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February 26, 2015 11:50:06 AM

RIM Goes for Broke



RIM's new CEO Thorsten Heins is taking a big risk in dumping many of the company's executives, and that dramatic action alone isn't likely to turn the company around. However, he pretty much had to do something big in light of the horrible financials RIM delivered for the latest quarter and its accelerating downward spiral. The question now is whether Heins may be throwing the baby out with the bath water.

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By Erika Morphy • *E-Commerce Times* • *ECT News Network*

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Research In Motion's recently appointed CEO Thorsten Heins emerged from his self-imposed 10-week quiet period by dropping a number of bombshells. Former co-CEO Jim Balsillie has resigned from the board of directors. Several other executives, including Chief Technical Officer David Yach and Chief Operating Officer Jim Rowan, are also leaving, according to reports.

The layoffs are said to include a number of senior vice presidents and vice presidents as well.



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A Very Depressing Quarterly Earnings Report

Heins simply had to do something drastic. Along with news of the corporate overhaul, the company released yet another dismal financial earnings report. For its fiscal fourth quarter RIM announced revenue of US\$4.2 billion, down 19 percent from \$5.2 billion in the previous quarter and down 25 percent from \$5.6 billion in the same quarter of fiscal 2011. BlackBerry smartphone shipments for the quarter totaled 11.1 million, a 21 percent drop from Q3.

The company posted a net loss of \$125 million, or \$0.24 per share diluted, compared with net income of \$265 million, or \$0.51 per share diluted, in the prior quarter. In the same quarter in fiscal 2011, it posted net income of \$934 million, or \$1.78 per share diluted.

RIM said it would no longer provide financial guidance for future quarters but does expect "continued pressure on revenue and earnings throughout fiscal 2013."

Given these numbers, it was almost mandatory that Heins act decisively, David Johnson, principal with [Strategic Vision](#), told the E-Commerce Times.

"When the economy is picking up and your rivals are posting increased earnings and you are not, you have to do something dramatic," he said, such as cut budgets or promise a new marketing campaign or product initiative -- or in the worst of cases, order an executive shakeup.

The downside to this strategy is that the market will be focused with laser intensity on the next quarterly earnings, said Johnson.

RIM has two quarters to show signs of improvement, at best, he suggested. "If it doesn't, people will say there is a fatal flaw within the company itself, and it can't be salvaged."



Where to Go From Here

Heins laid out the company's future direction in broad strokes during the earnings conference call. Security and the BlackBerry Messenger instant-messaging platform will be part of its focus. RIM will also focus on global growth.

Other options on the table include partnerships and licensing agreements -- possibly even with rivals in the mobile hardware space, Heins said.

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Nor is a sale of the company out of the question, Heins said, though it is not on the road map at the moment.

A Future Filled With Pain

Whatever path the company takes, more pain is coming, predicted Jim Post, a professor of strategy and policy at [Boston University](#) School of Management.

"RIM is in desperate straits," he told the E-Commerce Times. "The business is deteriorating rapidly, the financials won't keep it afloat, and its place in the technology space is being eviscerated."

Heins didn't help matters when he said 10 weeks ago, upon taking the helm, that the company didn't need major changes, Post observed.

Whether he believed that or not, he now knows the facts -- "and they aren't pretty," he continued. "The loss of share price, and total share value, will force investors to demand major change, sale or reorganization. There is no quick fix."

The Danger of Extremity

On the other hand, Heins needs to be careful he doesn't get too extreme, too quickly with his turnaround efforts, warned Patricia H. Lenkov, principal with [Agility Executive Search](#).

"Obviously, he wants to put his own team in there, but this almost seems like a knee-jerk reaction," she told the E-Commerce Times. "Any time there is this amount of change it leads to internal turmoil within the company, and that is not helpful."

Talk of a potential sale is not helpful either, Lenkov continued. "At the end of the day, he is sending two messages: One is that 'RIM is changing directions and will be successful,' and the other is that 'We need to be put up for sale.'"

RIM did not respond to our request to comment for this story. [ECT](#)

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Battle for Yahoo's Board Cranks Up a Notch

March 29, 2012



Is Yahoo once again shooting itself in the foot by declining to seat the CEO of its largest outside shareholder on the board? Not much has gone right for Yahoo since it rejected Microsoft's \$44.6 billion acquisition offer in 2008. "Short of an influx of new blood, which the Third Point bid would provide, Yahoo is likely to continue to decline," said Paul Levinson, a communications professor at

Fordham University.

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yesterday. It needs a new marketing campaign and an updated brand, and it needs them yesterday. It needs a breakthrough, sexy and attractive new product, and it has to catch on like wildfire. Instead, what we see is a process that is taking much too long.

Windows Phone, but it may be the one that enters with the biggest bang. AT&T will begin selling the phone soon for \$99 with contract -- a price that undercuts many comparable phones on platforms like iOS and Android. Will it be enough to give Nokia a strong U.S. foothold for its Windows Phone renaissance?

chance to take BlackBerry 10 for an early spin. The company will soon give software makers the opportunity to use prototype devices featuring an unfinished version of the platform, a finished version of which is slated to go into general release later this year.



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AT&T Puts a Price on Privacy

February 23, 2015



AT&T is making an offer many of its high-speed Internet customers can't refuse: It will knock \$29 off its monthly fee in exchange for tracking permission. AT&T believes customers appreciate the more relevant ads tracking data allows marketers to deliver, and it promises not to share anything really sensitive. Customers who pay the extra fee will see just as many ads,

A123 Lawsuit Asserts Apple in Cahoots With Its Ex-Engineer

February 20, 2015



The suit is facing an uphill climb, precisely because it appears to be primarily focused around the non-compete agreements, said Peter Toren, partner at Weisbrod Matteis & Copley. "It is difficult to curtail someone's right to move from one company to another, unless the former company can show that these employees

Retail Shoppers Get More Satisfaction Online

February 19, 2015



American consumers appear to enjoy shopping online more than in brick-and-mortar stores, but the latest ACSI results don't paint a black-and-white picture. For example, even though Amazon's score of 86 is awesome, it's actually down two points from the year-ago quarter. Challenger Walmart has gained points for its online operations -- but it holds the lowest ACSI score

but they won't be targeted.

have to disclose trade secrets to do their new jobs," he said.

for its stores, a dismal 68.

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