



Could BlackBerry Stop Making Handsets?

Description

If **BlackBerry** ([TSX: BB](#))(Nasdaq: BBRY) CEO John Chen has made one thing clear, it's that nothing is off the table. He's already introduced numerous changes in his efforts to turn the company around, and most recently suggested that BlackBerry could stop selling smartphones altogether.

He was clearly speaking in hypotheticals, saying only that BlackBerry would stop selling handsets if it couldn't be done profitably. But the statement still generated plenty of buzz, because it was the handset business that made the company famous in the first place.

Shifting focus

Ever since Mr. Chen took over as CEO, he has focused on BlackBerry's core strength, which is security. It is this advantage that Mr. Chen hopes to leverage with corporations. After all, he constantly reminds people that after German Chancellor Angela Merkel got her phone hacked, she switched to BlackBerry.

Security is of course critical to all organizations, which is good news for BlackBerry. The bad news is that more and more companies are allowing workers to bring their own devices into the office. And most of these people are bringing in iPhones or Android handsets.

Mr. Chen has clearly recognized that if BlackBerry wants to be the leader in mobile device management, the company needs to apply its services to all phones. His comments about exiting handsets are only the most recent example.

Already deemphasizing handsets

Mr. Chen has already shifted the company's focus away from handsets, by outsourcing their production to Taiwanese manufacturer Foxconn. The move has allowed BlackBerry to bring down its costs significantly in the handsets business. In fact Mr. Chen said recently that the company could break even on handsets by selling 10 million units per year.

At first, this seems like a big number. After all, the company shipped only 2 million units last quarter.

But back in 2011, the company shipped over 52 million.

Not so fast

Predictably, Mr. Chen's comments were taken out of context. He was only stating the obvious; there is no reason to be in a business if it's destined to be a money loser. But on Thursday he had to walk back his comments, clarifying that "I have no intention of selling off or abandoning this business any time soon." So BlackBerry diehards, you can breathe a sigh of relief. For now.

Foolish bottom line

This is not the first time that Mr. Chen has spoken in hypotheticals. When asked if he would sell BBM for \$19 billion (like Whatsapp did) he said of course he would. But that does not mean it will actually happen.

Instead, investors should take this as yet another sign that Mr. Chen is willing to do anything to turn around the company. Nothing is sacred, which for a company like BlackBerry is a very good sign.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
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Author

bensinclair

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