

Analysts: New Software Won't Save RIM

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NEW YORK (AP) — In the trend-setting North American market, BlackBerry phones have gone from must-have messaging toys to outdated clunkers —all in the space of a few years. The new CEO of Research In Motion Ltd., the company behind the phones, says it can claw its way back to the top with new software, but analysts are deeply doubtful.

The two co-CEOs of the Canadian company resigned Sunday. The new CEO is Thorsten Heins, who was the company's chief operating officer.

Even though the company is in deep trouble and has seen its stock price fall 89 percent from the all-time high it hit in 2008, Heins said Monday that his appointment means "no seismic change" for the company. He's confident in the course laid out by his predecessors, which hinges on the software revamp.

The new software is called BlackBerry 10, and it's due in new smartphones late this year. For BlackBerry fans, it should be a welcome upgrade. It's based on QNX, an industrial-grade operating system that runs devices that need to be very reliable, like core Internet routers and anesthesia monitoring devices.

That means it's a stable platform that can give BlackBerrys a new look and new capabilities. BlackBerry 10 will have a completely new user interface, built from the ground up for touchscreen input and "very fluid," Heins said in an interview.

But it amounts to BlackBerry tossing out its own quirky, outdated software, first introduced in 1999, and adopting a slick, touch-oriented operating system, much like Android, Google Inc.'s popular smartphone software, and the software on the iPhone.

Heins said BlackBerry 10 is "extremely competitive" and insisted that RIM is "not in a catch-up race" with the makers other mobile operating systems. He emphasizes that BlackBerry 10 will offer "multitasking," or the ability to run several applications at the same time. This is something Google Inc.'s Android software and the iPhone operating system offer in a limited fashion.

Phone software developers generally stay away from full multitasking because it can shorten battery life considerably. Improved multitasking was one of the hallmarks of Palm Inc.'s webOS when it launched in 2009, but that didn't save it from obscurity.

One thing that could entice buyers: the new software will expand the choice of applications greatly, by running ones written for Android. There are hundreds of thousands of such apps, but it's unclear how many of them will run on BlackBerry 10 without modification.

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The PlayBook, RIM's tablet computer, already runs an early version of BlackBerry 10. RIM had huge hopes for the device when it put it on sale in April, but quickly had to slash the price. In December, the tablets that originally cost \$500 were selling for \$200, below the cost of making them. RIM wrote off \$485 million worth of inventory.

The PlayBook also illustrates the big challenge RIM is facing switching operating systems. It launched without an email program, apparently because it's very difficult to get QNX to work with the RIM servers that shunt emails around.

Application developers will also have to relearn their tools to write programs for BlackBerry 10, which could prove a big hurdle.

"The platform risks suffering from the same chicken and egg problem as many others— users won't buy a device without any apps, and developers won't develop for a platform without any users," said Jan Dawson, an analyst with Ovum.

But the main problem analysts see with BlackBerry 10 is that the phones are set to come out so late. They were originally slated for early this year, but pushed to late this year. The company said that was because the right chips weren't available. When they come out, it will be more than five years since Apple released the first iPhone and set a new standard for phone software.

And even if BlackBerry 10 makes the phones more competitive, that doesn't mean it can reverse RIM's fortunes. Analyst Tavis McCourt noted that the history of phone makers who fall on hard times and try to turn things around is not encouraging.

"In fact, it is hard to think of a single successful case in the smartphone era," he wrote.

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