

BlackBerry starts looking for buyer or partner as new OS struggles

A committee will explore strategic alternatives for the future of the company

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BlackBerry's board of directors has formed a committee to explore strategic alternatives for the future of the company that could include joint ventures or a sale of the company, as it struggles to turn its new BlackBerry 10 operating system into a success.

The news comes after the company announced that it had shipped 6.8 million smartphones and recorded an \$84 million loss during the three months to June 1. Only 2.7 million phones running the new OS were sold, a figure that disappointed analysts.

The soft sales led analysts to question the future of BlackBerry 10 and the company during a conference call on the results. At the time, BlackBerry CEO Thorsten Heins offered various themes on the same reply as a defense: "BlackBerry 10 is still in the early stages on its transition. In fact, we are only five months in to what is the launch of an entirely new mobile computing platform," he said.

IDC research director Francisco Jeronimo paints a darker picture of BlackBerry's current situation.

"It is very clear that BlackBerry 10 isn't a success after all, and won't save the company. At least BlackBerry has recognized that before the company is completely out of cash, which gives it some time to explore its options. And I believe the only option it has is to sell the company, because I don't think there is anyone willing to license BlackBerry 10," Jeronimo said.

BlackBerry's worldwide smartphone market share was 2.9 percent during the second quarter, compared to 4.9 percent during the same period in 2012, according to IDC.

While smartphone sales are dropping, BlackBerry still has a number of assets to whet the appetite of potential buyers or partners. The company has one of the biggest patent portfolios of any mobile phone manufacturer, according to Jeronimo. Its messaging platform could also be of interest to companies that want to increase their presence in the enterprise sector, he said. Recently, BlackBerry has taken several steps to make its software work better with Apple's iOS and Android, including making BlackBerry Messenger compatible with smartphones based on the two operating systems.

"Companies like Microsoft, Samsung Electronics, Amazon and Facebook could take advantage of that," Jeronimo said.

BlackBerry has made no secret of the fact it has been exploring its options for months, according to Ben Wood, director of research at analyst firm CCS Insight.

"We have to assume that all options are open now. But there is no question there is a huge commitment from the management team to keep the company going rather than breaking it up into little pieces," Wood said.

The so-called Special Committee of the board is comprised of Heins, Barbara Stymiest, Richard Lynch and Bert Nordberg, and will be headed by Timothy Dattels. All the committee members are

board members. The company provided no time schedule for when the committee's work would produce a result.

"We continue to see compelling long-term opportunities for BlackBerry 10, we have exceptional technology that customers are embracing, we have a strong balance sheet and we are pleased with the progress that has been made in our transition," said Heins in a statement Monday. "As the Special Committee focuses on exploring alternatives, we will be continuing with our strategy of reducing cost, driving efficiency and accelerating the deployment of BES 10, as well as driving adoption of BlackBerry 10 smartphones, launching the multi-platform BBM social messaging service, and pursuing mobile computing opportunities by leveraging the secure and reliable BlackBerry Global Data Network."

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