

RIM: The Icahn Man Cometh?

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RIM investors appear exuberant at the prospect of Carl Icahn's rumored stake in the troubled company, but if the financier follows his usual m.o., it could mean the beginning of the end. "It would be disastrous for RIM," said **Billie G. Blair**, president and CEO of Change Strategies. "Icahn has done nothing but harm to the companies that he has interacted with."

Shares of [Research In Motion](#) (Nasdaq: RIMM) showed signs of life, jumping at least 6 percent Tuesday, on talk that investor Carl Icahn has acquired a stake in the company.

Neither RIM nor Icahn has commented publicly to confirm or deny the rumors. RIM did not respond to the E-Commerce Times' request for comment. Icahn is a so-called activist investor who takes stakes in struggling companies in order to push for strategies that would deliver more

The Icahn Mold

If ever there were a company that fit the description of "struggling," it would be RIM. Its once-dominant BlackBerry smartphone has been slowly but steadily losing market share and customers to iPhones and Androids. Only recently has RIM begun to roll out devices that appear designed to compete head to head with the new leaders. Its tablet, the PlayBook, has failed to distinguish itself from the iPad -- although that's true of just about every other tablet introduced thus far.

RIM's earnings have been downright dismal for three consecutive quarters. In Q2, [it posted](#) revenue of US\$4.2 billion, failing to reach the Street's expectation of \$4.47 billion.

The Icahn Method

Shareholders may well welcome Icahn into their midst if the rumors are true. Not so much devoted RIM customers, however -- especially the dwindling crowd of "crackberries."

"Typically Icahn either pushes for the company to sell bits and pieces of itself or for an outright sale," Charles King, principal of [Pund-IT](#), told the E-Commerce Times.

Not that customers should automatically assume RIM is about to go the way of, say, Palm. Assuming Icahn has acquired a stake in the company, it doesn't necessarily mean he will be successful in any attempts to spin off RIM assets or sell the company. He has been defeated in attempts to gain control of corporate boards before -- most recently at Clorox, and earlier this summer at Lions Gate Entertainment.

Still, Icahn would likely attract the support of other shareholders at RIM for his proposals. Jaguar Financial recently [called on the company](#) to better maximize shareholder value, possibly by selling itself or monetizing the RIM patent portfolio through a spinout.

Patent Sale

Icahn will be tempted to go after the low-hanging fruit at RIM, Azita Arvani of the [Arvani Group](#) predicted -- and that does translate into a patent sale.

He used his position at [Motorola Mobility](#) (NYSE: MMI) to push for selling its patent portfolio, she said.

"Sales of patents might bring some short-term profits to the company, but it won't help solve RIM's fundamental challenges," Arvani told the E-Commerce Times.

Icahn might not even deliver short-term profits to RIM, suggested Billie G. **Blair**, president and CEO of [Change Strategists](#).

"It would be disastrous for RIM," she told the E-Commerce Times. "Icahn has done nothing but harm to the companies that he has interacted with."

Corporate Raider

"Icahn is one of those guys that in a less kind age was referred to as a corporate raider," King said. "I think Icahn sees a company in a state of distress or weakness and thinks he can organize a deal."

If Icahn were to take a longer view of RIM's prospects, he would have a number of areas on which to concentrate, King pointed out.

"The general consensus with RIM is that the company is under significant competitive pressure from [Apple](#) (Nasdaq: AAPL) and [Android](#). That is mainly because its business users are abandoning it for these flashier devices."

RIM has recognized this and is taking steps to address it, King noted.

"It could work out, but it will require time and patience," he said -- and those are two qualities that Icahn is not known to possess.