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Monday, April 2, 2012 8:35 AM EST

RIM CEO Rethinks Strategy as BlackBerry Maker Posts \$125 Million Loss

By ranina sanglap

When Thorsten Heins stepped in for departing co-founders Jim Balsillie and Mike Lazaridis as Research in Motion's new CEO, he faced the uphill task of rejuvenating a company that has been on a steady downward slide. Now with RIM posting a dismal performance last quarter Heins announced a strategic overhaul and the possibility of a future sale of the company.

The Canadian company reported a quarterly net loss of \$125 million in the fiscal fourth quarter. This is down from the \$934 million or \$1.78 per share a year ago. Revenue fell from \$5.6 billion to \$4.2 billion.

Heins announced that the company will review strategic opportunities including partnerships and joint-venture licensing which could release software and features that will be incorporated into RIM's own line. The company will also focus its consumer efforts on RIM's traditional strengths, the corporate market.

"We can't do everything ourselves but we can do what we're good at," said Heins during a conference call with analysts.

"We believe that BlackBerry cannot succeed if we tried to be everybody's darling and all things to all people," Heins said. "Therefore we plan to build on our strength."

The shift in strategy also included a shake-up in management as Jim Balsillie stepped down from board and chief technology officer David Yacht and Jim Rowan, chief operating officer for global operations also resigned. Heins said that he has not ruled out a sale of the company but it is not the main direction the company intends to pursue.

RIM has been struggling in the smartphone market against such goliaths like Apple and Google's Android mobile phones. The company only shipped 11.1 million BlackBerry smartphones in the last quarter down 21 percent from the third quarter. RIM has also struck out in the tablet market selling only 500,000 of its PlayBook tablets in the fourth quarter.

RIM has sought to recharge its line with its new BlackBerry 10 system but the OS release has faced numerous delays. The company has also lost ground in its core market as more businesses demand Apple's iPhone or Android smartphones for corporate use.

"Ultimately, RIM is taking half measures, baby-stepping their way to a reorganisation and they're not moving fast enough," said Ed Snyder, an analyst with Charter Equity Research. "They need a wholesale change in the culture and the management of the company."