RIM Unveils Cheaper BlackBerry

KYLE HIGHTOWER, Associated Press ROB GILLIES, Associated Press

ORLANDO, Fla. (AP) — Research In Motion unveiled a lower-cost BlackBerry aimed at consumers in emerging markets on Tuesday, stepping up its efforts to regain market share lost to Apple's iPhone and Android devices powered by Google's software.

The lower-cost gadget, called the Q5, is the company's third smartphone to run the new BlackBerry 10 system. It will have a physical keyboard, something that sets RIM's devices apart from Apple's iPhone and most Android phones.

RIM CEO Thorsten Heins said the "slim, sleek" device will be available in red, black, white and pink. He announced the phone to a packed ballroom to open RIM's annual three-day conference in Orlando, Florida.

The device will be available in Europe, the Middle East, Africa, Asia (including the Asia Pacific region), and Latin America beginning in July. The Q5 isn't expected to be released in North America for now. The company did not disclose prices for the new phone.

RIM's higher-tier Q10 has been released in most markets, but delays have meant that U.S. carriers aren't likely to have it until June. The U.S. delays complicate RIM's effort to hang on to customers tempted by Apple's iPhone and a range of Android smartphones. Even as the BlackBerry has fallen behind rivals in recent years, many users have remained loyal because they prefer a physical keyboard over the touch screen found on other devices.

The Q5 differs only slightly from the Q10. Both have 2GB of RAM, though the Q5 has only 8GB of flash memory compared to 16 for the Q10. Both have 2 megapixel front-facing cameras, but the Q5's rear-facing camera is only 5 megapixels, compared to the Q10 which has 8 megapixels and also records high-definition video.

Also, the Q5 has a 3.1-inch LCD display, while the Q10 is 3.1 inches and LED.

RIM unveiled new BlackBerrys this year after delays allowed Apple and others to continue their global advance.

RIM's iconic BlackBerry device, introduced in 1999, was the dominant smartphone for on-the-go business people and consumers for nearly a decade. But rivals came out with a new generation of phones that could do more than just email and messaging, starting with the iPhone in 2007 and followed by devices running Google's Android system. Suddenly, the BlackBerry looked ancient.

According to research firm IDC, shipments of BlackBerry phones plummeted from 46 percent of the U.S. market in 2008 to 2 percent in 2012.

Though RIM continues to do well in many overseas markets, the company faced numerous delays modernizing its operating system in an effort to compete with the iPhone and smartphones running Google's Android operating system.

Heins, who became RIM's CEO in January 2012, said the company has made a lot of progress in a short period of time.

He restated BlackBerry's committed to "mobile first" and took a subtle jab at industry predictions that he might not make it to this year's conference as CEO because of the competitive mobile landscape.

"I'm happy to say they were wrong," Heins said. "We are not only still here. We are firing on all cylinders as a company."

RIM's stock fell 63 cents, or 3.8 percent, to $15.25 in afternoon trading Tuesday.

RIM also said it will offer its once-popular BlackBerry Messenger service on iPhones and devices running Google's Android software.

Heins said iPhone and Android versions of the BlackBerry Messenger app will be available for free, subject to approval by Google Play and the Apple App Store. "It's time to bring BBM to a greater audience," Heins said. "I cannot wait for the day when all of our BlackBerry fans can send BBM invites to all their friends on other platforms. They have asked us for this for years."

The BBM service was once a reason for BlackBerry users not to defect to other smartphones. Now, there are many rival messaging services. Still, there are more than 60 million BBM users worldwide.

BBM works like text messaging but doesn't incur extra fees.

Colin Gillis, an analyst at BGC Partners, said offering BBM on rival platforms is a good move because closed ecosystems don't work anymore. He said the company was forced to do it but said it might be too late.

"BBM is a communication network and it's only as powerful as people who are on it," Gillis said.

Heins said RIM is "definitely in the race" and that he is excited about the company's outlook, predicting the most successful year for BlackBerry.

"What I can say is that 12 months ago I was told we would be out of business in two quarters, and that we could burn through our cash within two quarters. It didn't happen. We are confident in the future of BlackBerry 10."

Asked about a move away from tablet technology, Heins said that the future is in mobile and that BlackBerry's new initiatives are to target a consumer it thinks will rely on one mobile device for all communications within seven years.

RIM's tablet, the Playbook, has not sold well.

"You will always have people that are in a very limited view (asking questions) like 'when are you going to take on Apple?'" Heins said. "That's not the way I'm thinking about this."

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Gillies reported from Toronto.

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