



7650 propels Nokia far past Palm, HP in EMEA

- Handheld market also bounces back in good news quarter

Reading, UK - Monday, October 21st 2002 - for immediate release

- EMEA mobile device shipments in Q3 2002 more than double Q3 2001
- Nokia takes lead, with 57% unit share; Palm in second with 15%
- Palm's shipments up 33% on one year ago, opens gap from HP, which has 9% share
- Sony's rapid rise continues: triple-digit growth gives it just over 3% share
- Good performances from Toshiba and Fujitsu Siemens Computers help Pocket PC

EMEA Q3 2002 - highlights from the Canalys research

With total shipments of almost 1.2 million, this is the best quarter on record for the EMEA mobile device market and returns the sector to high positive growth after four negative quarters. The overall market more than doubled compared to the same quarter last year, thanks largely to the 7650, while the handheld segment enjoyed more modest growth of 13%.

Not just a flash in the pan

With huge shipments of the Nokia 7650, Symbian's market share reached an all-time high of 57%. "We've seen Symbian surge before," said Canalys director and senior analyst Chris Jones. "When the Nokia 9210 Communicator hit the shelves one year ago. This is quite common when a new product launches, but often proves unsustainable. We knew there would be another one this quarter, but the 7650 is aimed at a wider audience and the indications from the channel are much more positive this time. The 7650 is being helped by high-profile promotion from Nokia and from the operators desperate to get people onto MMS, and the device is being subsidised heavily to make it affordable to the consumer market."

EMEA total mobile device market					
Vendor market shares Q3 2002, Q3 2001					
Vendor	Q3 2002		Q3 2001		Growth
	shipments	% share	shipments	% share	Q3'02/Q3'01
Total	1,166,030	100%	578,600	100%	102%
Nokia	665,940	57%	157,840	27%	322%
Palm	172,440	15%	129,515	22%	33%
HP	107,730	9%	103,005	18%	5%
Sony	38,300	3%	4,735	1%	709%
Casio	33,120	3%	62,470	11%	-47%
Others	148,500	13%	121,035	21%	23%

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 "Mobile device market": feature phones, smart phones, handhelds, wireless handhelds
 HP includes Compaq-branded devices

Canalys analyst Andy Buss pointed out that a lot of European operators still did not have MMS services up and running. "The MMS and photo-messaging push is therefore likely to continue well into Q4 and this will help the 7650 as well as other camera phones expected later this year. Operators need some good mobile data stories and they would like nothing better than to have millions of photos flying all over Europe on Christmas morning and New Year's Eve - and that means reducing the up-front cost of the devices by as much as they can afford."

Buss believes that photo-messaging presents a real opportunity for device manufacturers and network operators, but only if the devices and services are priced sensibly and are easy to use. He also cautions operators against extending subsidies for expensive mobile data devices to pre-pay customers. "New services like photo-messaging should be used as a lever to move people from pre-pay to post-pay contracts. Pre-pay customers' main concern is to control their mobile spend as much as possible," he added. "If operators are going to raise their average revenue per user, whether from voice or data, then they need to facilitate that transition. Camera phones have got off to a good start, but this data shouldn't be taken out of context - this is still a small part of the overall mobile phone market and there is a long way to go."

Handheld segment back on form

Growth has also returned to the more established handheld segment. Shipments of handhelds (excluding those with integrated GSM/GPRS wireless capability) were up 13% on the same quarter last year, though the integrated wireless models, such as the O2 xda, T-Mobile MDA and RIM Blackberry, have only managed to take 3% of the total mobile device market. Conversely, models with integrated Bluetooth continue to sell well.

"Palm has done well to recover from its poor Q2 and once again open the gap between it and HP. We will be looking for Palm to build on this going into Q4, which is usually a strong quarter for the company, particularly with the arrival of the low-priced Zire," Jones added. "Sony has been growing all year and has an attractive offering for the consumer market. As with Nokia, it is the device with an integrated camera that has captured consumers' interest. Sony is really helping to maintain the Palm OS share of the market."

EMEA total mobile device market					
Operating system market shares Q3 2002, Q3 2001					
Operating system	Q3 2002 shipments	% share	Q3 2001 shipments	% share	Growth Q3'02/Q3'01
Total	1,166,030	100%	578,600	100%	102%
Symbian	669,490	57%	190,100	33%	252%
Palm OS	234,730	20%	184,695	32%	27%
Windows CE	214,670	18%	119,890	21%	79%
Others	47,140	4%	83,915	15%	-44%

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HP may have had its worst quarter this year, but shipments were still up by 5% on Q3 last year and it remains substantially ahead of the other Pocket PC vendors, who would all welcome an increase in corporate spending. But Buss points out that Toshiba, a relatively recent entrant into this market, has made great strides. "Toshiba, along with new entrants such as Fujitsu Siemens Computers (with the Pocket Loox), has helped Microsoft's Windows CE get closer in share to Palm OS than ever before," he added. "Things are really starting to get interesting. Symbian is now in the spotlight; add in the arrival of the Palm OS 5.0 models, Dell's future contribution to the Pocket PC share and Microsoft's imminent appearance in the smart phone segment, and it is clear that we will see lots of changes in the coming months."