



Does the Apple/IBM Deal Mean the End of BlackBerry?

Description

Apple ([NASDAQ: AAPL](#)) and **IBM** ([NYSE: IBM](#)) are teaming up to target **BlackBerry's** ([TSX: BB](#)) (NASDAQ: BBRY) last stronghold, the enterprise mobility market.

The two tech giants have announced a partnership to develop more than 100 enterprise mobility solutions aimed at companies that are still loyal to BlackBerry. The joint venture will produce new iPhone and iPad apps specifically designed for companies that require 24/7 security and reliability.

The three key components are:

- IBM cloud services optimized for iOS to provide superior levels of security, device management, analytics, and mobile platform integration.
- A new AppleCare support and service network designed specifically for enterprise customers.
- New packaged offerings from IBM.

The apps will be built with the objective of helping companies use iPhones and iPads to work more efficiently and deliver better levels of customer satisfaction.

Why is this important for BlackBerry?

BlackBerry still commands a leadership position in the enterprise mobile solutions market and CEO John Chen's turnaround plan hinges on BlackBerry's ability to defend its position in this segment of the mobile industry.

Here are three reasons why I think investors should now avoid BlackBerry.

1. IBM's relationships

IBM's strong relationships with the world's largest companies will allow it to package the new products with existing offerings. In fact, under the agreement IBM will sell iPhones and iPads directly to its global network of clients.

This is bad news for BlackBerry because enterprise customers have longstanding relationships with trusted 'Big Blue'. As companies look for ways to streamline tech purchases and cut costs, IBM will be perfectly positioned to offer the new mobile products at a discount as a means to entice corporate clients to buy a broader package of enterprise solutions.

2. Apple's cool factor

Companies are constantly under pressure from employees who want to use their Apple mobile devices for work. The security that BlackBerry provides has been the main reason many companies have not allowed this to happen. With the new deal between IBM and Apple, IT departments are more likely to be comfortable with the new security solutions and this puts BlackBerry further at risk.

3. BlackBerry takeover premium

Many investors are buying BlackBerry because they see it as a prime takeover target. IBM and Apple were two of the big names the market thought would be kicking BlackBerry's tires. The new joint venture removes IBM and Apple from the suitor list, and other possible buyers such as **Google** and **Microsoft** may now decide it isn't worth the investment to try to battle IBM and Apple for control of this segment of the market.

BlackBerry is trying hard to find a niche where it can exist as a competitive and profitable company. It is my opinion that the IBM/Apple partnership makes it less likely BlackBerry will be able to survive.

Fool contributor Andrew Walker does not own shares in the companies mentioned in this article.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:AAPL (Apple Inc.)
2. NASDAQ:GOOGL (Alphabet Inc.)
3. NASDAQ:MSFT (Microsoft Corporation)
4. NYSE:BB (BlackBerry)
5. NYSE:IBM (International Business Machines Corporation)
6. TSX:BB (BlackBerry)

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