to link all of its employees together, RIM's BlackBerry along with the BES was the easy choice. All of these features combined with its reliability as a mobile device created the premier business phone.

## Competitors

## *Apple*

The landscape of the smartphone market changed in 2007 when Apple introduced its first iPhone and its iOS. Billed as a “revolutionary” phone, the original iPhone and its subsequent predecessors boasted a large touchscreen, a consumer-friendly operating system (OS) and user interface, fast web-browsing and connectivity, as well as multiple messaging systems. Just six months after releasing it, Apple had already sold 3 million iPhones, and within a year Apple had sold 6 million, making it the fastest selling device of all time. The iPhone had quickly become the new “it” gadget, with consumers excitedly playing with the touchscreen and looking to download the newest applications. To compete more thoroughly with RIM, Apple attempted to make newer iPhones more secure to attract business users. Similar to BlackBerrys, iPhones can now support email encryption, password locks and timeouts, and device wipes. A company called Forrester Research, which specializes in technology and market research, stated that the iPhone is secure enough for corporations to use if they adopted sufficient enough policies and controls.<sup>ix</sup>

As Apple continually released a new iPhone each year that further integrated security with new user features, the company has been able to gain more and more smartphone market share, slowly catching up to RIM. Currently, the iPhone owns approximately 25% of the market share,<sup>x</sup> a number that has been relatively stable in the past year.

## *Google*

Even compared to Apple’s iOS, no smartphone platform has seen such a meteoric and consistent rise as Google’s Android OS, which was released in 2008. The reasoning behind this is the Android platform’s flexibility, much due to its open-source development, which allows anyone to manipulate the source code. As a result, the Android OS can run on virtually any phone, does not need Apple compliments such as Safari or iTunes, has almost limitless applications, and is available on many different carriers.<sup>xi</sup> To address security concerns, Google released version 2.2 of its software, which reportedly meets many corporate enterprise security criterion. Also, because of its open-source platform, Android phones may have additional improvements for business users made by the individual device makers.<sup>9</sup>

In November 2009, the Android platform commanded just under 4% of the U.S. smartphone market,<sup>xii</sup> but just over one year later it had overtaken both BlackBerry and iPhone’s market share at 31.2%.<sup>1</sup>

## Strategic Problems and Recommendations

The iPhone and Android phones were designed for consumers, and meant to combine mobile connectivity, multimedia, and applications. Apple and Google were trying to make smartphones for the common person instead of just the business user. However, even though these popular smartphones have closed the security issues gap and have become more corporate friendly, the BlackBerry is still the ideal choice for companies. However, RIM is still losing market share to the other smartphones, despite its corporate advantages. The problem that RIM is facing is that consumer demand has begun to encroach on the enterprise smartphone market.

Before, IT departments would simply just give their employees BlackBerrys but the practice is shifting towards companies taking employee preferences more into account. Based on this trend, because more and more people are approaching their smartphones choices as consumers rather than business users, even the coveted enterprise smartphone market is shifting towards the iPhone and Android phones. So with company policies and employees' preferences changing, companies that traditionally used BlackBerrys, such as large corporate and investment banks, must now consider their other smartphone options.<sup>xiii</sup>

To resist any further erosion of its market share, RIM must capitalize on its first mover advantage and the large number of users already on its platform, while also attracting new users at the same time. There are large switching costs to leaving the BlackBerry platform and adopting a new OS. If they switch, users would have to learn a completely new function set and would possibly lose valuable information or data stored on the BlackBerry. The problem is that those same users may want some of the new functions that are inherent in competing smartphones.

It is necessary for RIM to appeal to the consumer market and create a new line of BlackBerrys that combine elements of the original OS and integrate new functions important to smartphone users, that way RIM can satisfy both old and new users. By doing this, consumers will be less likely to switch over to competitors and more likely choose a BlackBerry when given the opportunity. This is exactly what RIM was trying to accomplish when it released The Torch, which combines a large touchscreen, a slide version of its

signature keyboard, an improved OS with faster web browsing, and was heralded as “the best BlackBerry phone to date.” Although its sales figure were nowhere near the same level as the sales of the iPhone 4 during the same time,<sup>xiv</sup> it was a positive step for RIM to bridge the gap between normal and business users. RIM should continue releasing similar phones in the future and inundate the smartphone market with different devices that would appeal to any type of consumer.

RIM could also create relevant complementary products that are in lines with its coherent strategy and that would increase lock-in for its BlackBerry users. Following that thought, RIM recently has announced the release of the new BlackBerry PlayBook, a tablet that will feature RIM software and has been created to integrate with the BES. With the PlayBook, users who prefer to use a tablet can have all of the same access and security benefits as they would have with their BlackBerry. Current BlackBerry users are therefore encouraged to continue using their respective smartphones to capitalize on the new PlayBook technology and enterprise interaction. Non-enterprise users will also benefit from the PlayBook because of its wealth of features and capabilities that the iPad and other tablets do not possess.<sup>xv</sup> This product creates a perfect compliment for its business users and capitalizes on the growing tablet craze at the same time.

Another way that RIM can capture some of the consumer market it to revitalize its Application World and create a new personalization and experience for BlackBerry users. RIM already has a huge advantage for developers because of the large amount of users already on its side of the platform. The next step is to incentivize application creators and developers to create useful and creative applications for BlackBerry users. RIM could do this by emphasizing its movement towards more consumer-driven phones while maintaining its core business users, thereby establishing the continuing value of its platform

## Conclusion

The best way that RIM can make sure its BlackBerry remains relevant is to not only concentrate on the consumers, but make sure corporations and IT departments realize that its coherent strategy is still the same as always. RIM has always had the best enterprise mobile phone solution on the market and it needs to emphasize that fact to businesses. RIM needs to

continue to make sure its security features are up to date and emerging with new technological innovations. For example, the upcoming BlackBerry OS will have more security features to segregate personal and business data separate<sup>xvi</sup> and RIM has just released BlackBerry Protect, which offers new ways to remotely locate, protect and potentially wipe data from your mobile device.<sup>xvii</sup> So as BlackBerry delves farther into the consumer market, it can establish itself as a phone for the consumer and still be the best option for companies as well.

Even if RIM's market share decreases further, it still holds a relatively large slice of a pie that is growing even larger in the future. The amount of smartphone users is increasing every minute and BlackBerry still has a huge domestic and international brand name. BlackBerry will continue to innovate and create new, technologically advanced devices for every market. As a result, RIM's future can still be strong despite the emergence of formidable competitors in its segment.

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