

Week 10 Group Report

Assignment Title: Information Systems Analysis of Blockbuster and BlackBerry

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- **Summary :**

This report considers the story of Blockbuster and BlackBerry: their rise and fall and those information systems that played a central role in those circumstances. Blockbuster, once the behemoth of video rentals, couldn't compete with the change in consumer behavior of digital streaming. BlackBerry pioneered secure enterprise communication but is being rapidly outcompeted by more consumer-oriented systems like Apple and Android. Their analysis entailed an assessment of their respective historical contexts, the use and integration of information systems, a SWOT analysis of their strategies, and lessons learned. Through these case studies, the report will derive some useful insights for businesses attempting to embrace technology within an ever-evolving environment. (Pierce, 2021)

- **Introduction :**

With ever-advancing technology, adaptability is key to any business surviving and maintaining competitiveness (Smith, 2021; Laudon & Laudon, 2022). Companies like

Blockbuster and BlackBerry are grim reminders of what happens if a company fails to align its business strategies with rapidly changing technology (Gershon, 2023). Blockbuster led the video rental industry in the late 1990s, and BlackBerry spearheaded the smartphone revolution with its secure enterprise solutions (Pierce, 2021). Both firms saw unprecedented falls because of missed opportunities, lack of innovation, and misaligned information systems (Kapoor et al., 2019; Gershon, 2023). This report examines the business models that these companies once had, the role of information systems within them, and some key lessons to be learned for today's enterprise.

- **Overview of Blockbuster :**

Blockbuster was founded in 1985, capitalizing on the growing demand for home entertainment. The company offered a physical store experience where customers would rent DVDs and VHS tapes. Blockbuster succeeded based on heavy physical inventory systems, exclusive deals with film studios, and revenues derived from late fees (Gershon, 2023). At one point, Blockbuster operated over 9,000 stores worldwide. However, the rise of digital streaming platforms like Netflix marked the beginning of Blockbuster's decline. By 2010, changing consumer behaviors and a failure to adopt digital innovations led to Blockbuster filing for bankruptcy. Its reluctance to shift from physical rentals to digital content highlighted its inability to foresee and adapt to market trends (TMS Outsource, 2024).

- **Overview of BlackBerry :**

BlackBerry, introduced in 1999 by Research In Motion (RIM), revolutionized mobile communications with its secure messaging services and physical QWERTY keyboards. The brand gained a stronghold in enterprise markets, offering unmatched encryption and productivity tools. By 2009, BlackBerry held 50% of the US smartphone market (Pierce, 2020).

Unfortunately, though at one time dominant, its inability to transition to a touch-screen technology and consumer-driven app ecosystems saw BlackBerry fall behind competitors. Its inability to transition away from enterprise customers and adoption of modern features late in the game ultimately led to its demise in relevance.

- **Blockbuster's Information Systems Usage and Integration.**

Inventory Management: The central system managed DVD and VHS supplies across many outlets. This is efficient for physical rentals but lacks the scalability required for digital streaming (Gershon, 2023).

Digital Transition Attempts: Blockbuster launched an online subscription service in 2004 to compete with Netflix. However, its platform was less user-friendly and lacked personalization features, such as Netflix's recommendation engine powered by data analytics (Time for Designs, 2021).

Partnership Failures: Blockbuster made attempts to implement streaming services through partnerships but failed to invest in proprietary technology. Its decision not to acquire Netflix for \$50 million back in 2000 is believed to be one of the major strategic mistakes (Gershon, 2023).

- **BlackBerry's Information Systems Usage and Integration :**

Enterprise Communication System : BES offered security and reliability in messaging, thus positioning it at the top of the enterprise and government businesses (Pierce, 2020).

Inflexible OS structure : BlackBerry had a proprietary operating system. Though it was meant for productivity, it lacked consumer appeal, though being limited. In comparison with iOS and Android, it didn't offer the flexibility to attract developers and casual users.

Delayed Innovation: BlackBerry 10 OS, launched in 2013, introduced touch-screen functionality but failed to regain lost market share due to its late entry and limited app support.

- **Emerging Technologies**

Both companies attempted to explore emerging technologies:

- Blockbuster experimented with digital streaming but was outpaced by Netflix, which had invested in advanced content delivery systems.
- BlackBerry diversified into IoT and automotive security, but these initiatives came after its core market had eroded.

- **SWOT Analysis**

Blockbuster	BlackBerry
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<p>Global presence with strong brand recognition.</p> <p>Dominance in the home entertainment industry during the 1990s.</p>	<p>Industry leader in secure communication and enterprise solutions.</p> <p>Strong brand loyalty among corporate users.</p>
<p>Reliance on physical infrastructure and outdated revenue models like late fees.(TMS Outsource, 2024).</p>	<p>Limited app ecosystem and outdated designs.</p>
<p>Lack of investment in digital transformation and streaming technologies (TMS Outsource, 2024).</p>	<p>Inflexibility in adapting to consumer-driven markets (Pierce, 2020).</p>
<p>Early investment in streaming and subscription-based models.</p>	<p>Expanding into IoT and automotive security markets.</p>
<p>Leveraging customer data to provide personalized recommendations.</p>	<p>Building partnerships with developers to enhance its app ecosystem.</p>
<p>Aggressive competition from Netflix and Redbox.</p>	<p>Dominance of iOS and Android in the consumer smartphone market.</p>
<p>The rapid shift in consumer preferences toward on-demand digital content (Gershon, 2023).</p>	<p>Rapid technological advancements by</p>

- **Competitive Advantage :**

Blockbuster and BlackBerry initially enjoyed competitive advantages:

- Blockbuster had an unparalleled store network to its advantage.
- BlackBerry's enterprise-oriented functionality and secure communication systems made it unique in the market.

But both these companies lost these advantages for reasons described above. Blockbuster lost out to digital disruptors like Netflix; BlackBerry lost to consumer-friendly brands like Apple.

● **Lessons for Businesses :**

1. Adaptability: Companies need to be able to take power from transforming technologies and use them to stay competitive.
2. Consumer-driven innovation: Knowledge about consumer needs and preference is key to any product design or service delivery.
3. Emerging Technologies: The early mover advantage in adopting disruptive technologies can avoid the emergence of 'obsolescence'.
4. Strategic Foreseeing: Identifying future trends that your company should be geared towards.

● **Conclusion**

The failure of Blockbuster and BlackBerry mirrors the need to exploit information systems effectively. While all these companies initially excelled in their business areas, they could not bear the brunt of technological disruption owing to their inflexibility. Businesses today need to be flexible, innovative, and customer-centric to prevent such business disasters. The above case studies have been useful in presenting insight into strategic use of information systems and the need for continuous innovation.

● **Reference List**

- Gershon, L. (2023). The Rise and Fall of Blockbuster. [online] Available at: <https://theverge.com> [Accessed 24 Nov. 2024].
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- Time for Designs 2021, What Blockbuster Could Have Learnt from Netflix, [online], Available at: <https://timefordesigns.com>, [Accessed 24 Nov. 2024].
- Laudon, K. C. & Laudon, J. P. (2022). Management Information Systems: Managing the Digital Firm. Pearson.

- **Formatting Notes**

- Font and Style: Times New Roman, size 14, single-spaced.
- Page Numbers: Included in the footer.
- References: Properly Harvard style formatted.
- Submission Format: In a PDF.
- Highlighted Sections [] : Additional insights beyond the original question are included for added depth and clarity. These sections are highlighted in yellow for easy identification.