

# Research in motion company limited

Business



Research in motion limited (RIM) (TSX: RIM, NASDAQ: RIMM) is company in Canada that deals with telecommunication and wireless devices and has been known for the outstanding developing of blackberry Smartphone. The company has its headquarter in waterloo Ontario in Canada and they are the main sponsor of RIM park that is situated in the northeast of the city.

The company was founded by mike Lazaridis who is currently the company co-CEO. He works alongside Jim Balsillie. Before the company produced Blackberry, it was working with RAM Mobile Data and Ericsson in turning Mobitex wireless data into a two-way paging and wireless e-mail network.

During their work with the Eriksson Company, they developed [email protected] pager 950 that started functioning in 1998. This device was a size of a bar soap and competed very well with Sky Tel two-way paging network that had developed by the Motorola Company, (BlackBerry.com, 2010). The Canadian institution and venture capital investors funded its early development in 1995. It did this through placing it in the privately held company. Working Ventures Fund Inc.

made a step by investing in the company with five million Canadian dollars. This was to be used to complete the company development of the two-way paging system hardware and software. RIM floated shares in the Toronto Stock Exchange in January 1998. Before initial public offer, they had raised thirty million Canadian dollars in pre-IPO financing. Since the time that they sold their IPO in the stock exchange market, they have produced several devices that run using GSM, CDMA and iDEN networks.

Blackberry devices did very well in the corporate world as it send the message very fast and also it was very efficient in sending e-mails. This made it to be nicknamed ‘ Crack berry’ as they called crack cocaine as some of the people believed that one could not live without it. Research in Motion and Information Associates reached a licensing agreement in 2006. This was meant to ensure that the RIM Company would offer Pocket Mac that was used by the Blackberry to Mackintosh users free. The RIM Company grew tremendously and in 2008, the Mediacorp Canada Inc. named it among the Canada Top hundred employers in the MacLean’s news magazine.

In 2009, RIM Company announced their expansion strategy that would involve global operation. This was done through opening an office in North Sydney in Australia. This new office had training facilities, a strategic partner marketing centre, research and development center as well as technical support service center. This leads to increase in the work force in the company to 12000 jobs that the company offers worldwide. In the spirit of expansion, the company in June 2009, they announced that they were to acquire Dash Navigation who was the manufacturers of Dash Express. On the same year on august, they were capable of acquiring Torch Mobiles therefore enabling them to include Webkit-based browser on the Blackberry.

The idea of expansion and urge of exploiting the market may have contributed to the RIM Company to be announced by the Fortune Magazine on 18 august 2009 as the fastest growing company in the world. They gave a growth rate of 84% in profits growth within a span of three years. The company continued its expansion strategy in 2010 by acquiring Viigo Company, which is the developer of the Blackberry applications. This is a <https://assignbuster.com/research-in-motion-company-limited/>

company based in Toronto Canada. It went ahead on April in the same year QNX Soft Ware systems.

This was done through the agreement that was signed by the company in corroboration with Harman International on 12 of April 2010. This collaboration will ensure that RIM Company is able to integrate and enhance user experience with Smartphone and in-vehicle audio and infotainment systems. The deal will also ensure that the company integrate other values to the company such as Intelligent peripherals that will help add intellectual property to the RIM's portfolios. This will help the company to provide long term synergies to the company's devices through complimentary operating systems experts in both QNX and RIM Company, (Tricia, 2010).

It was until September 2010 that the company announced the launching of the BlackBerry Playbook tablet computer. This was projected to be in the market by the beginning of 2011. By May 2010, RIM operating system occupied 10.4% of Smartphone operating system in the market, (Lendino, 2009). The main identification that made the RIM Company to be outstanding in the market is the realization that it cannot offer only mobile enterprise software only. It realized that this software should be given to the market as a complete offer that can be used as a complete component in the market.

Therefore, it had to ensure that the service that they were offering had to be given to the market through a mobile handset. It also succeeded in convincing the customers to sell the IT products and service. This ensured that the company remained a force to reckon with in the market arena in

their pursuit of wireless email market. Initially, no other company offered such service as the competing companies as seven and Visto companies were not making handsets while Nokia never offered wireless email services.

These advantages made the company to grow very fast as the investors slammed in the company in the past years. It established itself by taking advantage of being sole suppliers of software devices in an immature market. It therefore established itself as a leader who was capable of raising their company very fast than other companies. However, the market has matured up very fast of recent soon and RIM is facing a stiff competition from various companies. The company has experienced significant criticisms from their customers. This has made them prove that that they are still competitive in the market.

They are running out of the stream as the competition is building up on daily basis. As it experience competition crisis, it is very important to convince their customers by protecting their brand in the market and ensure that the purchasing decision as well as operators' launches is not delayed. Initially, RIM could not have feared competition especially in the mobile email market. This is because most of their competitors were small companies which most of them were startups. These companies had limited resources and less attractive offers.

Nevertheless, RIM Company has found amidst mighty company recently offering great competition. These companies are out to ensure that Blackberry do not become the windows of the wireless email. One of the Research In Motion Company competitors is the Microsoft Company. The

company is out to ensure that it push itself in the email market. The other company that poses a great threat to the company by launching competing products and acquiring Intellisync is Nokia Company.

Intellisync Company initially supplied the RIM Company with synchronized desktop software. These two companies are bigger and pose stiff competitions to RIM. They have also resources and they are very influential, (Elsa & Green, 2006). One of the biggest competitions that the company poses is that they have partnership with the operators and they are both producing the handsets. This means that though the company has a good market foundation, the company is experiencing pressures especially in lowering their product prices to cope up with the market.

Nokia and Microsoft are positioning themselves in giving their customers cheaper services that are ensuring RIM to feel the pressure to lower their prices. Other companies that are still getting to the smart phone market are computer manufacturers Acer and Dell. Dell is rushing in the market to produce Dell Fortune 500 smart phone. Palm is also another company still competing for a pie in the market with them coming up with iPhone, which is to use Sprint network that will be available through Verizon. Google is pouring many resources to fund its Android Smartphone operating system and it is offering training over it. Motorola is another company that is still supporting Android Smartphone. These all companies are at the verge of getting into markets that RIM Company has dominated for along time. There are different approaches that are used in the determination of profitability in different markets. Am going to use the model that was developed by Michael E. porter, where the profitability potential of an industrial is going to be <https://assignbuster.com/research-in-motion-company-limited/>

described as the long run return on the investments, is much reliant on the degree of competition in the selected industry.

The five forces that are described by Porter include; the threat of new entry, the power of suppliers, the power of buyers, the threats of substitutes, as well as the industry rivalry. The options available to customers, bargaining power is very high. This is because there are other brands available in market, which are offering competitive markets. This is particularly with the consumer sector other than the enterprise sector. The entry to the market segment that is dominated by RIM is not easy. This is based on the fact that, all established companies have the opportunity of being new entrant to the diversified communication industry of Research in Motion.

Though until now, RIM has been having full advantages of its technological dominance in the market place, there still remain the possibilities of new entrants in the field. Such companies might use older technology in a revamped and modernized way. The threats of new entrants increased the ODMs usage as well as globally standardized components. Barriers to entry have considerably reduced. This has made companies with good brands have the capability of using their brand names to introduce their products in the market.

There are big firms like Google together with other IT giants have the opportunity of entering the market as they have the required infrastructure. For instance, the new entrant is Apple, (Speed, 1989). Getting a substitute for mobile is very hard, what firms are trying to do is just improving on the existing technology, other than coming up with and eliminating the mobile

technology with completely new products. On the other hand, new technology advancements have posed serious risk of substitution. The 3G and EDGE technologies pose immediate threat to RIM's market control.

Though such technologies are being used by RIM, they offer ways through which new players may enter the market. However, RIM is well positioned in the market and has precedence of being in a position to integrate its products, to form new items. The bargaining power is attributed to the sheer volumes raw materials and other components bought by RIM. The suppliers in the industry have low bargaining power in the manufacturing face. For instance, the processors of similar architecture used by RIM are manufactured by many companies like the Intel, Freescale Semiconductors, Samsung among other companies. This is based on the fact that, suppliers always looking forward to associate themselves with major firms for long term. On the other hand, there exist different suppliers for the services that are offered by RIM. Due to this, RIM has to make use of networks of existing mobile operators, and in some occasions, where there exist limited number, or only one operator, the bargaining power of that supplier tend to be elevated. However, even without Lynas, China still controls more than " 95 per cent of the world's supply of rare earths, used in Research in Motion's BlackBerry, Apple's iPods and General Dynamic's tanks.

" . Amongst the smart phone providers, the most challenging companies to RIM are Apple and Apple. These two companies have forced Research in Motion " to innovate the products in order to stay competitive and enjoy high market share." Porter, 1980). To ensure that the company does not exist in isolation and increase their performance, it engages in intensive research to <https://assignbuster.com/research-in-motion-company-limited/>



vary their external environment. This is because there factors which are beyond the firm's control.

It is true that, Research in Motion has an extensive market globally and it is further involving into newly industrialized nations. This creates a need for intensive research for the company in all the areas in globally. As an effect, its environmental analysis has to regard to the economy of the world, as a homogeneous environment. Therefore, it creates a need to ensure that they understand the way the market is in all the parts of the world this part has been a great success in the company. They have ensure that they created research sections in their companies globally which has made them compete intensively in the market and in provision of quality phones.

Due to the high demand that has been brought by the national and international markets in the past two decades, it has contributed to the success of the Research in Motion Limited (RIM). Most of the countries Gross Domestic Product per capita have risen especially in countries that RIM has been operating in. This has made the demand of the RIM product to increase sharply. In fact, RIM enjoys favorable environments for business growth. This has made them to expand their business globally especially in the developing countries.

A good example is the premise that they opened in Sydney Australia. This is has really been made possible by the purchasing power of individuals going high. Due to improved living standards, most of the people are able to afford their products. A growing economy as a result has guaranteed RIM a ready

market for their products. In addition, a growing economy guarantees RIM a source of capital.

This is because there will be more money in the disposal as financial institutions and governments will have money to lend out at favorable interest rates. The improvements in International as well as national economy have lead to increased expansion and creation of new market, which in its effect increases the need for business increases. To ensure that private sectors needs are catered for amid their demographic increase, hence the usefulness of BlackBerry to many business professionals, which are the primary consumers of RIM's products. The increased demand for BlackBerry in developing economies is much noticeable fin the hundreds of the new corporation deals that has been being signed by RIM every year with local operators' worldwide. On the other hand, global recessions that have taken place globally especially the 2008 economic recession and depression, resulted in lower consumer disposable income. The interests as well as the exchange rates in different economies have also affected the company's strategies in different ways, (John, 2007).

The technological advancements that have taken place in recent soon has been the most significant environmental impact on the business success in RIM. Businesses in the whole world are evolving into using email as one of the main communication and contact medium. This has made the usage of such mediums like fax and as well as written mail nearly obsolete. By being the first and probably still the one and only single company that that have been providing e-mail to go solutions, the company has greatly benefited via providing a medium for professionals to be in a position of leaving their

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tables and still communicate through the emails. In addition, its technological marketing system, which has been through global wireless communications carriers as well as third party distribution channels, has greatly advantaged the company in one way or the other. However, new technologies have posed a risk to the market, for instance the introduction of the 3G broadband services have affected smart phones negatively.

As the internet continues to be faster and efficient, it might end up attracting new players, who might come with new features as well as the applications in the sector. Technologies have increased the reuse of phones due to recycling. Since the turn of the century, the company has been involved in a number of suits related to the alleged patent infringement. Several legal issues that have been put in place to regulate businesses have brought this about. The most recent and notable one was the brought about by NPT Inc. It involved patent infringement in email over the wireless technology.

This battle between RIM and the NTP Inc adversely affected e-mail users in the U. S. However, the battle has made the company to rise to any occasion that has met it afterwards making it position itself very well in the business world. It also made the company to be very sensitive in making sure that they protect their products. The legal briefs that have been filed in this case conveyed charges of misleading a federal judge. However, there have been claims of ant-Americanism as well as the accounts of vital documents going missing from the library in Norway.

After an intensive legal battle, in 2006, Research In Motion Ltd announced that, it has successfully paid US \$ 612. 5 million. Visto Corp brought another lawsuit to court in 2006, for the patent infringement. Political factors in some countries where RIM operates have lead to financial deficits, which have resulted to higher taxes leading to lowering RIM's profitability in such countries. The changes that have taken place in different parts of the world like changes in government policy, and government stability, have resulted to the company's strategies.

There are also legal issues that ensure clean environment, as they regulate the quality and durability to ensure longer functioning, phone fascias, which can be used for a very long time. Regulations have been put in place to ensure that, phones are being produced and used with all possible environment friendly production methods. Other legal factors affecting Research In Motion Ltd include; the control over pricing and monopolization. The telephone regulations of different nations in most cases deal with quality, health as well as the safety of mobile users. The shared norms of different businesses that are shared in the whole world have drastically changed. This has occurred considerably taken place in the past couple of years, with businesses becoming more customer oriented.

As an effect, communication has increased between customers and businesses, which have practically increased the use of RIM's products. On the other hand, cultural diversity has also affected the global marketing communication of RIM Ltd. Globally, there are different cultural standards being, thinking and acting because of cultural diversification, which have influenced RIM's workplace values as well as business communication.

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Therefore, as an effect, for RIM ltd to ensure effective global communication and successful business transactions, it has promoted cultural differences and enhanced cultural sensitivity. Marketing across cultures globally has resulted to sociological differences. While there are diversified global cultures for RIM ltd to consider, global communities are being influenced by different initiatives.

The goodness is that, Smartphone have been accepted by customer's lifestyle and integrity part of day-to-day life in most countries. It has been considered as a high value solution that has been used in the provision of many applications across the globe. Due to the urge that the company has to expand their territory, the firm has put up firm strategy to ensure that they retain their competitive edge. Due to the popularity of their software, they have signed an agreement with the Nokia Company who is their market leader competitors who agreed to license their software on their new cellular phones. The firm has also expand their territory by ensuring that their radio modems has received GSM/GPRS certification in Europe and pacific (theregister.

co. uk, 2002). This makes them to have third party vendors with their hardware across the globe. The company has recently streamlined their operations to ensure that their business is more efficient. This has ensured that they lay off some of their workers from 2200 to 1950 to reduce the overhead cost of their product thus projecting increase their profits. To ensure that the business is up to the competition that has been of recently posed by their competitors, it has put in place some various strategies.

They decided that they would go a step further in their business by producing a Blackberry on a chip product that is being used through the third party products. This made the phone manufacturers make small devices that are powered by Blackberry chip. The company has taken advantage of licensing Blackberry to phones as ISP has subsidized cellular phones that is not the case with Blackberry pagers. This means high sales for the company. The decline in sales that has been experienced by the company was due to service charges. Therefore, after the company introduced these new features, sale is expected to rise.

Finally, the company has provided phones that have voice capabilities. They are also PKI enabled thus supporting encrypt and sign mail message through digital certification. This makes the users able to see attachments such as PDF with selective options, MS Words, Excel and PowerPoint (smh. com. au, 2011).

Most of the RIM company competitors are offering very diverse product at cheaper prices. Such company as Nokia, which is the biggest RIM competitor manufacture handsets and sell IP network to their customers making them be very competitive. Their market prices are considerable thus very competitive. Nokia has acquired Intellisync Company that has been supplying synchronized desktop hardware to RIM to ensure as one of their business strategy to expand their territory. Motorola Company is funding the Android Smartphone that has been produced by the Google Company as its strategy in putting more force in the market. Most of these companies are collaborating with other companies as their strategy to ensure competition in the market is kept up to the standard.

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Marketing is an integral part of any company; it is a process of developing value and awareness of its products or services, as well as informing and communicating to potential end-users concerning what the organization has in store for them. It also entails engaging consumers' relationships in order to attain the desired outcome. Organization's marketing strategy has been deemed the backbone of RIM company marketing plan. It has helped the company integrate the marketing goals, policies as well and tactics. The company has been ranked to be the fastest growing company globally recording an increase of 84% in profit and 77% increase in revenue in the last three years.

This is thanks to its marketing strategy that successfully blends the four marketing mix, pricing, advertising or promotion and distribution (Fortune Magazine 2009). According to Vuong, 2008 the company uses B2C marketing strategy. The company online strategies can sale goods to individual customers. Through the arrangement, customers are capable of buying the company's product via the internet or just make a call to the customer service for help, as they are need of formally buying a product. Similarly, developing of unique and quality product that is competitive in terms of prices is also used in marketing.

Using low prices for its products also has been used to attract customers. This is driven by the notion that when prices for its products are low, and a relationship between the company and customers are in place, then it will be in a position to sell additional goods thereby increasing its margin (Sweeny, 2009). To successfully do marketing in a successful manner, the company does carry out research, which is essential in decision making when it comes

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to making marketing decisions. RIM according to Fortune 500 is the fastest growing company having a stable and growing financial base. For the third quarter of 2011, revenue grew 19% to stand at \$5.

49 bn from \$4. 62 bn the previous quarter. This is a 40% rise from the same quarter the previous fiscal year. Breaking down the revenue for the period are 82. 0%, of devices 15. 0% for service and 3.

0% for software. For this period, the net income stood at \$911. 1 million compared to \$796. 7 million in the previous quarter and \$628. 4million in the same quarter the previous year.

All sorts of investments total cash as well as cash equivalent stood at \$2. 5bn this is as of 2010 November 2010. An examination of the company's short-terms and long-term assets as well as liabilities and equity shows that RIM heavily relies on equity for funding. Most of its assets are short-term. This means that RIM is interested in having in place a financial strategy that is short-term.

RIM utilizes its own funds to finance assets.