

BlackBerry loss widens, reorganises manufacturing

OTTAWA, CANADA: BlackBerry confirmed it fell deeper into the red in the past quarter as the struggling smartphone manufacturer unveiled a new manufacturing partnership and a revamped organisational structure.



Sales of the BlackBerry Z10 have failed to attract millions of new users. Image: BlackBerry

The Canadian firm reported a massive US\$4.4bn loss in its third quarter, four times higher than in the previous quarter, as smartphone sales slumped by half.

The company also unveiled a five-year partnership with Foxconn, described as the world's largest manufacturer of electronic products and components, as BlackBerry targeted emerging countries.

Foxconn will jointly develop and manufacture a number of new devices and help manage inventory - an area where BlackBerry has struggled.

According to BlackBerry, the new partnership demonstrates its long-term commitment to selling smartphones, after speculation that it might abandon device sales to focus on software and services.

BlackBerry has made repeated public pleas this past year for customers to stick with it amid forecasts of its impending demise.

The company attributed the extent of its quarterly loss to a US\$4.6bn charge for an inventory write-down and other one-time costs.

Sales just keep on falling

But the company is also seeing its sales plummet, with third quarter revenues of just US\$1.2bn, 56% lower than a year earlier.

The company sold just 1.9m smartphones in the quarter, nearly half the figure from the previous quarter, suggesting the release of the Z10 handset - a touchscreen device aimed at competing against Apple and Android rivals - had failed.

But the company said that 40m new iOS/Android users have registered over the past 60 days to use its messaging system.

This was the first financial report since John Chen was slotted into BlackBerry's top job in a management shakeup that also saw several top executives depart.

Chen said BlackBerry's enterprise services for organisations and its messaging products are in good shape, and its most immediate challenge is to turnaround its handset business.

Major challenges remain

"We have accomplished a lot in the past 45 days, but still have significant work ahead of us as we target improved financial performance next year," Chen said.

He said BlackBerry is financially strong and has a broad and trusted product portfolio to work with.

"With the operational and organisational changes, BlackBerry has established a road map that will allow it to target a return to improved financial performance in the coming year," he vowed.

BlackBerry still has some 70m subscribers worldwide, but most of these are using older handsets, with newer devices on the BlackBerry 10 platform failing to gain much traction.

Technology analyst Jack Gold said the partnership with Foxconn should help BlackBerry both financially by lowering costs and with new designs for the emerging markets where they still have a major presence.

But he noted that the company still has a way to go to achieve turnaround.

"The new management restructuring will help, but the primary challenge is to stem the losses in devices and get more people interested in the higher-end devices, which is not happening at the moment," Gold said.

Source: AFP via I-Net Bridge

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