

BlackBerry Maker Tries To Soothe Angry Customers

Rob Gillies, Associated Press

TORONTO (AP) — The maker of the struggling BlackBerry tried to soothe tens of millions of frustrated customers Monday, offering more than \$100 worth of free software to each one and giving some a month of technical support as compensation for last week's massive outage.

But some BlackBerry users and experts cast doubt on whether the freebies from Research In Motion would be enough to keep people from abandoning the tarnished brand in favor of more popular smartphones.

"Most of the people that use BlackBerrys are business people and all they care about is: 'Does it work?'" said Chris Allen, a cable technician in Fall River, Massachusetts.

The free software will be made available over the coming weeks on BlackBerry App World. The premium apps, which typically cost \$5 to \$15 each, include programs such as iSpeech Translator and the games "Bejeweled" and "Texas Hold'em Poker 2."

The offer runs until the end of the year. The free technical support will be available to corporate customers.

The blackout began when a crucial traffic-routing computer failed in Europe. A backup also failed, causing a cascade of problems all over the world that interrupted email and Internet services for many, if not most, of the company's 70 million users for three days.

The disruption could not have come at a worse time for RIM as it struggles to compete with Apple's iPhone and with smartphones running the Android system from Google Inc.

Apple Inc. released a new iPhone model Friday, quickly selling 4 million of the devices — more than the average number of BlackBerrys RIM sells per month.

RIM is also in the process of transitioning to a new operating system, a major undertaking that introduces even more uncertainty.

Jim Balsillie, one of the company's co-CEOs, acknowledged Monday that the manufacturer is under intense pressure. But he defended the handling of its worst-ever outage and noted that RIM has survived rough times before.

"This is something we would like to offer as our form of thanks," Balsillie said.

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Balsillie and co-CEO Mike Lazaridis did not comment publicly until Thursday morning, four days after the interruption began.

John Crean, national managing partner of Nation Public Relations, the largest public-relations firm in Canada, said RIM was too slow to react.

"They should have had their CEOs out earlier and more visible," Crean said.

In the first days of the crisis, Balsillie said, he was busy trying to find the root of the problem and didn't have time to comment. He said he was in the Middle East and spent day and night on the phone with customers and carriers.

"The most important thing is staying connected to the ecosystem and making sure you're on what's the root cause. If you spend more time on PR, it's less time finding the root cause," Balsillie said.

Crean said the latest crisis only adds to the woes of a company that has steadily lost the cachet of having the must-have smartphone.

"The brand has diminished significantly in the last year, and this is not helping at all," Crean said.

The app offer is a good tactic, Crean said, but by no means a strategy to repair the brand. He said he still has not heard what sort of action, if any, is being taken to prevent another blackout.

When service went out Wednesday in the United States, Allen worked around it by using a third-party Web browser that wasn't tied to BlackBerry's network.

Still, he's pretty sure he will get another BlackBerry when his phone contract is up next year.

"There's nothing that can beat a BlackBerry for productivity," Allen said.

Vandana Mehra, who works for the World Bank in the Indian capital of New Delhi, thought the free apps were "kind of ludicrous." Her apps tend to crash, and she doesn't use them much.

The outage was just the latest in a string of problems for RIM, which has faced product delays, poor reviews and disappointing sales. The company's stock is more than 80 percent off its high three years ago.

Shares of Research in Motion Ltd. slumped Monday more than 6 percent, or \$1.57, to \$22.40. Earlier this year, shares traded around \$70 each.

Although BlackBerrys have dominated the corporate smartphone market, their popularity among consumers has been short-lived. Many U.S. users have moved on to phones with big touchscreens like the iPhone and various competing models that

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run Android.

RIM's Playbook tablet computer has also been a major disappointment. RIM said about 200,000 of them sold last quarter — far short of what analysts had expected. And that number paled in comparison to the top-selling iPad, of which Apple shipped 9.3 million units during its most recent quarter.

Peter Misek, an analyst at Jefferies & Co. in New York, said much of RIM's future depends on releasing new BlackBerrys with the company's new QNX operating system, designed to compete with iPhones and Android phones.

RIM has delayed the launch of new QNX phones for months, but Balsillie suggested there could be an announcement on Tuesday, when Larazidis is due to talk at a big apps-development conference in San Francisco.

Balsillie said the new software "leap-frogs the mobile industry" and helps position RIM for the next decade.

This is not the first time the company has stumbled with its future at stake. RIM overcame doubts when it went public 14 years ago and then again during the tech crash 11 years ago. At one point, a patent dispute threatened to shut down BlackBerry service in the U.S. until the company settled in 2006.

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