

## RIM, Apple borrow from each other's playbook

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FROM FRIDAY'S GLOBE AND MAIL  
MARCH 6, 2008 AT 8:14 PM EDT

TORONTO — A cross-continent war of words erupted yesterday between the makers of the popular BlackBerry and the hip iPhone, fuelling an increasingly bitter battle between Research In Motion Ltd. and Apple Inc. for control of the smart phone market.

In California, Apple boss Steve Jobs suggested to an U.S. audience that Research In Motion's BlackBerry is a potential security threat because all e-mails are routed through RIM's network operations centre (NOC) in its home town of Waterloo, Ont.

"Every e-mail message that's sent to a RIM device or from a RIM device goes through a NOC up in Canada," Mr. Jobs said, according to a report by Bloomberg news service. "That provides a single point of failure, but also provides a very interesting security situation."

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### Research In Motion



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At a speech in Toronto earlier in the day, RIM's co-chief executive officer, Jim Balsillie, issued a subtle jibe at his rival, refusing to acknowledge the company when asked about Apple. "Apples have a lot of fibre," Mr. Balsillie said to laughter in the room. "There's no question, all fruits have a lot of antioxidants."

The comments highlight a simmering feud between the companies, which have started treading further into each other's home territory. Apple revealed plans yesterday to turn the iPhone into a business tool, while RIM tried to jazz up the BlackBerry through a new link to music and pop culture.

Apple says it will push e-mails to iPhones later this year, instead of forcing customers to manually check e-mail accounts. And Mr. Balsillie has struck a deal with hip-hop artist Will.i.am to add a music and social networking platform to BlackBerrys.

Each is taking a page from the other's playbook in the fight for control over the consumer and business markets for smart phones. More people are buying these devices and expect cellphones to do more than make calls, be it e-mails, music or social networking.

RIM is the more established smart phone player, having won over millions of business customers since launching the BlackBerry in the late 1990s. In the past year, it has also tried to make its devices more appealing to consumers, launching a smaller, multicoloured version called the Pearl.

But there is stiff competition for consumer and business customers at a time when cellphones are starting to lose their cool factor and become commoditized, according to Kaan Yigit, president of consulting firm Solutions Research Group Inc.

The challenge for RIM is to add applications and software that make its devices unique and appealing, he explained. The company has done so in the corporate world, where the security and functionality of its wireless e-mail system is highly valued by companies.

Mr. Balsillie is trying to meet the consumer challenge. He told the Canadian Music Week conference in Toronto yesterday that he will take the BlackBerry deeper into social networking, including partnerships with online music and video communities.

Still, he needs to do more than team up with Will.i.am's Dipdive, a nascent social networking platform that will appear on BlackBerrys

in coming months. So far, Dipdive's platform has been focused on celebrity endorsements of Barack Obama's U.S. presidential campaign. Mr. Balsillie hinted in an interview after his speech that many content providers want to talk to RIM.

"To make a real impact on the consumer market, there needs to be more effort," Mr. Yigit said, but noted that the window of opportunity is still open for RIM.

That's not to say, however, that the upstart iPhone, which is less than a year old, is having an easier time expanding in the business market.

Despite the new features, In-Stat analyst Bill Hughes believes it will be difficult to persuade businesses to spend at least \$400 (U.S.) on a music-focused device for their workers.

"It's going to take a couple of generations of applications before they even catch up to any smart phone," including RIM, Mr. Hughes said.

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