

BlackBerry to axe 4,500 staff: what the analysts say

BlackBerry shares slumped on Friday after the troubled smartphone maker said it will slash 4,500 jobs and lose almost \$1bn in the second quarter. Here is what a few analysts had to say of the announcement.



BlackBerry sales of 5.9m were still short of expectations for 7m under the company's old reporting method Photo: Alamy

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Ryan Cram, analyst at Charter Equity Research

"It's obviously a disaster. They're pre-announcing half the revenue the street expected this quarter."

Part of that shortfall may stem from a change in how the company recognizes revenue, by recognizing only end-customer sales rather than sales into the channel, he said.

"Switching to a sell-out number reflects what customers are actually buying."

BlackBerry sales of 5.9m were still short of his expectation for 7m under the company's old reporting method.

"The number probably keeps shrinking in the future and that's probably why they're making this change."

The restructuring "makes sense from a survival standpoint. That's really what they're trying to do these days. It just shows the dire situation they're in. It's going to be tough for them to overcome."

Keeping entry level phones suggests they're still trying in emerging markets. But he said the outlook was not good for them in emerging markets either.

"Android is cleaning up in the emerging markets space. Samsung is just eating everybody's lunch. Everybody who's run into trouble has tried to revive their brand. It's been nearly impossible," he said, referring to Ericsson, Siemens and Nokia.

James Faucette, analyst at Pacific Crest Securities

"They're trying to arrest their slide by cutting headcount. I think that's going to make it really difficult. There's also some hope that by taking these steps right now, it helps clean things up for any type of potential deal or acquisition that they've been very forthright about seeking.

"It's still a really hard business to acquire. It's probably going to find limited value for most potential buyers. They're in a really, really difficult position.

"I don't think [what they're doing now] will work, but I don't think anybody could do much better with it and that's why it's a hard business to acquire.

"I honestly believe that they're trying their best to preserve things for as many people as they can, but it's a very, very hard market."

Amitabh Passi, analyst at UBS

"The revenue and device shipment numbers are pretty surprising given how weak it is. I think many of us were expecting a pretty difficult quarter, but this much worse than we anticipated.

"They have to do something. To me the fact that they are exploring a sale is the only real alternative at this point. I think in the meantime, the fact that they are cutting operating expenditures deep is the best they can do to try to stabilise this ship."

Colin Gillis, analyst at BGC Partners

"The company has sailed off a cliff. What do you expect when you announce you're up for sale? Who wants to commit to a platform that could possibly be shut down?"

BlackBerry's 3.7m unit shipments were roughly half what he said he expected. But their plan to restructure the company and narrow its focus is "reasonable".

"It has to be done," he said.

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