

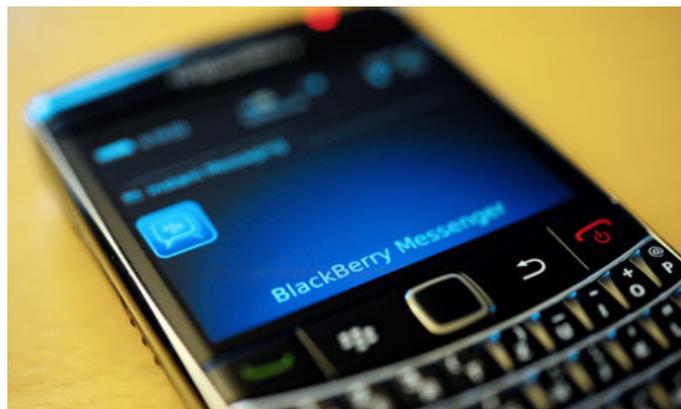
Profits plunge for maker of BlackBerry

Research in Motion saw profits collapse as a lack of new models and low demand for its tablet computer took their toll

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Research in Motion, the maker of BlackBerry, has reported a plunge in profits. Photograph: Oliver Lang/AP

BlackBerry maker Research in Motion saw profits collapse over the summer as a lack of new models, low demand for its tablet computer and the unstoppable rise of the iPhone and Android mobiles took their toll.

Income before tax fell 54% to \$414m (£262m) in the quarter to 27 August, from \$904m in the previous quarter. Revenues fell to \$4.2bn, at the bottom end of the company's own forecasts.

Shipments of BlackBerry phones disappointed Wall Street by coming in at 10.6m, below the 12m that had been expected, leading one analyst to describe the results as a "nail in the coffin" for the management team.

"Overall unit shipments in the quarter were slightly below our forecast due to lower than expected demand for older models," said Rim co-chief executive Jim Balsillie

The next set of results are expected to be make or break for Rim's current top team, and analysts reacted doubtfully to the company's own predictions of a return to growth in the run up to Christmas.

Sales of the PlayBook tablet computer, which launched in mid-April, fell from 500,000 in the first quarter to just 200,000 this quarter. Analysts blamed the fact that RIM had rushed the launch of the PlayBook, releasing it without basic features such as embedded email, calendar and address book applications.

Co-chief executive Mike Lazaridis announced a major software upgrade for the device in October. He said: "PlayBook is well below where we would like it to be. We believe it will be ultimately successful in a market which is rapidly growing."

Rim launched BlackBerry 7 in its biggest lineup of new phones at the end of August, too

late to make an impact on the latest financial results. But management are forecasting sales of 13.5m and 14.5m units in the coming quarter.

They are hoping the sales uplift will be enough to carry Rim through its major transition to a new smartphone operating system, QNX.

QNX is already used in the PlayBook, and the first phones are expected early next year.

Analysts are sceptical Rim can meet its forecasts, which predict revenues to rise from \$5.3bn to \$5.6bn.

Edward Snyder at Charter Equity Research said: "This report is another nail in the coffin of management. I don't think anybody believes their guidance. Management's credibility is at an all-time low. We're well past the point [where] these guys should be replaced."

The reversal in Rim's fortunes has been swift and sharp. The company's revenues nearly doubled in the space of three years, peaking at \$5.6bn in February 2011, but have been in fast decline for three quarters now.

Tavis McCorut at Morgan Keegan & Co added: "It's pretty clear the BlackBerry platform is now in decline. They really need QNX to reinvigorate the business."

Rim shares were down 15.78% at \$27.99 in after-hours trading. They had reached highs of \$70 in February.

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