

BUSINESS INSIDER

UK

BlackBerry wants to use acquisitions to become a software company with revenues of \$500 million

MAX SLATER-ROBINS
NOV. 9, 2015, 3:56 PM

BlackBerry is looking to use acquisitions to bolster its software efforts, with the aim



BlackBerry CEO John Chen using the Passport, a giant square handset released in 2014.

Aaron Harris / Reuters

of generating \$500 million (£330 million) by next March, [CEO John Chen told Bloomberg](#).

BlackBerry made \$137 million (£90 million) in software revenue in the quarter ending June, [according to Reuters](#), an increase of over 150%. Building out this revenue stream is key for the company.

The move to being a software company comes after BlackBerry sold [just 800,000 phones](#) during Q3 2015, capturing less than 0.3% of the global market. Revenues fell to \$490 million (£324 million), well below analysts' estimates of \$610 million (£404 million), as the company struggles to find its niche outside of making enterprise phones.

"We are still a \$3 billion company and have over \$3 billion in cash," said Chen. "We are pouring most of that into research and development."

BlackBerry [spent \\$425 million \(£280 million\)](#) on Good Technology, a company that lets employees use their personal phones at work, and has, according to Chen, made five more acquisitions in the last 20 months.

The company recently [unveiled the Priv](#), a \$700 (£579) [Android phone](#) designed for enterprise users and Chen did acknowledge the buzz that launching a new phone brought, but argued the company's long-term future lies elsewhere. "If we don't get a good hardware business going, we will more consider the software side," he said.

The consensus among analysts is that [BlackBerry's hardware ambitions are dead](#). The Priv is technically impressive but the \$700 price point makes it inaccessible to the majority of users and, most importantly, businesses. Some organisations, such as banks, will still use [BlackBerry handsets](#) but "the majority will not," said Francisco Jeronimo, an analyst for IDC.

BlackBerry faces increased competition from Microsoft, thanks to Windows Phone's integration with Office and Windows 10, and this has adversely affected sales. Windows 10 Mobile was recently found to be the most secure smartphone operating system, [according to a hacker](#).

The thought of going toe-to-toe with Microsoft is likely unappealing to BlackBerry as the company is [roughly 109 times smaller](#), with a market value of \$4 billion (£2.6 billion) compared to \$438 billion (£290 billion). Diversifying into enterprise software gives the company a unique selling point.



You've read 4 articles, but it looks like you're blocking ads.

Business Insider UK supports the journalism you crave with advertising, and we strive to only show you ads we think you might be interested in.

[Allow ads on Business Insider UK](#)