

BlackBerry PlayBook launches

Will 'professional' grade tablet succeed? Where will RIM be if it doesn't?

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Research in Motion Ltd.'s much anticipated PlayBook tablet hit stores Tuesday, marking what the company calls an "extremely important" step outside the smartphone sphere.

All eyes are on how the PlayBook will measure up in a market dominated by Apple's popular iPad, which debuted its second version in March.

The PlayBook has already faced a week of lukewarm reviews emphasizing features still missing days before launch, such as email software. RIM also received some negative publicity when co-CEO Mike Lazaridis abruptly ended a BBC interview last week.

Questions have been raised about whether the PlayBook can succeed given its placement in the market and the timing of its launch — and what the implications are for RIM's future.

Craig McLennan, RIM's managing director for North America, said the Waterloo, Ont.-based tech giant, sees the launch of the PlayBook as "extremely important to us."

"It opens the door into a whole new category where we can bring the capabilities that we've demonstrated in the smartphone market to a whole new user community," he added.

Jim Balsillie, Lazaridis's co-CEO counterpart, acknowledged in an interview with the New York Times last week that transitioning to a new platform is a difficult task that few companies other than Apple have succeeded at: "This transition is where tech companies go to die."

But McLennan expressed confidence that the timing and conditions are right for RIM's move. "The advantage of entering a new sector like this is it's rapidly growing. There's room for everyone in this space, in my mind," he said. "And we're going to really, really excel in this space."

PlayBook success not critical: analysts

Ed Snyder, managing director of Charter Equity Research, agrees a move into tablets is "probably essential" for RIM in the long term, but says the timing isn't great.

"Given RIM's weakness in smartphones, which is their core business, anything that drains resources away... is probably not a good thing," said Snyder, who has been following the company on and off for 15 years, and was at Montgomery Securities when the firm took RIM public.

But he doesn't think the PlayBook's fate represents a "do or die scenario" for RIM.

"They've got time...If the PlayBook's a flop, RIM's not going to spiral into the ground."

Snyder said what's less important than the PlayBook itself is the success of its operating system, QNX, which is expected to drive the next generation of BlackBerry smartphones.

Ottawa-based QNX Software Systems, purchased by RIM in 2010, has a reputation for reliability and its software been used in control systems for vehicles, airplanes and nuclear reactors.

Richard Tse, a technology analyst for Cormark Securities, said making sure QNX works without any glitches is "very important." In addition to QNX, the PlayBook is expected to be able to run Android apps later this year.

Actual sales of the PlayBook are less crucial, Tse thinks, but the company must focus on smooth marketing and distribution: "I'd say they've had their challenges in the past few years. I don't think they can afford to make any missteps here."

Snyder expressed concerns about apps missing when the PlayBook launches — it doesn't have its own email, calendar or contacts software, relying instead on its connection with a BlackBerry smartphone for those functions.

"They'll be judged on how quickly they roll out other features and how well those other features work."

Apple has a huge lead in the tablet market - the company sold 17.6 million iPad tablets in 2010 and is expected to sell 70 million in 2011, reported market research firm Gartner earlier in April. RIM is expected to capture just 5.6 per cent of the market in 2011, with its share growing to a "modest" 10 per cent, said Gartner analyst Carolina Milanese.

RIM's McLennan emphasized that the consumer-focused Apple has "a different product."

RIM is promoting the PlayBook as "the world's first professional grade tablet," although the company insists it is targeting both businesses and consumers.

Wooing consumers

Snyder doubts the PlayBook will appeal to consumers due to its reliance on the BlackBerry smartphone for so much of its functionality.

But he says RIM needs to be successful with consumers in order to grow the company and its share price.

Others disagree that wooing large numbers of consumers is necessary, given the reputation and relationships the company has built in the business market with its smartphones.

Tse noted that there are 50 million BlackBerry subscribers.

"If they penetrate a fraction of that market [with the PlayBook], it would be meaningful," he said.

Jeff Orr, senior practice director for mobile devices at ABI Research, thinks it's unfair to compare the PlayBook to the iPad.

"To say that nobody will be interested in a truck because cars are dominant is missing the point, which is that not everybody wants a car."

He thinks the PlayBook targets an audience that RIM understands and where there are new opportunities, such as replacing clipboards on factory floors. That's where the company should focus, he said.

"And if along that way consumers start considering RIM, then RIM has done a really good job of being more than they envisioned."

Orr said the company's success will depend on whether the PlayBook is adopted by their core market. He added, "I don't think it's something we'll necessarily know this year."

With files from Harvard Gould and Emily Chung