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Analysts: BlackBerry's handset business is doomed

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Antonio Villas-Boas/Tech Insider

The BlackBerry Priv has a 5.4-inch display.

BlackBerry has a new phone out

(<http://uk.businessinsider.com/blackberry-priv-review-2015-11>): It's a \$US700

(£579.99) Android phone called the Priv

which, according to the company

(<http://www.theverge.com/2015/11/6/96787>

priv-impressions-android-new-slider-

phone), stands for both "privacy" and

"privilege."

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BLACKBERRY'S

HANDSET

Combining the form factor of a BlackBerry — right down to the QWERTY keyboard — with Android is an as-yet untested combination, and one that the company hopes will re-instate it as a player in the market.

Unfortunately, it's unlikely that this will be the case.

“My opinion is that it won't make any difference [to the overall business],” said Francisco Jeronimo, an analyst for IDC. “It's already too late.” The company's handset market share, according to IDC data, sits at 0.3% with sales of under one million units during Q3 2015. “Had [the Priv] been launched 3-4 years ago it would have made a difference,” says Jeronimo.

“It's just too late,” says Roberta Cozza, a researcher for Gartner. “BlackBerry can survive as a wireless service and enterprise solution-type of company, but I think eventually, yes, they need to look at what they want to do with the hardware.”

It hasn't always been this way, however. BlackBerry was, for a time, the pioneer of the smartphone world with sales that would rival Apple (<http://www.statista.com/statistics/263439/market-share-held-by-rim-smartphones/>) in terms of market and an enterprise client list that included everyone who was anyone

(<http://www.zdnet.com/article/rim-touts-enterprise-apps-for-blackberry-10/>). A slow reaction to the iPhone changed that (<http://aaplinvestors.net/stats/iphone/bbvsi>) and the Priv, which is on-sale now, is what BlackBerry hopes is the remedy.



(<https://static.businessinsider.com/image/563>

BlackBerry

The Priv has a slide-out QWERTY keyboard, one of BlackBerry's archetypal features.

“The hardware itself is quite good” but it won’t be enough to persuade buyers, says Jeronimo. The handset features a 5.4-inch 1440 x 2560 pixel display, with a powerful processor, plenty of RAM, and an 18 megapixel camera. The software — Android 5.1.1 — has been “skinned” by BlackBerry (<http://www.cnet.com/news/android-interface-guide/>) but remains true to much of what makes Google’s operating system appealing, including the Play Store.

Launching a \$US700 phone — the highest-end price segment of the market — to combat poor sales is a bad move, both with enterprise and consumer customers, according to analysts. There are still niche enterprise clients — such as banks or parts of government — that rely on BlackBerry's security features, but their numbers are few

(<https://en.wikipedia.org/wiki/BlackBerry#U>

“We are talking about extremely sensitive data and information,” says Jeronimo. “We are talking about very specific companies or governments and they really need to make sure the security is the best they can find. Those kind of companies will probably consider this device but the majority will not.”

The majority of consumers will, according to both Jeronimo and Cozza, buy an iPhone while enterprise clients are warming to Microsoft's offerings, which include support for both Windows 10 and Office.

The future of BlackBerry's hardware unit is very bleak. Revenue fell to \$US490 million (£324 million) in the third quarter of 2015 (<http://www.reuters.com/article/2015/09/25/blackberry-results-idUSKCN0RP13G20150925>), well below analysts' estimates of \$US610 million (£400 million), and the Priv is unlikely to turn this negative trend around. “The brand was damaged so much in the last

couple of years and most users don't want to hold a BlackBerry device and if they do they try to hide it in their bags," says Jeronimo.

One of the options available to BlackBerry is to focus on other areas, such as security, where the company's offerings are still strong. The \$US425 million (£280 million) acquisition (<http://www.forbes.com/sites/greatspeculati-good-technology-acquisition-is-smart-does-it-impact-its-valuation/>) of Good Technology, a rival in the enterprise mobile management space, highlights this focus, diversifying away from hardware.

"If they don't manage to reverse the current sales trend then it will be definitely be the end of the handset business," says Jeronimo. "The company itself can still succeed in the enterprise space [as it has a] very strong software and services business. [It] could pivot to being a completely different company with a focus on one specific area."

Just as with any business, "if you are not a winner, you are dead," says Cozza, and BlackBerry is definitely not a winner.

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(<http://www.businessinsider.com.au/surface-book-comparison-apple-macbook-2015-11>)

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