**Case Study – UECS3393 Software Entrepreneurship**

**Case Study 3: Blackberry**

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**Case Study Report (*Due date: Week 11*)**

1)      Introduction/Overview of the history of product/services.                                         (10 marks)

●                   Provide a brief, but informative, introduction to the product or service offered.

●                   Not more than 2 pages.

Blackberry was initially named Research in Motion (RIM) and rebranded in 1999. The company initially designed complex wireless networks which were used by the government. Eventually through rapid research and development, RIM created a new innovative and revolutionary pager which can be used to send and receive messages and it serves as their main communication. Eventually this innovative personal pager stormed the whole technology market and was labelled as the next iterative step in communicative technology. In the next few years, RIM continued to create and craft a whole assembly of new innovative products and advanced handheld communication greatly. It is by the year of 1999 that RIM launched the popular Blackberry devices which allowed users to send emails and sync with their system. The demand for Blackberry skyrocketed and this brought in even further innovation. Blackberry became an icon in the communication enterprise and they introduced the Blackberry Messenger (BBM) to consumers that can be used to communicate with family and friends. The company reached its peak in 2007 in which their valuation was over 67 Billion with over 10 million subscribers to their company and even introduced their newly created device, Blackberry Curve. Thus, began the downfall of the most prestigious communication device company starting from 2007 when Apple iPhone started to become a thing. Blackberry failed to entice their consumers as their device was no longer the pioneers of the industry and what followed is a period of loss and failing products which culminated in an uncontrollable loss of strategic focus and loss of value and market share.

There exist many factors and dynamics in the industry that requires companies to respond quickly and effectively. Company managers and leaders need to identify that constant change is needed and complacency will result in failure eventually. The industries are constantly shifting their needs and this results in a need for market leaders to be aware of these priorities to embrace change to lead their company in a proper direction. Market Leaders have to constantly be ready to adapt and embrace new changes to create new solutions instead of relying on old ones. A new technology always requires a new leader to step in to become the latest pioneer. Blackberry failed to realize this crucial factor and lost out to big names like Samsung and Apple which consolidated a big market share in the smartphone industry. Blackberry’s failure to transition along with the market trends and the lack of foresight displayed by their senior leaders resulted in the current lackluster and drop of sales as seen currently.

2)      Propose a business model using a business model canvas.                                     (54 marks)

●                   Include **TWO (2**) items, with detail description, in each of 9 main blocks in the business model canvas.   (18 marks)

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| --- | --- | --- | --- | --- |
| **Key partner**   1. Telecommunication agency. 2. Phone companies. | **Key activity**   1. Embrace modern technologies. 2. Develop software and services that capitalizes on security. | **Value propositions**   1. QWERTY keyboard on the mobile devices. 2. Email devices. | **Customer relationship**   1. Good quality check. 2. Great customer services. | **Customer segment**   1. Business professionals 2. Any users that are interested with the mobile device. |
| **Key resources**   1. Production of the mobile devices. 2. Human resources. | **Channels**   1. Getting the markets to be excited with the QWERTY keyboard. 2. Social media. |
| **Cost structure**   1. Research cost. 2. Raw material of mobile device production. | | | **Revenue stream**   1. Sale of mobile devices. 2. Sale of software and solutions. | |

**Key partner**

Telecommunication agencies have always been one of the key partners of BlackBerry. The company had a long-time partnership with the telecommunication agencies across the world to promote their own hardware, software as well as the solutions. Furthermore, the company is also allied with some of the fresh companies which are still in the startup phase. This is because BlackBerry would like to dominate the market. Additionally, BlackBerry also has the key partner of most of the phone companies in the early stage. The company had signed the contract to manage the user interface of the devices.

**Key activities**

Since BlackBerry was the dominant market before the iPhone, the company was embracing modern trends of mobile device development. They were striving for better and larger customer segments, so that BlackBerry was implementing something new to the mobile devices such as the QWERTY keyboard. At the same time, BlackBerry also developed software and services that focus on better security. This was happening because more and more users are BlackBerry mobile devices for business purposes, users’ career and so on which is related to the confidential document. As a consequence, the company had to put themselves into the customers’ shoes and put more focus on the security issues.

**Key resources**

               The production of mobile devices has been one of the largest resources of the company. According to the web, Blackberry’s operation is based in Canada and BlackBerry had its production all around the world which includes Malaysia, China, and so on. Furthermore, BlackBerry had established outlets around the world as well. As stated above, BlackBerry had a lot of production related job scope and outlets for marketing and advertising, so that the main resource will be the human resource. A lot of workforce is needed to ensure that the company runs well.

**Value propositions**

The Blackberry was the first mobile phone that enabled users to send emails over a telecommunication network. Business professionals, who were sometimes required to respond to emails to seal deals, could do so from anywhere with these phones. Blackberries were also the first phones to come with a QWERTY keypad, which made typing easier at a time when other phone users had to press keys at least three times to get to some letters.

**Customer relationship**

As stated, BlackBerry was one of the best sellers in the world, so quality control of the mobile devices must be in world class standard. Not only to ensure that the devices are in good shape, but the reputation is also elevated. Furthermore, long warranties had been given to the customers as well to make sure the devices to achieve a complete satisfaction from the customers. Blackberry was also one of the companies who started training for their customer helpdesk to ensure their qualities were maintained. In addition, good customer service is also being listed in the worldwide leading company factors. The help desk support staff is well trained to make sure that the customer service will satisfy all the customers and in order to maintain the loyalty of the customers.

**Channels**

               Can’t be denied that BlackBerry advertises the mobile devices all around the world to promote the products to a higher level of reputation, and this has been one of the most suitable approaches to attract more users to the product. When the QWERTY keyboard was introduced to the world, it was something which was really outstanding and the latest technology throughout the time. QWERTY keyboard made typing messages in a more convenient way and email accessing on the go. With this success, they made sure that this feature must be their main selling point in advertisements. QWERTY keyboard can only be found on computers and laptops at that time but BlackBerry has implemented the keyboards to be mounted on the mobile device which was another level of idea that nobody ever thought of, and it was attracted by a lot of customers and tech media.

**Customer segment**

               As stated, BlackBerry was the first mobile company that aimed to provide an email sending service through the mobile device and the mobile devices were not affordable for everyone during that time. So mainly BlackBerry has a target customer segment of business professionals who really need a BlackBerry device. At the same time, the technology maniacs are also being targeted since whenever a new product or new technology has been introduced to the market, they will be the pioneer to buy the latest hardware or software.

**Cost structure**

               Furthermore, the production can be considered as one of the highest costs for BlackBerry. The company needed to produce more and more devices to satisfy the demand from the customers. At the same time, BlackBerry also carried out a lot of research to make sure that they had the most state-of-the-art technology implemented into the mobile devices. Both activities will need a lot of revenue to be kept going in order to make sure that the company works at the normal routine.

**Revenue stream**

As we know that BlackBerry has been the market dominant of mobile devices sales, so that can’t be denied that the main revenue stream will be the sale of the mobile devices worldwide. Beside the mobile devices, some other solutions, software like games are also being sold to the users which is also giving the company a huge percentage of return of investments

3)  Perform SWOT analysis on the topic selected by identifying, with detail description, **TWO (2)** strengths, **TWO (2)** weaknesses, **TWO (2)** opportunities and **TWO (2)** threats. (16 marks)

●   Strength

   The greatest strength of Blackberry is its great reputation among corporate users of mobile phones due to its usage of proprietary technology that towers over its competitors in the corporate field. The Blackberry device can be used by any mobile carrier around the globe and poses a key strength for the company as ease of mobility and portability. This results in users of the corporate field to heavily rely and trust upon BlackBerry for the benefits provided.

   One of the main strengths of Blackberry are the highly secure level of personal security of their mobile devices. Blackberry devices are more secure than its competitors and indeed, the security features inherent and embedded in the devices are unmatched by any other mobile maker including Samsung and Apple. This made Blackberry the Smartphone of choice for many governmental agencies in the United States, such as FBI, CIA, The White House. This also made Blackberry’s devices popular with corporate users who use it to link it and integrate it with their Virtual Private Networks. This excellent security resulted in Blackberry instilling the idea that their smartphone’s security cannot be reproduced by other companies.

Highly skilled workforce through successful training and learning programs is also another strength of Blackberry. Blackberry had their eyes focused on training human resources through discipline and hard work. Blackberry invested huge resources in training and development of employees, which resulted in a workforce that is not only highly skilled but also motivated to achieve more to help drive sales in the company. This helps the employees enable them to face different challenges and overcome the challenges or difficulties. This also helps the employee be able to work not only under a comfortable working environment but also under a severe working environment. This translates to Blackberry being able to drive production in their company and result in an increase in sales and productivity.

●   Weakness

 One of the key weaknesses of Blackberry is that it serves a rather niche user base which is the corporate users and only markets its security feature as a unique selling point. This aspect is a double-edged sword as other competitors had started to strengthen their security as well. This resulted in Blackberry unable to keep up with its competition yet again. Samsung and Apple further cornered the market share of Blackberry by further enhancing their security.

The weakness of Blackberry is the Blackberry OS. On RIM's own operating system BlackBerry handsets and laptops run. While this gave Apple a competitive advantage, the impact on BlackBerry was different. First of all, for the big application developers the BlackBerry customer base is too small to benefit. Because of the limited number of apps available in stores, customers are hesitant to purchase phones or tablets. Secondly, the company lacks enough funding and coordination to develop its operating system appropriately. The company has already experienced several delays in the release of new operating systems and an outdated operating system on its phones. The outdated Operating system failed to instilled faith in their consumer and resulted in loss of sales and popularity.

Besides, Blackberry failed to market the brand. Before Apple and Samsung's market permeation, BlackBerry was a leading brand. As a result of ineffective marketing efforts, BlackBerry brand loyalty, brand awareness and credibility rapidly deteriorated. In 2012 brands decreased. Compared with Apple, Samsung and Nokia it was undervalued. Consumers have a deteriorating perception of the value of the brand that leads to lower sales. The lack of market branding severely impacted the sales and popularity of the company.

●   Opportunity

         Recently, Blackberry rejected a sale offer and buyout offer of their company and cordially accepted new investment instead. They appointed a new CEO and started to revamp its team and structure to signal to their consumer that they are serious in reinventing their brand. The company may have a second chance as its existing customer base of over 100 million users are still present and can present a significant opportunity to the company. Blackberry can also integrate new third party apps and features common to other phones and mimic the current strategies employed by Apple and Samsung to increase business partnerships to further their own value.

In most cases, cyberattacks are a threat, but BlackBerry's increase in this activity is indeed a good chance because it creates the need for solutions that BlackBerry can provide. Companies such as BlackBerry expect associated stock value increases, with security continually increasing among investors. Each cyberattack and Blackberry’s success in fending off these attacks can result in a growth of sales and popularity. These opportunities can lead to BlackBerry increasing its brand popularity and faith in consumers as they showcase their ability to prevent cyberattacks.

Furthermore, A great opportunity is offered by demand in a cloud-based market as it is expected to continue in a steady growth trend of around $240 billion by 2020. Evidence shows that uses of cloud services for data storage are strongly preferred by consumers and BlackBerry can benefit from them by focussing on continuing expansion. These cloud services represent an opportunity for BlackBerry to grow and innovate as a company. With further advancement in technology, BlackBerry can restore their faith in consumers by displaying a growth in their products.

●   Threat

         Originally, Blackberries were considered the original smartphones but had been overtaken by newer innovative companies such as Apple and Samsung. This resulted in Blackberry losing the flexibility and ease of usage provided by its competitors. Blackberry also has the issue of a troubled internal environment due to the financial constraint experienced by the company. The low employee morale hampered the situation further and resulted in a lack of direction. The smartphone industry heavily thrives upon innovation and creation which means Blackberry has to reinvent and pull itself up to oppose the current lagging momentum of the company.

One of the threats that Blackberry encountered is the competitors. As BlackBerry experiences smartphones, the competition will increase as with Apple's and Samsung's penetration of the smartphone market as technology changes. As cyberattacks and the need for cybersecurity are on the increase, the threat of increased global competition is expected by BlackBerry, who is trying to steal a piece of market share from companies with greater resources such as Microsoft, Apple and Google. These competitors posed a major threat to BlackBerry’s company growth as they offer competitive pricing and services. The popularity of the competitors also hampers Blackberry’s growth as a company.

Market saturation is an appalling threat for Blackberry, as we can see how fast it was in the evolution of the smartphone market. Choices in technology, competitive increases or prices can result in saturation and, consequently, continuing product development and improvements must be achieved in order to achieve further development. Most of the market offer similar pricing and specification in regards to their premium or budget selection of products. Consumers will fail to notice the difference in the products and services provided and simply choose the most popular brand instead.

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