BLACKBERRY – DISRUPTOR TO DISRUPTEE

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THE PROBLEM

- A competitor has recognized a customer need that a company is not addressing
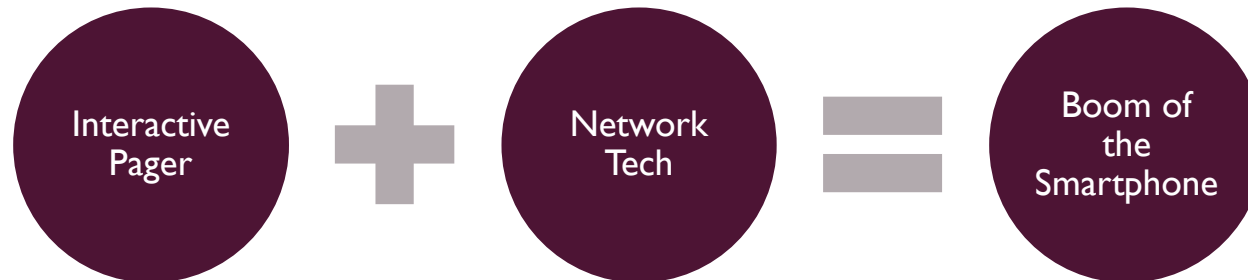
RECOMMENDATION

- Dedicated resources for innovation

- Focus on the future

- Be proactive not reactive

INTRODUCTION TO BLACKBERRY

- Founded in 1996 in Waterloo, Ontario

- Dropped out of University of Waterloo

- Originally created an interactive pager

- Number one market share between 2006-2009

WHAT DOES CELL PHONE INDUSTRY LOOK LIKE?

- Smaller is better

- Life of the PalmPilot

- Have you ever heard of a pager?!

Interactive Pager **+** Network Tech **=** Boom of the Smartphone

HOW BLACKBERRY DISRUPTED THE INDUSTRY

- Recognized the needs of their customers
  - Email everywhere
  - Secure company data
  - BBM (emoji)

Company Description | Industry Analysis | Industry Reactions | Disruption | Recommendation

HOW DID CELL PHONE INDUSTRY REACT?

Apple i-Phone Launched

- APPS inclusive
- Infrastructure in place for i-Tunes
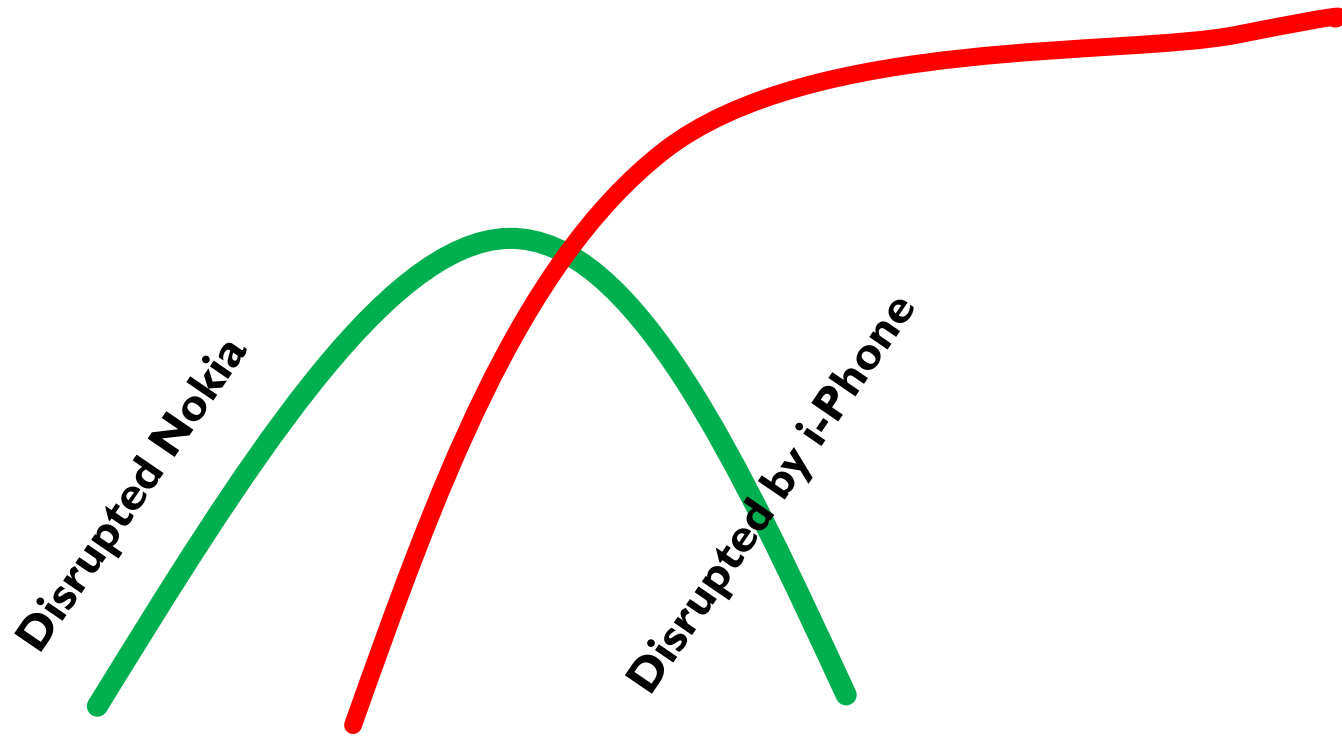- Single device for consumer needs!

Application Stores

- Coding and Software Development was the new "must have"

Very attractive market!

- Samsung/ Motorolla/ LG

DISRUPTOR AND DISRUPTED

Disrupted Nokia

Disrupted by i-Phone

- Disrupted by strong competition
- Apple's eco-system = easy transition for consumers to purchase new Apps

WHAT DISRUPTED BLACKBERRY?

- Scanning the environment for end consumer preferences
  - Target customer not addressed (end consumer preferences)
- Focused on business customers vs end consumer wants Data compression for network bandwidth
- Importance of security
  - Over engineered product

WHAT DISRUPTED BLACKBERRY?

- Complacency
  - Riding out the Success
  - Management Focus (distraction – NHL Hockey acquisition)
- When work places stop using
- 2 Devices in customers hands = not meeting needs

DECISION CRITERIA

- Addresses new consumer preferences

- Time to market

- Cost

- Aligns with core competency

ALTERNATIVES TO DISRUPTION

1. Open platform to 3rd party development

2. Buy Android platform

3. Dedicate sufficient internal resources to innovation

OPEN PLATFORM TO 3ᴿᴰ PARTY DEVELOPMENT

Pros:

- We get app development immediately

- Low cost

Con:

- Lose control of aspects of the platform

- We lose a core competency

BUY ANDROID

Pros:

- Head start

Con:

- Time to market

- We lose a core competency

- Too costly (est. 100 million)

DEDICATE SUFFICIENT INTERNAL RESOURCES TO INNOVATION

Pros:

- Maintain your competitive advantage
- Innovative ideas come from within

Con:

- Innovation and future trends can be hard to identify
- Management preferences might shift

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DEDICATE SUFFICIENT INTERNAL RESOURCES TO INNOVATION

Options	Customer Preferences	Time to Market	Cost	Aligns with core competencies
Open platform to 3rd party developers	🟨	🟩	🟩	🟥
Buy Android	🟨	🟥	🟥	🟥
Make innovation a priority	🟩	🟩	🟩	🟩

Company Description ⟩ Industry Analysis ⟩ Industry Reactions ⟩ Disruption ⟩ Recommendation

DEDICATE SUFFICIENT INTERNAL RESOURCES TO INNOVATION

Starting in 2000, we are dedicating 20-30% profits to R&D to keep our competitive advantage.

Management makes innovation a core competency and a company value