

# It's BlackBerry Season, but Maybe Not for Long

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**M**AXWELL SMART could hold his shoe to his ear and talk quite naturally. But he was the inimitable Agent 86, and the shoe phone - the original Smart phone - was a running gag in the 1960's television comedy "Get Smart." (Operator: "What is the number of your shoe?" Smart: "It's an unlisted shoe, operator!")

Its phone-in-disguise successor is the BlackBerry, the squat, rectangular gizmo that provides e-mail on the go, and includes, incidentally, a cellphone. **Holding it to the ear to make a call feels like calling with a wallet, which is about the same size.** But when held in both hands to read and fire off e-mail, it works like a dream.

Introduced in 1999, the BlackBerry brand has become synonymous with the concept of ultraportable e-mail. More than one million subscribers are paying for the service, which costs between \$35 and \$50 a month. BlackBerry's maker, [Research in Motion](#), based in Waterloo, Ontario, is profitable, and the gadget has been touted by celebrities. Oprah, for one, has stated her personal opinion of the BlackBerry forthrightly: "Love it! Love it! Love it! Love it!"

**That all said, it's not too early to point out that, looking down the road a bit, the hand-held BlackBerry's future is dim.**

When a company introduces a brilliant melding of hardware and software that allows us to do something with previously unrivalled ease, we are inclined to embrace it so gratefully that we will pay any price to obtain it. And we are so delighted to have it that we cannot imagine for a long while how the pioneer could ever be seriously challenged.

Today, the BlackBerry faces formidable competition. A well-financed Silicon Valley start-up, [Good Technology](#), has developed software that is arguably superior to BlackBerry's. It is the first to continuously and wirelessly synchronize every module of Outlook, needing no cradle to connect gadget to computer. **The BlackBerry has vet to catch up.**

Most significantly, Good has written its software to run on an array of phones and hand-held devices - whatever runs [Palm](#) or [Microsoft](#) software. Danny Shader, Good's chief executive, compares his company with the BlackBerry this way: "We're a Windows application - they're the Macintosh."

PalmOne has provided Good with its first major opportunity to become better known with the introduction of the much-praised Treo 600, which offers a terrific phone, a personal digital assistant running the familiar Palm applications, a qwerty keyboard and the option of Good software. A tiny Web browser and a camera are included, too. The Treo is the same length as a BlackBerry and only a half-inch narrower, but it looks svelte.

It isn't cheap. Even with carrier rebates, it is as expensive as a comparable BlackBerry. [Verizon](#), for example, just introduced it in a service package for \$450. The Treo demonstrates, however, that for someone who wants to carry only

a single device, a well-designed cellphone that can also smoothly handle e-mail beats a BlackBerry pressed into dual service as a shoe phone.

New users, without a vested interest in a BlackBerry, are likely to choose an e-mail-capable smart phone instead, as soon as prices fall substantially. **Ken Dulaney, an analyst with the Gartner Group, predicts that smart-phone buyers in the future will outnumber BlackBerry purchasers 10 to one.**

The wireless carriers are eager for us to expect our six-ounce cellphone to have the capabilities of a laptop computer. Adding e-mail, for example, means we have to sign up for data services in addition to voice calling plans. But there's a catch: for that nifty wireless synchronization, your e-mail must be on a certain kind of server found in corporate networks, not on home PC's. If you're not using Microsoft Outlook and a company network, you are not likely to be eligible for instant e-mail and calendar synchronization.

**Strategic questions, more than technical obstacles, bedevil BlackBerry.** Consider the example of Wang Laboratories, the minicomputer company that in 1976 introduced the first stand-alone word processor. For about seven years, it led the category that it had created, reaching a market cap of \$5 billion before gradually losing out to the multipurpose PC and, for sundry reasons, burrowing into bankruptcy. **Research in Motion stands about where Wang did in the early 1980's.** Just as RIM added a phone to the BlackBerry, Wang added number-crunching capability to its word processor.

Wang also tried to adapt its software for the high-volume, low-price world of PC's. This, too, RIM is attempting, though timidly, as one would expect of a company extracting high margins from its hardware business. **In June 2003, RIM announced plans to license what it called BlackBerry Connect to phone manufacturers: BlackBerry functionality on non-BlackBerry hardware. More than a year later, no phone equipped with Connect has yet been released in this country.**

WHETHER BlackBerry Connect will be the full-featured equal of the proprietary BlackBerry is "the question of the hour," says Mr. Dulaney of Gartner. RIM must show more fortitude to see the software transition through than did [Apple](#), which licensed the Mac's operating system to hardware manufacturers, then aborted when its licensees started to do well selling Mac clones.

There is speculation that RIM plans to offer a BlackBerry slim enough to pass as a real phone handset. If it does, it will enter direct competition with the handset partners it is seeking for licensing BlackBerry software. They may well ask RIM to make up its mind: friend or foe?

At present, RIM has an asset on its balance sheet that no other company in its industry does: an iconic brand name. The brand can live on and thrive, but only if the company does not try to face down the overwhelming competitive forces created by open standards, multiple suppliers and declining prices.

While Good does not risk alienating hardware partners, its name is not a great asset, not even a good one. "We're competing against Kleenex," says Mr. Shader. "We should have chosen a noun."