

# BlackBerry to cut 4,500 jobs as revival effort fails

NEW YORK CITY, USA: BlackBerry said it would cut 4,500 jobs as the struggling Canadian smartphone manufacturer retrenches in the face of hefty losses and weak sales of its new handsets.



The news, showing BlackBerry's efforts at reviving its fortunes have been a stunning failure, pushes the once high-flying firm one step closer to extinction, analysts said.

BlackBerry said it expects a loss of between US\$950m and US\$995m in second quarter mostly due to write-downs linked to poor sales of its Z10 smartphone, the device aimed at competing against Apple and Android devices.

The company's highly-publicised launch of the BlackBerry 10 platform earlier this year failed to ignite sales. The company has said it is examining "strategic alternatives," including a possible sale of the company.

The move is the latest disappointment for a company whose products were once nick-named "crackberries" because of the customer loyalty they fostered.

"The Blackberry of the past is dying or changing and going away," said technology analyst Jeff Kagan who added that only time will tell if BlackBerry vanishes completely or is reinvented, perhaps as part of another company.

## BlackBerry dying?

Mark Sue, analyst at RBC Capital Markets said the financial results were much worse than expected and that the business is facing significant challenges as it tries to rapidly cut costs and reduce the amount of cash it is burning.

The job cuts constitute 40% of the company's workforce and will take staff numbers down to 7,000.

"The loss in the upcoming quarter includes a charge of between \$930m and US\$960m resulting from the increasingly competitive business environment affecting BlackBerry smartphone sales volumes along with a US\$72m restructuring charge," the company said.

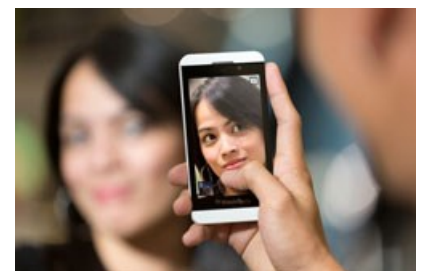
Revenues are projected at US\$1.6bn, well below the US\$3.06bn forecast by analysts. BlackBerry will cut its portfolio from six devices to four and expects to reduce its operating expenses by approximately 50%.

"We are implementing the difficult, but necessary operational changes to address our position in a maturing and competitive industry, and to drive the company towards profitability," said chief executive Thorsten Heins.

"The reorganisation enables BlackBerry to scale back its sales targets and no longer aim to compete at the retail level with Samsung or Apple," said technology analyst Rob Enderle.

"This buys BlackBerry time," Enderle said. "It brings their costs down so that they can hold out waiting for that right buyer or something else."

"BlackBerry is likely to aim to specialise in the professional market where security and speed of communications are more important than video games and other applications," Enderle said. "In business, they still have a very loyal following," he added.



According to International Data Corporation (IDC), BlackBerry's global market share slipped to 3.7% in the second quarter, the lowest since tracking began. Google Android accounted for nearly 80% of the market.

Source: AFP via I-Net Bridge

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