

Mobile Devices - The iPhone Is Not The Only Game In Town

Carolina Milanesi

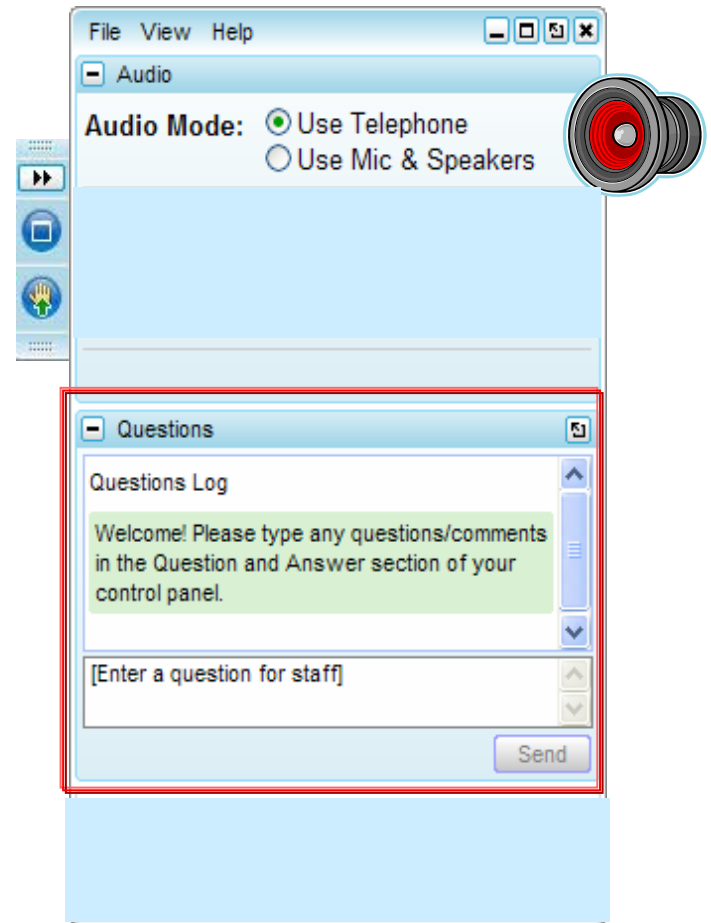
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March 9 2010

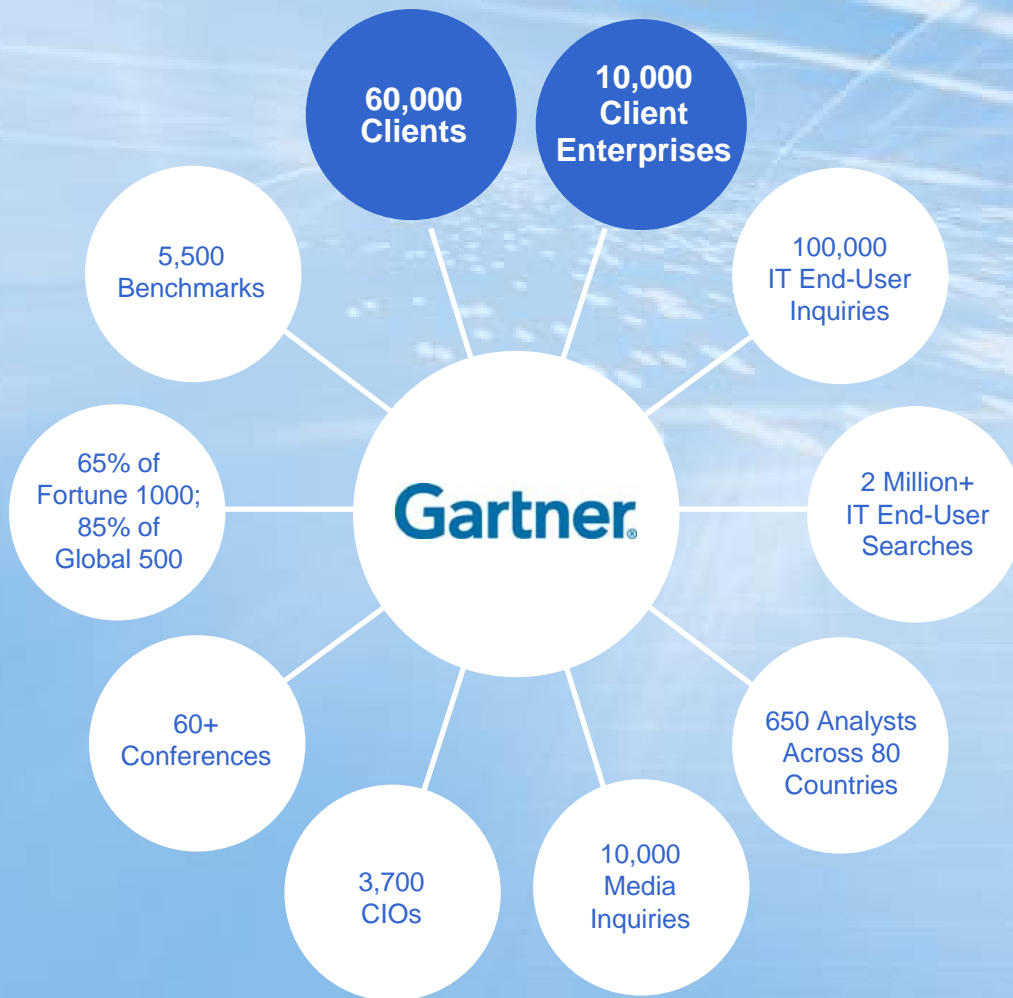
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2009 redefined the mobile devices market.
The economic environment made it a challenging year, while the market witnessed the important shift from hardware to services and applications.

Key Issues

- **How is the mobile devices market doing?**
- **How is the mobile devices market changing?**
- **Who will be the winners and losers?**

Key Findings

- In 2009, worldwide device sales to end users were flat year on year.
- Growth will return in 2010 but at a lower pace than in previous years. Market will remain unsettled.
- ASPs decline will stabilize but margins will remain under pressure.
- Since the arrival of the iPhone, consumers have seen how services can enrich hardware. This has driven consumers to look for an end-to-end solution.

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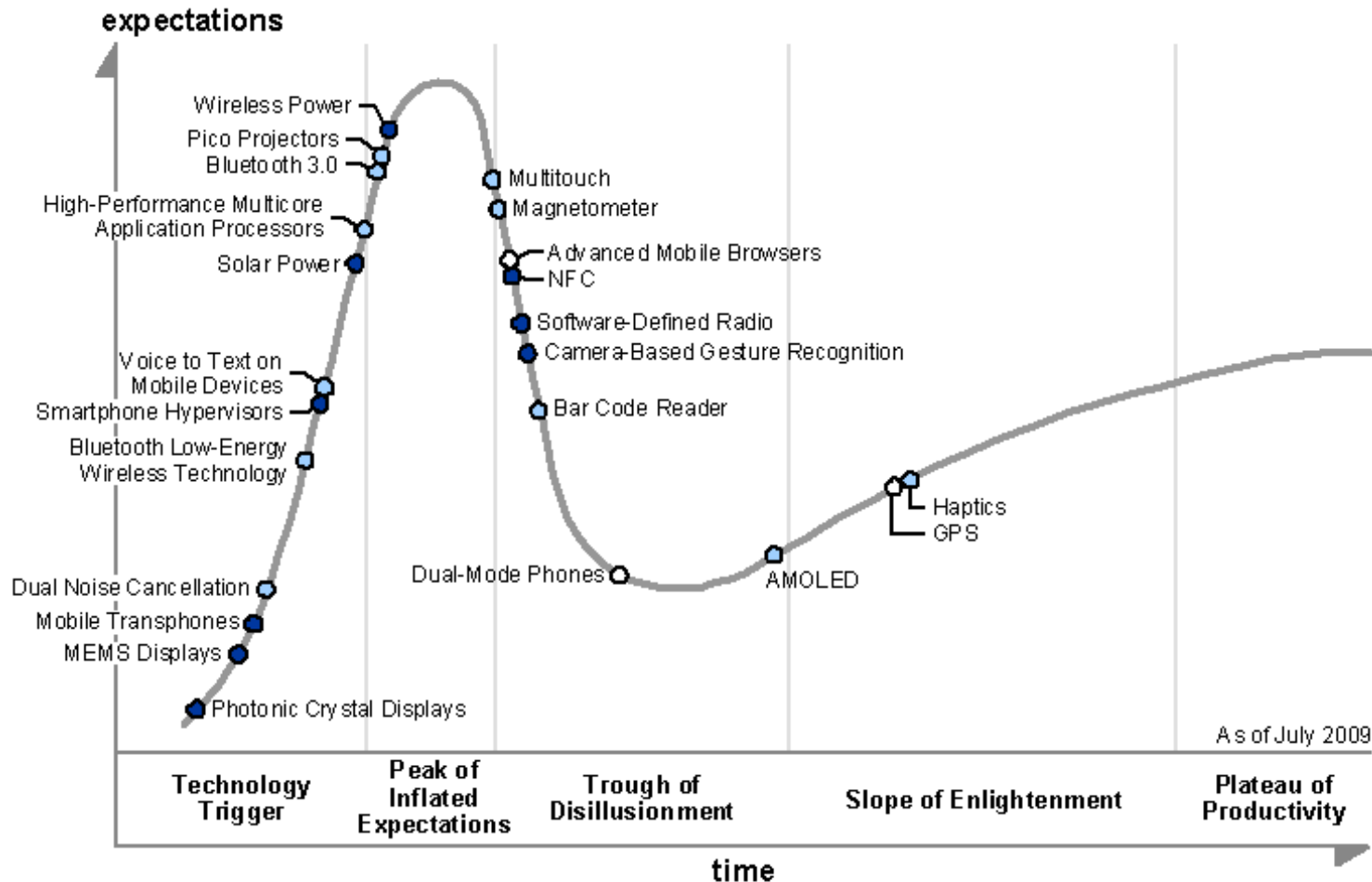
Top Five Trends for Mobile Devices in 2010

1. Emphasis continues to shift from hardware to software, applications and services.
2. Smartphones will be the main focus for vendors and CSPs.
3. Applications Stores and Ecosystems will be the new battle ground.
4. Cloud Services will be a new focus for vendors.
5. The distinction between enterprise and consumer devices will blur further.

Mobile & Comms Supporting Trends

- Network operator power slowly declines – what will an operator become?
- Consumerization is in the driving seat
- New vendors and new services emerge for consumers & corporations
- New “blue ocean” communications-enabled markets will emerge
- Socio political trends will be important

Mobile Devices Technology Hype Cycle



As of July 2009

Years to mainstream adoption:

○ less than 2 years

● 2 to 5 years

● 5 to 10 years

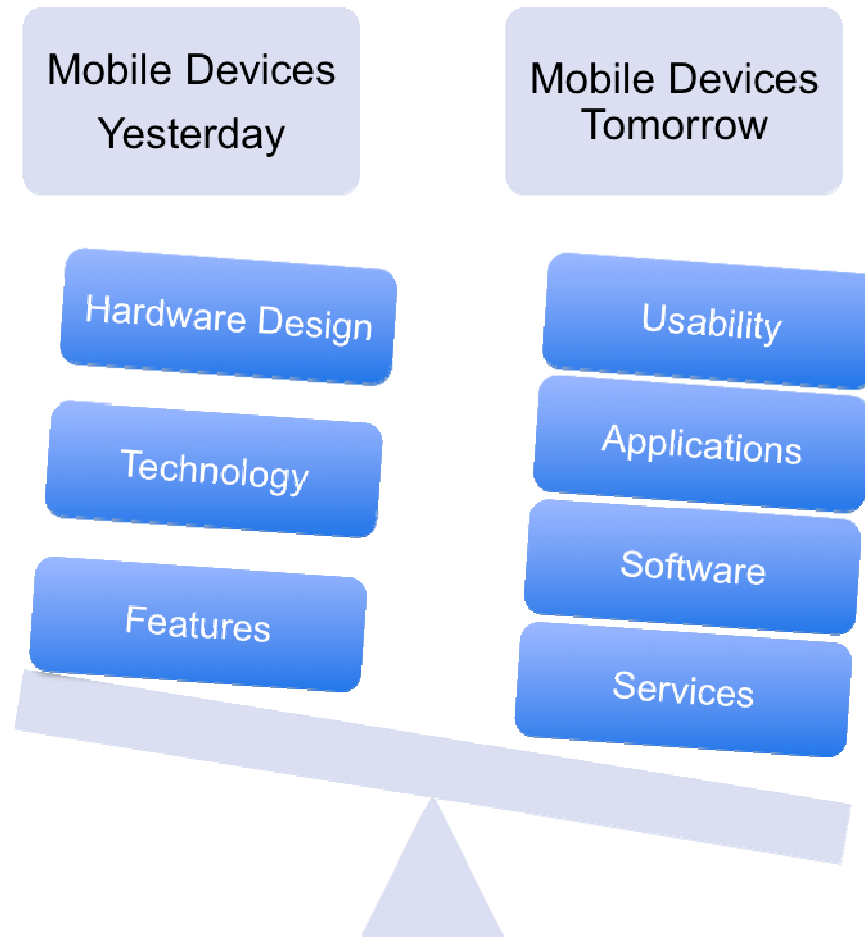
▲ more than 10 years

● obsolete before plateau

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Consumer Focus Is Shifting

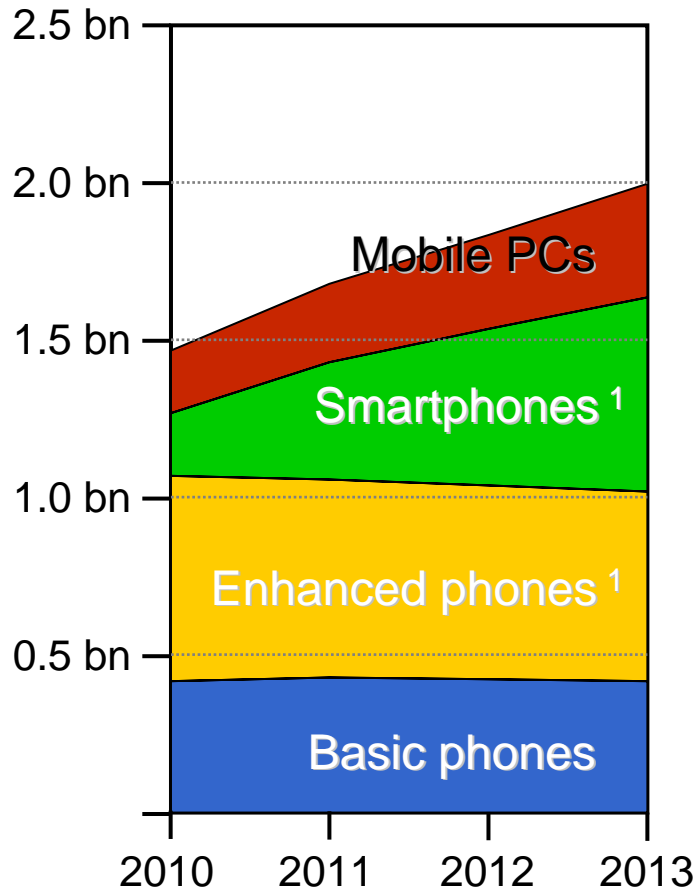


The Rise of the Consumer End-to-End System

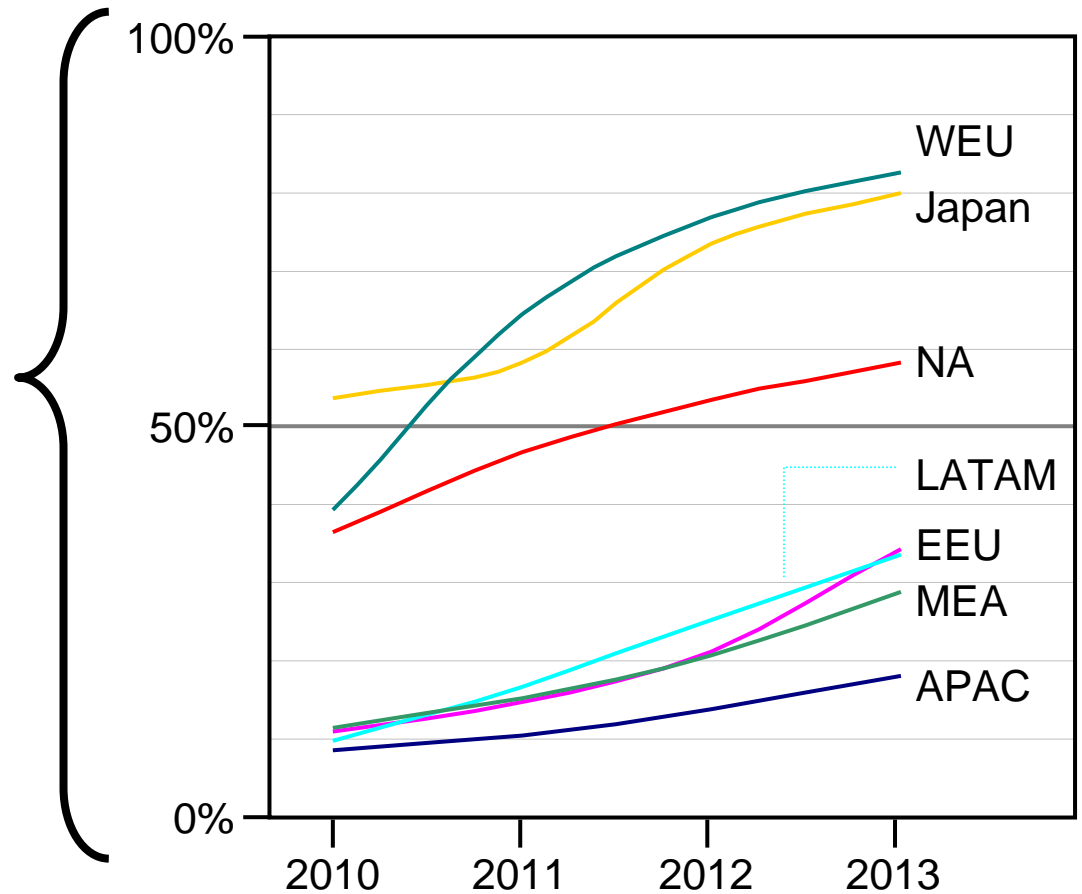


Smartphones Will Dominate Mature Market Mobility

Device Shipments 2010 - 2013



Smartphones as %ge handsets shipped



(1) Cellular MIDs are included in both the smartphone and enhanced phone categories

Technologies to Watch in 2010 to 2013



- Flexible and passive displays.
- Low power-consumption (e.g. e-ink and OLED).
- Pico projectors

Display Technologies

Mobile Web and Widgets

- Simple and agile applications.
- Tools to address handset diversity.
- Slow standards evolution.

- Cellular competitive with DSL and WiMAX
- Devices with embedded cellular.
- Performance improves through 2015.

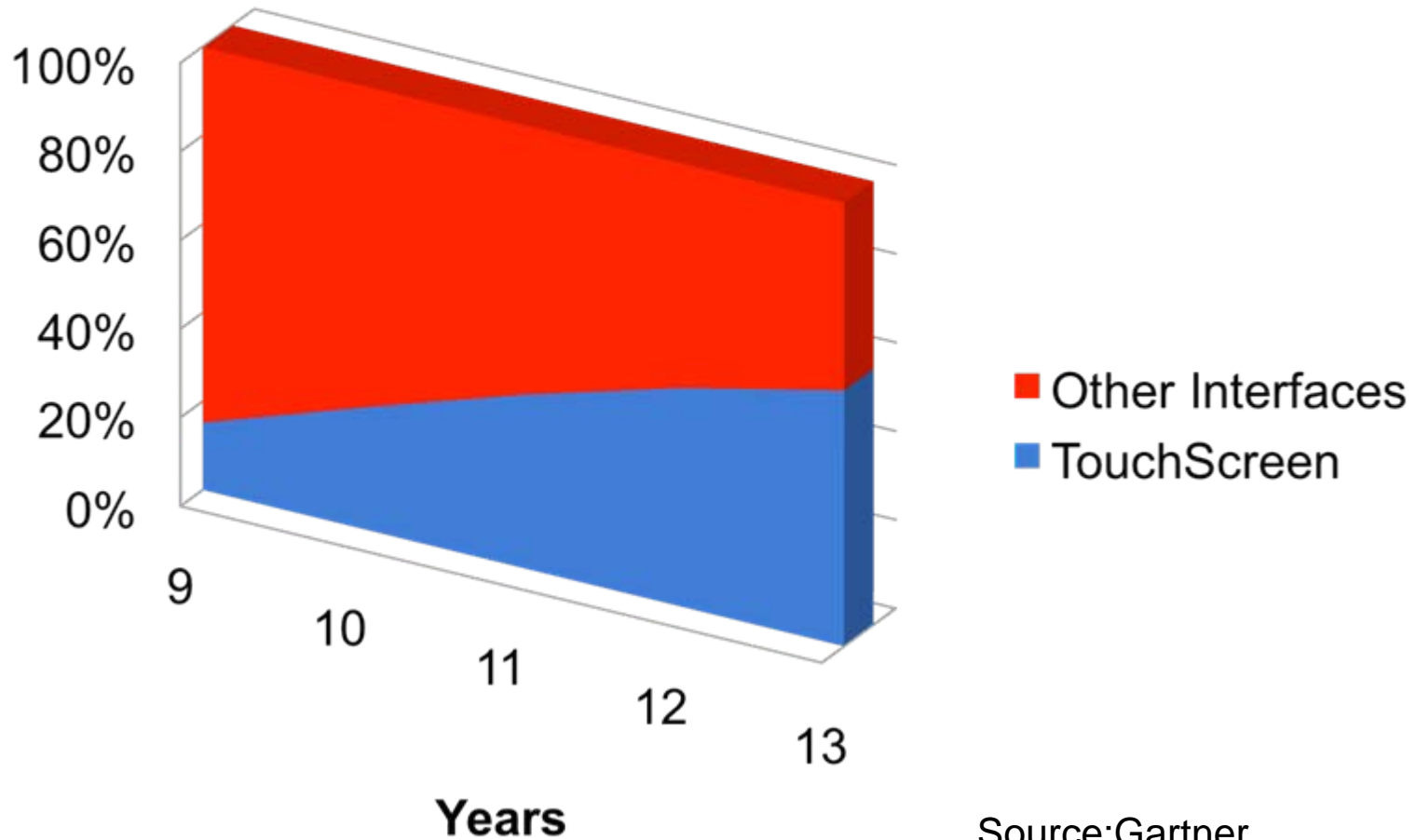
HSPA and LTE

Near-Field Wireless



- Mobile payment, ticketing, tagging.
- Slow adoption by retailers, consumers and handset mfgs.
- Emerging market opportunities

Touch Screens Will Dominate



Ecosystems are more than stores

Ecosystem

App Store



Apps & content

Developer support

Business support

Extensible Services



Devices

Users want...

- Rich, innovative and relevant application, content & service portfolio
- Visceral, functional & reflective value

Developers want...

- Large customer base to sell applications to
- Business support services e.g. app store, marketing, market intelligence...
- Technology support (developer support)
- Extensible Foundation services, e.g. mapping, search, presence, context, ...

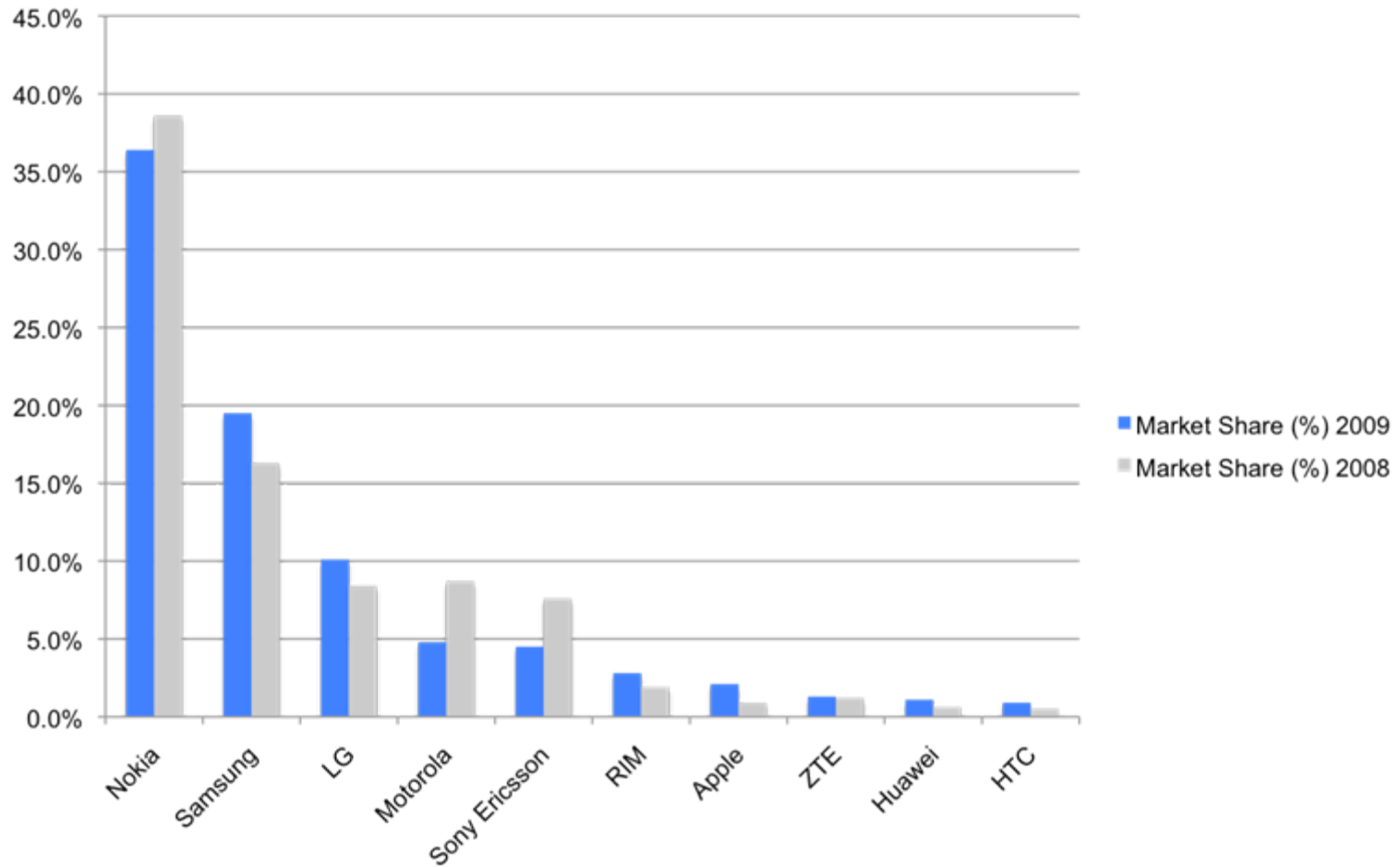
Ecosystem owner wants...

- Ecosystem profit potential, e.g. devices, services, advertising...
- Agility / innovation, to differentiate the ecosystem
- Lots of users

Key Issues

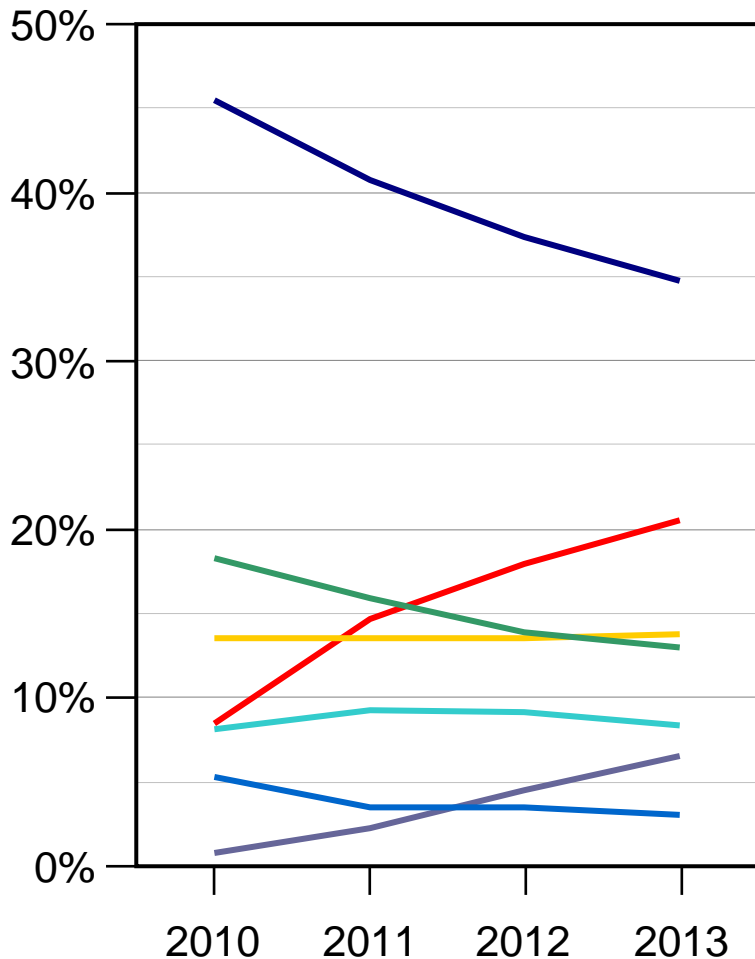
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- How is the mobile devices market changing
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Market Share: Top 10 Vendors



Handset Platforms

Mobile Platform Market Share



Symbian holds the lead, dominated by Nokia despite open source

Android gains share and appears on more devices such as netbooks, e-books and non-phone MIDs

iPhone shipments grow but share changes little as the market expands

RIM loses share to more consumer-oriented platforms & ecosystems

Microsoft struggles, WM7 may be the last chance for mainstream success

Maemo replaces Symbian in high-end Nokia devices

Others including **Linux**, **webOS**, **Moblin** remain niche platforms

Objects of Desire: Successful Products Affect Owners at All Three Levels

The First Few Seconds

"Cool. I want one!"

- * Ease of use
- * Perceived advantage
- * Image/status
- * Visibility

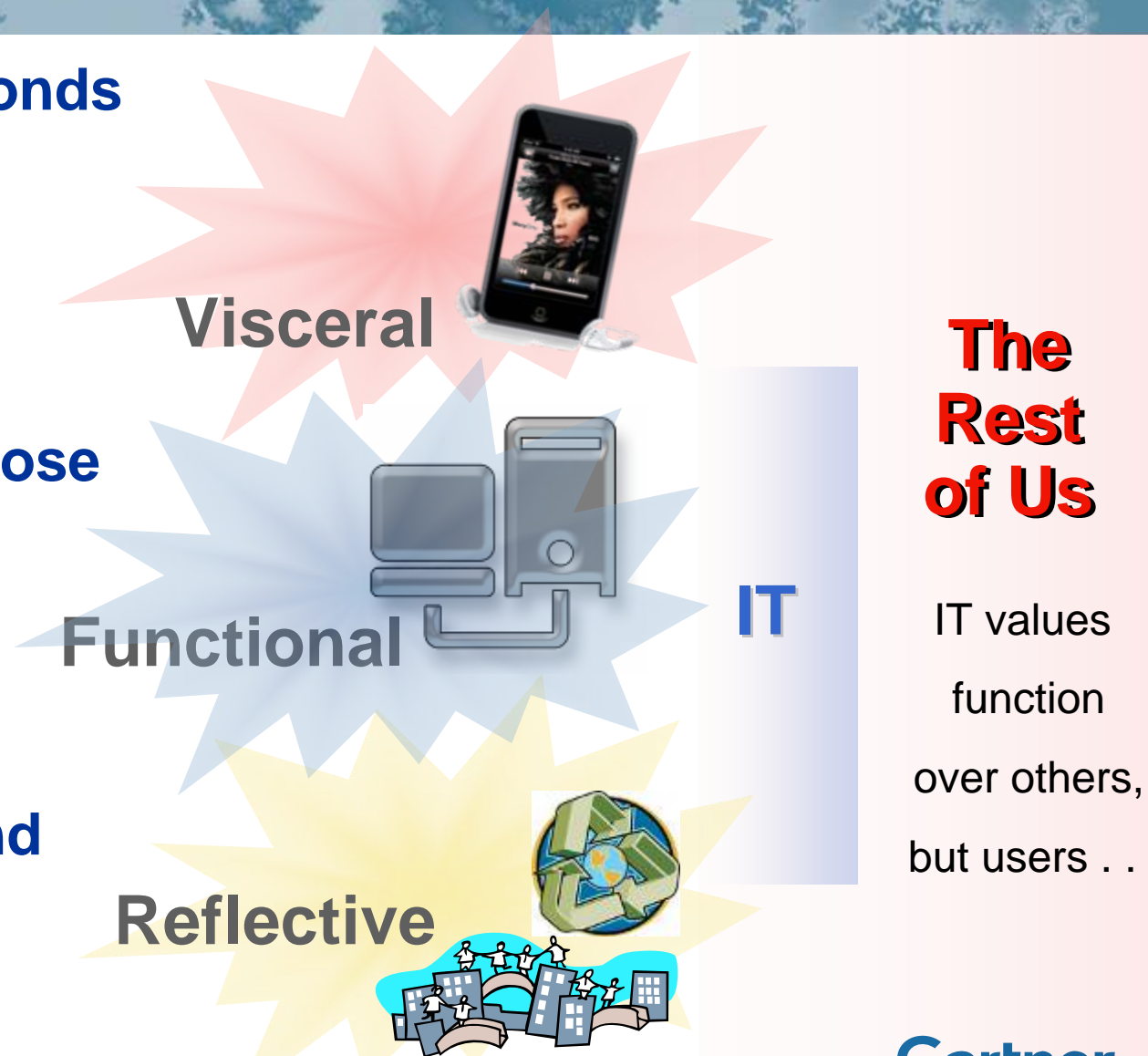
Function and Purpose

Does its job well

- * Features
- * Reliability
- * Manageability
- * Usefulness

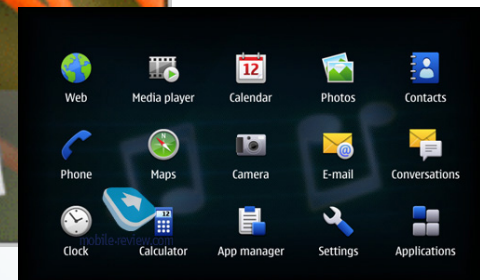
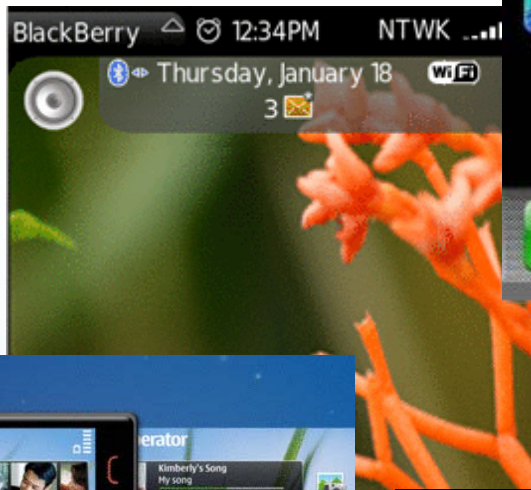
Supports Goals and Values

For example, environmentalism, community, openness

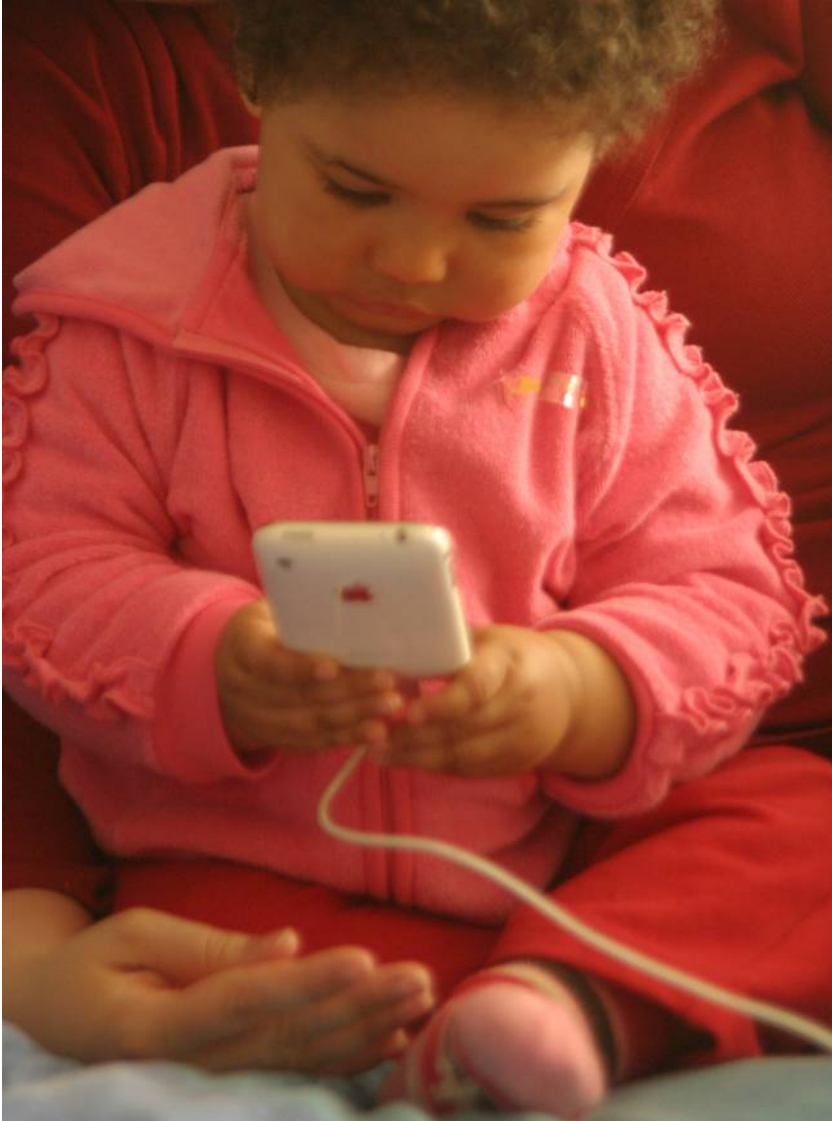


Source: "Emotional Design: Why We Love (or Hate) Everyday Things," Don Norman, Basic Books, 2004

User Experience Emphasis



The iPhone Is Not The Only Game In Town....



**...but
it remains the benchmark
& is capturing
the users of tomorrow**

■ ■ ■ ■ Recommended Research

Recommended Research

- ❑ Market Share: Mobile Devices and Smartphones by Region and Country, 4Q09 and 2009
- ❑ Competitive Landscape: Mobile Devices, 4Q09 and 2009
- ❑ Apple iPad is more iPhone than Tablet PC
- ❑ Google's Nexus One Takes Android to Next Level
- ❑ Forecast: Touchscreen Mobile Devices, Worldwide, 2006-2013
- ❑ Market Insight: The New Environmentally Aware Mobile User
- ❑ Dataquest Insight: Application Stores: The revenue opportunity beyond the hype
- ❑ Competitive Landscape: Smartphones Operating Systems



■ ■ ■ ■ Q&A

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