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# Instant View: RIM slashes forecasts, Microsoft profit climbs

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LOS ANGELES (Reuters) - Research in Motion cut its quarterly earnings and revenue forecasts, expecting to ship fewer BlackBerry smartphones.

Also on Thursday, Microsoft Corp reported a dip in quarterly sales of its core Windows operating system, mirroring a recent downturn in personal computers and sending its shares down slightly.

Commentary:

Research in Motion:

ALKESH SHAH, ANALYST, EVERCORE PARTNERS

"Operators are bringing inventory levels even further down ahead of new products. Emerging market operators might have had even higher inventory levels.

"Now they're bringing them down."

JOHN JACKSON, ANALYST, CCS INSIGHT

"Their exposure to higher-end Android and of course Apple in mature markets has been fairly well documented. I think they've surprised the street for the past couple quarters with very good execution in emerging markets and their ability to extract margin from lower ASP devices. That's a testament to their effective product-mix management and new market execution.

"But it doesn't fix their lack of hero devices in their core markets.

"I'm sure RIM understands that there are serious gaps in their portfolio, and I'm sure that the transition to QNX -- the OS that runs the new PlayBook tablet -- is one in a series of measures put in place to address this. But it's likely that this warning is a direct reflection of the cost of transitioning platforms.

"At some level if you miss a few product cycles, you have to expect to take some lumps before you can mount a comeback. Those new products and perhaps a revitalized set of services can't come soon enough. We'll see what they have to say at BlackBerry World, their annual conference next week."

ALAN LANCZ, PRESIDENT, ALAN B. LANCZ & ASSOCIATES INC

"They're guiding down and feeling the heat from Apple and the Android with Google. It will be interesting to see how the market reacts."

EDWARD SNYDER, ANALYST, CHARTER EQUITY RESEARCH

"This is the beginning of the slide. The competition on the smartphone side of the business is getting very intense and they've not been able to field a decent smartphone, so they're going to start losing ground here.

"Increasingly, RIM is being relegated to the low-end, quasi-smartphone. Without a flagship touchscreen, high-end smartphone, they are going to continue to lose traction.

"It's going to be like air coming out of a balloon slowly."

Microsoft:

TRIP CHOWDHRY, MANAGING DIRECTOR, GLOBAL EQUITIES RESEARCH:

"This is the best they can do in the industry they have. The quarter was almost in line.

"There is nothing to get excited about. But 2012 is going to be much weaker versus 2011. It's all about innovation and the pace of innovation. The question to ask is: is there any product line in Microsoft that they are not playing catch up on?"

COLIN GILLIS, ANALYST, BGC FINANCIAL

"The stock is clearly a value play. They executed quite well.

"The concern is PC markets are being disrupted. There's some validity. But it's also overblown when you factor in that Windows 7 is the fastest-selling OS in history.

"There was \$4.5 billion in (Windows) revenue. They missed by \$100 million. Windows 7 is the fastest selling OS in history -- you've got to put it in perspective. Tablets are not going to replace PCs. Ok, they are definitely eating into laptops in some markets. But Microsoft will be in that game.

"You're going to see Windows 8 come in September, that's going to help offset the tablet concerns, because it's going to run tablets.

"December quarter set a record for PC shipments. They've been weaker in this quarter. But an all-time record was set just 90 days ago. Everyone's seen the IDC data. Intel came out and said PC shipments are going to be low single-digits. PCs are a mature market now.

"So the stock is off a little bit after hours, but it's been climbing up last couple of days. Most importantly, they gave really good op-ex guidance for next year. I was worried a little bit that the Nokia expenses they took out would creep up expenses."

PATRICK BECKER, PRINCIPAL, BECKER CAPITAL MANAGEMENT:

"The highlight would be continued strength in enterprise, which we are seeing in Microsoft and which we saw in Intel and some of the other companies.

"The company continues to execute very well and doesn't seem to get credit for it within its valuation."

CHANNING SMITH, CO-MANAGER, CAPITAL ADVISORS GROWTH FUND

"It's hard to get excited about the Microsoft story when there are more exciting growth opportunities in the marketplace.

"With that said, Microsoft to me is no longer a growth stock but it is a very attractive value stock. They continue to generate tremendous free cash flow. Their balance sheet is really unmatched.

"What you will begin to see is a shift away from growth investors, you are seeing that transition where Microsoft is in no man's land, but I think they will become increasingly more attractive to value investors."

(Reporting by [Alexei Oreskovic](#) and [Poornima Gupta](#) in San Francisco, [Alastair Sharp](#) in Toronto, [Tarmo Virki](#) in Helsinki and [Caroline Valetkevitch](#) and [Kenneth Li](#) in New York)

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