

BlackBerry Weighs Putting Itself Up For Sale

Rob Gillies, Associated Press

TORONTO (AP) — [Struggling smartphone maker BlackBerry](#) [1] will consider selling itself.

The company said Monday that its board has formed a special committee to explore "strategic alternatives" in hopes of boosting the adoption of its [BlackBerry 10](#) [2] smartphone.

The company said its options could also include joint ventures, partnerships, or other moves.

The Canadian company's stock jumped 5.7 percent to \$10.32 Monday morning.

BlackBerry Ltd. has been hammered by increased competition from its Apple and Android-based rivals. In January, BlackBerry unveiled new phones running a revamped operating system called BlackBerry 10 designed to better compete, but its market share continues to lag.

BlackBerry also announced Monday that board member Prem Watsa, the company's largest investor, resigned from the board "due to potential conflicts that may arise during the process."

Watsa has said that he's a "big supporter" of current CEO Thorsten Heins, and he would be an obvious bidder for BlackBerry. He has said that he believes BlackBerry can turn itself around, but that it might take three to five years. He's the founder of insurance company Fairfax Financial Holdings Ltd. and is one of Canada's best-known investors.

The BlackBerry, pioneered in 1999, had been the dominant smartphone for on-the-go business people and other consumers before the iPhone debuted in 2007 and showed that phones can handle much more than email and phone calls.

The company faced numerous delays modernizing its operating system with the BlackBerry 10. During that time, it had to cut more than 5,000 jobs, and shareholder wealth declined by more than \$70 billion.

Monday's announcement marks the second time BlackBerry has said it has hired bankers to help weigh its options since Heins became CEO in early 2012. Heins had said then he was not actively looking to sell BlackBerry, but said he wanted to be prepared.

BGC Financial analyst Colin Gillis said if BlackBerry is able to go private this time it would allow management to focus on a turnaround and get out of the glaring public spotlight.

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Watsa, partnered with some financial backers like a pension fund, are likely bidders, Gillis said. He said technology companies like Apple, Google or Microsoft would not be interested because already have their own mobile platforms.

"Anyone who is a player in the space has taken a sniff and moved on," Gillis said. "Now you've got financials."

Gillis also said he doesn't see Canadian or U.S. regulators allowing BlackBerry to be owned by a Chinese company. Major clients like the U.S. Department of Defense would abandon the company, he said.

"Its core reputation for security would fall apart really fast," Gillis said.

BlackBerry said in its release that there can be no assurance that the exploration process will result in any transaction and declined further comment unless and until its board approves a specific sale or concludes a review of strategic alternatives.

JP Morgan Chase & Co. is serving as its financial adviser and Skadden, Arps, Slate, Meagher & Flom LLP and Torys LLP are legal advisers.

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