

The Guardian Reports:

"A tech giant rises – another falls," said the front-page headline on the Financial Times. It juxtaposed Twitter's initial public offering (IPO), which is set to raise more from the market than Google did in 2004, with the chaotic events at BlackBerry, which dropped a plan to sell itself for \$4.7bn, jettisoned its chief executive and said it would raise \$1bn in cheap debt.

Is that how it goes? Is the technology business a sort of one-in, one-out game? It's certainly hard to find a company with more enthusiastic investors ahead of the bell than Twitter – though let's see how things go once the shares are traded – nor one that has been more heftily dumped than BlackBerry, which in June 2008 boasted shares topping \$144. Now they languish at \$6.50.

Or did BlackBerry just get too old? Is that it?

Actually, no. The difference between technology companies (and companies generally) that survive and those that don't is much simpler. As with biological species, it's all about adaptability. If you can't adapt, then you will be erased by history.

The obvious example is Apple, which in 1997 was just 90 days from bankruptcy. Steve Jobs, older and wiser than when he had been fired from it, came back, used his industry connections (particularly Bill Gates) to get the company stable and began building the company back up. The iPod, originally conceived as a device to make people buy more Macintosh computers, instead turned into a huge product line in itself.

But by 2005, Jobs recognised that making iPods wouldn't be enough: modern phones would soon be able to store just as much music as a cheap iPod, and make phone calls too. So he set Apple's designers and engineers to making a phone.

If Apple hadn't shifted from making iPods to iPhones – what startup companies call a "pivot", meaning a shift in business focus – then it would have been erased: the Mac and iPod business together generated about \$6bn in Apple's most recent quarter, less than half that of Google, and one-third that of Microsoft.

The iPhone seems obvious and its success assured now – but as recounted in Fred Vogelstein's forthcoming book *Dogfight*, it was actually a tightrope walk involving barely ready prototypes, buggy software and last-minute deals. When Jobs showed off the iPhone in January 2007, there wasn't an assembly line for them, and Jobs's demos had to be carefully planned to avoid embarrassing crashes using a "golden path" worked out laboriously by testers.

Ditto for the iPad: even internal testers were unsure what it was "for", Vogelstein records. (In that, they sound much like the collective "huh?" that emanated from many who first saw it.) Now the iPad generates more money than Microsoft's entire Windows business.

So success isn't foretold in the technology business. Nor was BlackBerry's demise. True, it had a lead, but a detailed analysis by Canada's Globe and Mail of the failure of the nation's darling shows that its managers discussed different ways to get out of their predicament time and again. The problem wasn't that they didn't have ideas; it was that they made the wrong choices. They didn't fail to adapt; they failed to make the correct adaptations.

You can see this happening elsewhere. Microsoft, which used to be just a software licensing company, began making hardware with the Xbox (sure, keyboards were first, but not relevant) and now is building its own Surface tablets, and will soon own Nokia's handset business. It'll be a software-writing, tablet-making, phone-building company – just like Apple. Google too now owns a phone manufacturer (Motorola) and is building new hardware (its Glass device). Even being a big and hugely profitable company doesn't mean you don't have to adapt.

So while it might seem as though BlackBerry's time simply came and went, the truth is – if we only had time machines, and a desire to save it – that there were always times when it could have been saved from this agonising swirl around the black hole of irrelevance. And Twitter, too, will meet some point when it abruptly faces a choice that will either kill it, or make it stronger. Every company does; and many choose wrongly. That's why most companies go bust in their first five years. Surviving beyond that (as Twitter, Facebook and many others have done) doesn't exempt you from having to adapt.