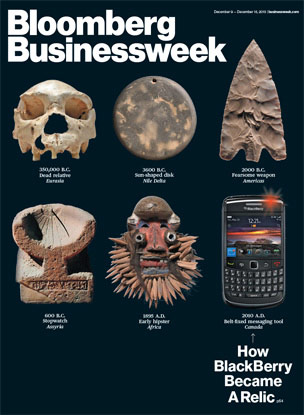
**The Rise and Fall of BlackBerry: An Oral History**

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[Behind this week’s cover](http://www.businessweek.com/articles/2013-12-05/cover-trail-how-blackberry-became-a-relic)

*In 1984, Mike Lazaridis, an engineering student at the University of Waterloo, and Douglas Fregin, an engineering student at the University of Windsor, founded an electronics and computer science consulting company called Research In Motion, or RIM. For years the company tinkered in obscurity, until it focused on a breakthrough technology: an easy, secure, and effective device that allowed workers to send and receive e-mails while away from the office. They called it the BlackBerry.*

*RIM grew into one of the world’s most valuable tech companies. The BlackBerry became the indispensable accessory of business executives, heads of state, and Hollywood celebrities—until iPhone and Android came along and spoiled the party. Today the company, which has been renamed, simply, BlackBerry (*[*BBRY*](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=BBRY)*), is burning through cash as sales keep falling. On Nov. 21, BlackBerry shares closed at just above $6, the lowest it’s been in almost 15 years.*

*Over the last two months,* Bloomberg Businessweek *spoke to dozens of current and former BlackBerry employees, vendors, and associates. Here is their account of the thrill of BlackBerry’s ascension—and the heartache of watching its demise.*

**Gary Mousseau, eighth employee at RIM and software developer and manager, 1991-2007:** I first met Mike Lazaridis when he interviewed me. Mike is a very good orator and communicator of technology. He was a convincing-enough soul that I ended up taking a 13 percent pay cut to join RIM. I started in 1991. My first job was to build my own desk. There was no more room for me. They put me in the fax reception area. I was the guy receiving packages. I sat beside the fax machine, which was not fun. It was a small place. It was crowded. We were above a pizza joint.   
  
  
*In 1992, Chief Executive Officer Lazaridis hires Jim Balsillie, a Harvard Business School graduate, to help manage the cash-strapped business. Balsillie takes out a second mortgage and invests $250,000 in return for a one-third stake and soon becomes co-CEO. (Balsillie and Lazaridis declined to be interviewed for this story.)*

Aaron Harris/CP Photo/AP PhotoCo-CEOs Lazaridis (left) and Balsillie in 2003

**Patrick Spence, senior vice president and managing director for global sales and marketing, 1998-2012:** Jim was really strategic in terms of how he was thinking and really ambitious in terms of what we wanted to do. You don’t meet many Canadians that are ambitious in that kind of way.

**Mousseau:** We were creating all these random products over wireless, [but] none of them had all the dominoes in place to really succeed. They were just interesting. Mike is an electrical engineer. That was his forte, his love. We eventually decided to replace a very large bulky radio modem that IBM ([IBM](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=IBM)) used for [basic personal communication] service. This was the RIM 900. It was a clamshell device. Some would affectionately call it the bullfrog. We sold a lot of them.

**Jim Estill, member of the board, 1997-2010:** In the early days at RIM, people had no idea what a smartphone was. People had no idea what two-way pagers were. But they had such a cool factor. You’d take one out, and everybody would want to touch it and play with it and see what it was.

**Mousseau:** Mike and I and a few others got obsessed with auto-forwarding our Exchange mailbox messages to our belts. But at that time you couldn’t reply to anything. So one day, Mike came in and said he had decided to nix all the 30 software projects that we were spinning our wheels on. He said, “We’re going to create a solution to this two-mailbox problem.”   
  
  
*RIM goes public in 1997, listing on the Toronto Stock Exchange; shares would begin trading on Nasdaq two years later. Balsillie establishes “the doughnut rule,” in which employees caught talking about the share price would have to buy doughnuts for everyone at the company. The following year the company releases the RIM 950 wireless device, featuring a miniature qwerty keyboard.*

**Bruce Poon Tip, Canadian entrepreneur, founder of G Adventures:** I was part of a group called the Innovators Alliance. Jim [Balsillie] came in and held up this prototype that was in the shape of a blackberry. It was dark blue and had grooves where the keys would be. When he said, “It’s called a BlackBerry,” people started rolling their eyes. They thought it was a stupid name. This was the height of the dot-com boom. He had this dream of people getting e-mails on the move, and the feeling at the time was, “Why would anyone want their e-mails away from the office?”

[Courtesy BlackBerryBlackBerry's Hits and Misses](http://images.businessweek.com/slideshows/2013-12-04/blackberrys-hits-and-misses)In Canada at the time, dot-coms were notorious for ripping off U.S. ideas. Bid.com was supposed to be the EBay ([EBAY](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=EBAY)) for Canada; JobShark was the Monster.com ([MWW](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=MWW)). They’d get funding and generate all this excitement. Meanwhile, up walks Jim, who had a truly revolutionary idea, and nobody really thought it would work. It’s an inferiority thing.

**Mousseau:** About a week before we launched the 950, Motorola ([GOOG](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=GOOG)) launched the Page Writer 250. It was almost a visual clone. We s––– ourselves. Oh my God, they are going to destroy our market. How did they do that? Do we have a leak? But they launched it with no service. It was just a piece of hardware. I think they thought it would just replace other pagers, and it languished.   
  
  
*From early on, RIM focuses its sales and marketing efforts on corporate customers, not consumers.*

Photographs (from top) by Ozier Muhammad/The New York Times/Redux; Kevin Lamarque/Reuters; Frazier Harrison/Getty Images

**Mousseau:** The marketing team came up with the strategy of launching the desktop redirector [which forwarded messages and data to and from a mobile device] by seeding it with all these CTOs and CEOs. All they had to do was install this piece of software on their desk and leave their computer on. That’s it. Just buy this device. Load this software. And it just worked.

**Spence:** About a week after we launched, one of the orders came in. It was from Michael Dell. We didn’t have a lot of promotion at that point. He had found BlackBerry basically on the Web. I sent him an e-mail: “Hey, Michael, I saw that you placed an order. If you need any help don’t hesitate to let me know.” I got an e-mail back in like 30 seconds, like, “Thank you, I’m super excited about it.”

**Estill:** At first, they were quite expensive. But ultimately, the cost came down. It became necessary. It was like when the fax machine came out. You had to have one in order to live in business.

**Kevin Michaluk, founder of CrackBerry.com, a news site:** BlackBerry was a darling of enterprise. If you had a BlackBerry you were an important person, as at that time a lot of people didn’t have a smartphone. It was almost a status symbol within the company. It was the most intuitive communication device. With that blinking red light, it had that addictive quality.

**Chris Key, global account manager and carrier sales and relationship manager, 2001-09:** When I met with the CTO of a major company, he referred to BlackBerry as “digital heroin.”

**Spence:** We knew we had hit it big when the AOL ([AOL](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=AOL))/Time Warner ([TWX](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=TWX)) deal went down. Jerry Levin and Steve Case talked about how the deal had basically been done over BlackBerrys on the weekend. That was one of those moments when I was just like, holy cow, we’re really part of the zeitgeist.

**Andrew MacLeod, current BlackBerry managing director for U.S. and Canada:** At one point I saw a store display for a BlackBerry in a shopping mall in Cyprus. It was sort of an out-of-body experience.

**Vincent Washington, senior business development manager, 2001-11:** Everyone started to see we were onto something big. If you’re in a movie—it’s that scene when they cut to everybody going to Vegas.   
  
  
*Although its marketing strategy focused on corporate buyers, the brand becomes a hit with consumers. Oprah Winfrey declares it a “favorite thing” in 2003. By the end of 2004, it’s sold through 80 carriers in 40 countries and has more than 2 million subscribers.*

**Key:** In 2004, I shipped off to India. I became very active in feeding devices to Bollywood celebrities. I recall going to Bombay fashion week, and I took a box-load of BlackBerrys. A friend of mine is an editor for *Vogue*. She put me in the VIP section, and I drank Champagne and ate strawberries and handed out BlackBerrys to all the celebrities.

**Jesse Boudreau, vice president, BlackBerry software excellence, 2004-08:** In 2006 the BlackBerry Pearl came out, and it was the “candy bar” format, and it had a track wheel, and it had really good connectivity. It was really nice for scrolling around, and it could play video, and it had a camera. Up until that point, Mike had said, “That’s crazy, why would I ever want a camera?” All of a sudden BlackBerry becomes a consumer play.

**Ray Gillenwater, managing director, 2007-12:** My first night in Jakarta, sitting in the sky at the Ritz-Carlton, I was negotiating a contract with our sole distributor for more money than I’d ever discussed in my life. It was such a surreal time for me. I was only 24 years old. If memory serves, I spent 180 nights at the Ritz in my first year.

**Washington:** I was on a team called the Fast 100. We were tasked with preparing carriers for launch. There was a group of us. We went around the world from Germany to Brazil to Chile. Three years went in a blink of an eye. There wasn’t a meeting I couldn’t get. All I had to say was, “Hey, I’m bringing the BlackBerrys.”

**Sean Fenton, account executive, 2002-2012:** You got a lot of invitations to parties and events. There were many times I said to myself, I can’t believe I’m sitting here in business class, going to Peru, Mexico, and all these places.

**Washington:** I played football at Michigan. Some of my guys play in the NFL and coach in the NFL. They were always reaching out to me and saying, “Hey, can you send me a BlackBerry?” So I was like, why don’t we just go after the NFL as a business? Long story short, I ended up meeting with Roger Goodell. They invited us into a symposium. I met with all 32 teams at their technical summit. We had 31 of 32 teams standardized on BlackBerry. The only team that didn’t go for it was the Cowboys, because they wanted us to pay them to use the device.

**Lidia Feraco, senior marketing manager for Latin America, 2005-11:** In the Jamaica/Trinidad launch, we did an exclusive campaign where people would come into a discotheque. We would give them temporary henna bar code tattoos, and people could use their BlackBerrys to scan the tattoos to get people’s [personal identification] numbers. People would say, “Scan me, scan me.” And as the evening went on, people would get more risqué and put the tattoos on different parts of their body. So instead of asking, “Hey, can I get your number,” the conventional line in a nightclub, it was more, “Hey, can I get your PIN?”

**Gillenwater:** We were one of the top brands in the world at the time. I was very happy to be associated with such a good product. My mom was especially proud. She loved seeing me get featured in *Town & Country* magazine in the Philippines.

**Brendan Kenalty, customer base management, 2007-10:** We did a huge, surprise concert, RIM Rocks! There were pre-parties and post-parties. Van Halen. Tragically Hip. It was such a hot ticket. That was a really fun time.

**Andrew Lysyk, project coordinator, 2007-10:** I started in 2007 as an intern. There was the mindset: “We’re No. 1. We’re killing it.”

**Kenalty:** I was in the loyalty and retention group. People would be, like, “You’re in BlackBerry retention? Why would anyone need that?”  
  
  
*BlackBerry’s growth turns Waterloo—population 550,000—into Canada’s Silicon Valley. Today the region’s 1,000 tech companies collectively generate some $30 billion in annual revenue, according to Communitech, a startup coalition.*

**Tyler Lessard, vice president for global alliances and developer relations, 2001-11:** One of RIM’s strengths for the first number of years was its ability to attract talent from the University of Waterloo, which really is a globally recognized computer science and engineering school. It was literally across the train tracks from the school. At the same time, it was difficult to attract talent that wasn’t already familiar with the local region.

**Fenton:** I’m from Mississauga, Ontario, which is right outside of Toronto. Waterloo is literally an hour away. It’s someplace you don’t really go unless you have a reason to go there. Prior to working at RIM, I worked at Nortel ([NRTLQ](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=NRTLQ)). I actually turned RIM down three times before I took a job there. Once I got there, I looked around and said, “Wait, there’s no other product that does this?” Things were moving so quickly. The company didn’t have a lot of bureaucracy and rules. Coming from Nortel, which was a structured environment, I saw the opportunity.

**Jamie Pepper, technical support representative and analyst 2003-12:** There were some people who were into the stock and freaking out about how much money they were going to make. I don’t know if it’s just a cliché Canadian thing, but the majority of us really didn’t care. We were happy to just have the opportunity.

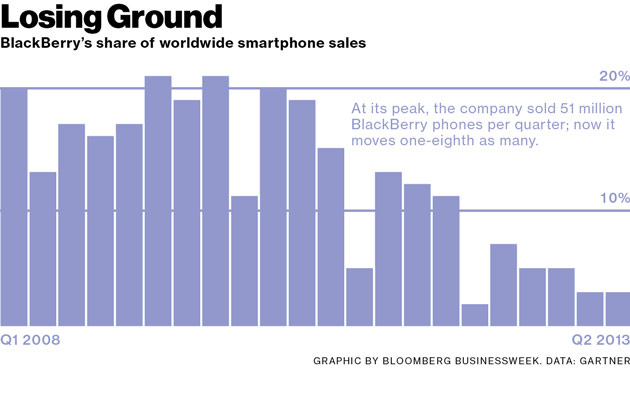
**Paula Dymond, channel sales manager, 2004-11:** Jim [Balsillie] was always thinking about the big picture. You’d ask him a question, and he’d go off on a tangent. And then he’d ask, “Did I answer your question?” I’d say, “Well, not really.” His thoughts were up in the clouds. Everybody was given their goals, and you had to figure it out. You almost felt like you were running your own business.  
  
  
*As BlackBerry’s popularity explodes, the company struggles to keep up with demand—and with rapidly changing consumer tastes.*

**Boudreau:** In four years we went from [approximately] 2,000 to 12,000 people. Having been at Nortel, the politics that get played is exponential. I was starting to see it be like Nortel. There was bureaucracy. There was pointless process. You were getting decisions by committee.

**Mousseau:** I was in a town hall meeting, and I asked a question about research and development. And they just kind of shot me down: “Oh, research is for people who don’t want to actually work anymore.” It was kind of a real slap in the face. Like, “We don’t need raw research here. Let’s just get all the bugs out and make it perfect. Let’s add another menu item that does this or that.” The menu items were getting so thick.

**Lysyk:** There was so much management. You’d have your team lead, then your manager, director, then senior director, then another director. At one point they said it was [only] 5 to 10 percent engineering. That’s pretty hard for a tech organization.

**Washington:** Lazaridis used to come into these meetings, and it was almost like *Pulp Fiction*, where he’d open the case and there would be this golden glow of devices. We were all super eager to see it. Around 2007 the glow was getting a lot smaller every time he came around.



**Kenalty:** All the market research was saying, “Hey, everybody wants what they call candy bar phones,” which is the nonflip phone. And the next [BlackBerry] product that came down the pipe was the new Pearl Flip. All the sales guys were, like, “What the hell? We asked you for big screens, touchscreens, more of these candy bar styles.” And they were, like, “Yeah, but we came up with this really cool technology about the hinge. Look at how this works!” There’s probably still a warehouse full of them.

**Lysyk:** Quality definitely was suffering. At that point I was on the returns line, and there were a bunch of devices being returned for no apparent reason—no hardware issues or software issues. People just didn’t like it anymore.  
  
  
*In June 2007, the first iPhone hits the stores. Far from recognizing the potential threat to BlackBerry’s dominance, Lazaridis and Balsillie publicly belittle Apple’s (*[*AAPL*](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=AAPL)*) device, criticizing its short battery life and weaker security.*

**Lessard:** You saw these iterative products coming to the market from Microsoft ([MSFT](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=MSFT)) and Palm ([HPQ](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=HPQ)). There were so many devices where people said, “Oh, this one will take on BlackBerry.” There was a sense of confidence in the company where we thought, “It’s not going to happen.” The same thing definitely happened when Apple introduced the iPhone.

**Key:** I remember being at a [customer] meeting and the CIO was carrying an iPhone. I found out that a lot of senior executives … were carrying iPhones. That was a big red flag for me. The attitude for most of the people in the senior leadership at BlackBerry was, “The BlackBerry solution is secure. It’ll lock down company data. It’ll allow the organization to maintain complete control over the business use of the device. IPhone is a music player and a consumer toy.”

**Dymond:** The field reps and carriers were asking, “Why don’t you guys advertise?” I do remember asking the question, and it came down to, “We don’t need to.” Being successful at RIM was all about being close to the carriers. I’m not sure what we were doing to get customers in the door.

**Washington:** One thing we missed out on was that Justin Bieber wanted to rep BlackBerry. He said, “Give me $200,000 and 20 devices, and I’m your brand ambassador,” basically. And we pitched that to marketing: Here’s a Canadian kid, he grew up here, all the teeny-boppers will love that. They basically threw us out of the room. They said, “This kid is a fad. He’s not going to last.” I said at the meeting: “This kid might outlive RIM.” Everyone laughed.  
  
  
*In May 2008, the company releases the BlackBerry Bold 9000. The following month, shares peak at $148. That fall, the first Android phones go on sale.*

**Michaluk:** When iPhone 3G and Bold 9000 came out at the same time, I ripped the [Bold 9000] apart in an article because the browser was completely unusable. BlackBerry launched that Web browser without it really working. That Bold 9000 browser was one of the cracks in the egg.

**Gillenwater:** If BlackBerry was going to be serious about consumers, they needed to make a fundamental shift in the way products were thought about, created, iterated, marketed, and sold. This was done but never to the extent necessary. It was always a partial effort. There was a period of time when this could have been corrected, but when it became apparent that HQ and senior leadership were not addressing systemic issues, people like myself left.

**Kunal Gupta, CEO of Polar, which develops applications for companies to publish on mobile platforms, including BlackBerry devices:** When they launched the Storm [in 2008], that was a moment of pause. We got an early prototype. When you clicked something, it would take longer than it should. It would crash or freeze. You were used to every BlackBerry product being a winner. This one felt like an afterthought.

**Boudreau:** Mike Lazaridis really got the hardware. I don’t think he had a good handle on the consumer app side of things. Mike is going to go through on calendar and do esoteric things to see if it’s broke. Did he do it on maps? No. Did he do it on photos? No. The company was getting bigger, and he had all these other distractions.  
  
  
*In the latter half of the 2000s, Co-CEO Balsillie distances himself from day-to-day operations. He founds a school of international affairs and makes three attempts to buy a National Hockey League team, a move opposed by the NHL.*

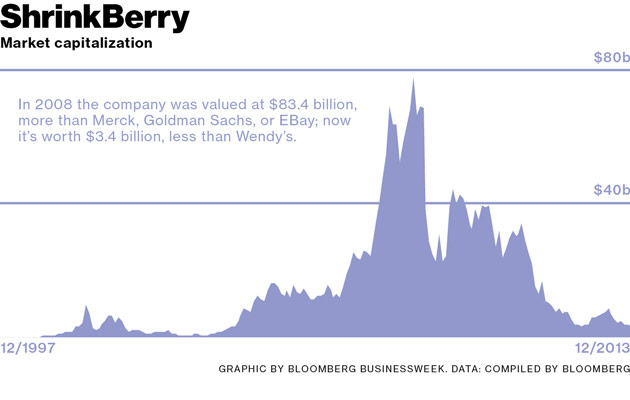
**Thomas Homer-Dixon, professor of political science at the Balsillie School of International Affairs:** I was with Jim on an icebreaker in the Arctic in the summer of 2010 for a weeklong seminar on Arctic issues. That’s when things really turned. Saudi Arabia, India, and others were saying RIM had to open up to national intelligence. He gave a talk at the end of the week to everybody on board. He started out by saying, “You know, I’m an electrician’s son from Peterborough. A lot of people who are involved in building a $60 billion company like to look back and attribute their success to smart moves along the way. What I’m going to tell you is a story about luck—and extraordinary luck at key moments along the way.” He identified six moments where RIM could have failed. A combination of luck and acumen had put them on the right path. Someone asked, “What do you think is going to happen now?” He said, “Well, it’s really hard to say. This is a rapidly expanding market. We may have a diminishing share of that market, but who knows?”

There was a certain realism, a fatalism. Jim realized he was engaged in a rare historic phenomenon. He could push but also had to step back and see fate unfold. He was already starting to engage in the next things in his life. I found it a bit discouraging. But I also thought, “Here’s a guy who’s got his feet on the ground. He’s been part of a really interesting historical moment, and he’s getting ready to move on.” He was fully aware of the seriousness. He wasn’t deluding himself at all.

**Estill:** I left the board in 2010. It had grown to a size where it became very corporate on the board. I’m an entrepreneur. I’m a startup guy. I had no idea that essentially the run was over.   
  
  
*In April 2010, Apple introduces the iPad, one of the most successful consumer products ever. A year later, the BlackBerry PlayBook tablet goes on sale. Slogan: “Amateur hour is over.” It flops.*

**Alkarim Nasser, founder and managing partner of app maker Bnotions:** I worked there in the summer of 2004 as a computer science and business major at the University of Windsor. We’d get hot lunches, sandwiches. It seemed like the job opportunities were endless. I ended up starting a company called Bnotions. One of the first apps we developed was on the BlackBerry platform, in 2009, for Ernst & Young. … We didn’t really give up on them until late 2010, when the PlayBook launched without e-mail. That was the nail in the coffin. We stopped offering a BlackBerry app. Customers stopped asking for it.   
  
  
*In January 2012, with its market share and stock price falling, BlackBerry announces that Balsillie and Lazaridis will resign as co-CEOs. The chief operating officer for product and sales, Thorsten Heins, a former Siemens (*[*SI*](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=SI)*) executive who had joined BlackBerry in 2007, becomes CEO. (Heins did not respond to requests to be interviewed.)*

**MacLeod:** It was obviously a huge deal when Jim and Mike decided to pull back a little bit, and there was a new leader in place. Up until that point everything had come from these two guys. They were so much a part of our DNA. Jim and Mike and RIM were kind of inseparable. But having someone like Thorsten, who was a part of the culture and who had been with the team for a while, there was an element of soft transference. He was a known quantity.

**Gillenwater:** I was very worried when an insider was chosen as the new CEO. I was especially worried when suboptimal execution continued: missed delivery dates, buggy products, weak marketing.  
  
  
*In 2013, RIM changes its name to BlackBerry. In a much-ridiculed move, it names Alicia Keys the company’s global creative director. It rolls out its first smartphones powered by the BlackBerry 10 operating system, which Heins says will offer “a user experience that adapts beyond anything you have seen before.”*

**Michaluk:** BB10 was too different. They killed the track pad. They killed the back button, so all your muscle memory of how things work goes out the door.

Photograph by Mario Tama/Getty ImagesBlackBerry Global Creative Director Alicia Keys

**MacLeod:** We’re taking some knocks right now. That’s part of this business cycle. But I’m heartened by the fact that we have a ton of assets—IP assets, technology assets. We have a culture that at its core is about innovation. And we’re in an industry that moves incredibly fast. If we were in the insurance industry or the railroad industry I might be a little less optimistic, because the innovation cycle there is a hundred-plus years. But we’re in a space that’s measured in months or, at most, years. In tech, you can make some moves and catch an innovation cycle in a wave and really help redefine the stakes of the next game.  
  
  
*In August 2013, Prem Watsa, the head of Fairfax Financial Holdings (*[*FFH:CN*](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=FFH:CN)*), announces that with BlackBerry exploring a possible sale, he would be stepping down from the board. On Sept. 23, Fairfax makes public a letter of intent to acquire BlackBerry for $9 per share and take the company private. BlackBerry reveals a $965 million quarterly loss and says it will be laying off 4,500 employees.*

*The company continues to go through its money. Cash and short-term investments decreased by almost $500 million in the second fiscal quarter, to $2.3 billion. In November, Fairfax Financial’s $4.7 billion buyout bid collapses. Heins is ousted as chief executive and replaced by former Sybase (*[*SAP*](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=SAP)*) chief John Chen. On Dec. 2, with speculation rampant that BlackBerry might exit the hardware business entirely, Chen publishes an open letter to BlackBerry’s customers. “Our ‘for sale’ sign has been taken down and we are here to stay,” he writes. “[R]eports of our death are greatly exaggerated.”*

**Jeff Gadway, current senior manager for product marketing:** When you go into the focus groups, and you talk to customers about brands in the technology space, there are brands that don’t come up at all anymore. And then there’s BlackBerry. People have fond sentiments about BlackBerry. If people didn’t have that affinity toward the brand, I would be challenged to really believe in what we’re doing. People want to see BlackBerry succeed.

<http://www.businessweek.com/printer/articles/171460-the-rise-and-fall-of-blackberry-an-oral-history>