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RIM's Slippery Road Is Just Ahead

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NEW YORK ([TheStreet](#)) -- Investors, brace for a slowdown in **Research In Motion (RIMM)**.

Looking beyond the solid November quarter numbers RIM is expected to report after the bell, Wall Street is concerned about the BlackBerry maker's outlook for the February quarter.



Strong BlackBerry Torch and Curve sales going into the holidays likely helped RIM crush the 14 million phones-shipped target for its fiscal third quarter ended last month. But it's the road ahead that investors are worried about.

As **Motorola (MOT)** [showed in October](#), the smartphone landscape is changing, thanks mostly to the impending arrival of **Apple's (AAPL)** iPhone at **Verizon (VZ)**.

The fear for RIM, which has sold as much as 75% of its phones through Verizon, is that its BlackBerry will get bumped off the shelves in favor of the [Verizon iPhone](#).



Analysts expect RIM to post adjusted earnings of \$1.64 a share on \$5.4 billion in sales for the November quarter. Looking ahead at the February quarter, analysts expect adjusted earnings in the post-holiday season to dip to \$1.60 a share on sales of \$5.47 billion, according to Yahoo! Finance.

The big focus will be on the company's forecast for gross margin and number of phones it expects to sell in the February quarter. Analysts expect gross margins to remain in the 42% range and for phone shipments to also stay in the 14 million range. Anything much below that will be seen as more evidence that RIM may be [doomed in a race](#) dominated by Apple and **Google** (GOOG) Android phones.

RIM executives are expected to offer more updates on the PlayBook tablet that will launch early next year. Investors and analysts will also listen for clues to any new RIM phones that will help keep the sale pump primed.

But that's a very high expectation for a company that is currently between operating systems and is largely coasting on the momentum of its old models.

"Absent a realistic answer to concerns about the viability of its e-mail product or the prospects for a competitive high-end smartphone, we don't see the stock posting another run on the quarter report," wrote Charter Equity Research analyst Ed Snyder in a note Wednesday.

In other words, Wall Street needs to hear how RIM will defend against the expanding Apple iPhone empire.

RIM shares are up 30% since it posted blowout numbers in September, but they have slipped 3% in the past week as shareholders grow leery of the Verizon challenges ahead.

--Written by Scott Moritz in New York.

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