



Will Google Beat BlackBerry At Its Own Game?

Description

Here's a riddle: How do you beat Kobe Bryant in a game of 1-on-1? It's simple: Don't play him. It's a philosophy that applies very well in the business world, one that says you should only compete where you have a leg up on the competition.

And that is exactly what CEO John Chen is trying to do as he turns around struggling smartphone maker **BlackBerry** ([TSX:BB](#))([Nasdaq:BBRY](#)). In addition to focusing on enterprise services, Mr. Chen is focusing on providing low-cost handsets to emerging markets like Indonesia, and is also focusing on leveraging BlackBerry's QNX operating system for in-vehicle technology.

Here comes Google

This is where the analogy starts to look a little shaky. Because while Kobe Bryant is happy to focus on one sport, **Google** ([Nasdaq:GOOG](#)) is determined to win in numerous markets, and that includes the ones where BlackBerry specializes. This became all the more clear recently when Google unveiled Android One, an operating system meant to work with low-cost handsets. The search giant also announced a new Android Auto offering for in-vehicle technology.

So what effect will this have?

There is no denying the fact that this is bad news for BlackBerry — not because this is Google's specialty, but rather because the company has such deep pockets. With a market capitalization of nearly \$400 billion (USD) and net income last year of nearly \$13 billion, Google can afford to spend what is necessary to win in this market. And winning is something that Google is very accustomed to.

There are other reasons to fear Google. One is that the company's real money-maker is search and advertising. This is why the company is willing to give away Android practically for free – it helps boost Google's real source of revenue. Competitors can then only watch as the industry becomes less profitable. If Google has the same attitude towards in-vehicle technology, then that could spell further trouble.

Another reason to fear Google is its brand power. The company has a very good impression with

consumers, which will certainly help Android One, and will also help with its in-vehicle technology.

So what does this mean for BlackBerry?

While this should be worrying for BlackBerry shareholders, it should not be surprising. Google and **Apple** were never going to stand idly by as Mr. Chen cornered BlackBerry's strongest markets. In the future, expect to see some headlines about Google and Apple making big improvements in security, and some headlines about them pursuing the enterprise services market, too.

And if you're not prepared for that scenario, you shouldn't be a BlackBerry shareholder.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:GOOGL (Alphabet Inc.)
2. NYSE:BB (BlackBerry)
3. TSX:BB (BlackBerry)

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