

## **Gartner Dataquest Says Worldwide PDA Shipments Will Increase 18 Percent in 2002**

### ***Future Trends for Mobile Technologies to be Outlined at Upcoming Gartner Symposium/ITxpo 2002 Conference***

SAN JOSE, Calif., April 3, 2002 -After several years of rapid growth, the worldwide PDA market slowed considerably in 2001 and this more moderate level of growth is expected to continue in 2002, according to Dataquest Inc., a unit of Gartner, Inc. (NYSE: IT and ITB).

Gartner Dataquest projects 15.5 million PDAs will be shipped in 2002, an 18 percent increase from 2001 shipments of 13 million units. In 2001, the industry experienced a similar growth rate of 18.3 percent. This was considerably below 2000 shipment growth of 114 percent.

Vendor inventories were at reasonable levels entering 2002 and Gartner Dataquest expects the first half of the year to continue to be impacted by the continuing economic slump. The PDA market is expected to regain some of its strength in the second half of 2002 and growth will be even stronger in 2003 as the economy recovers and business purchases increase.

"Roughly three-fourths of all PDAs purchased worldwide in 2001 were sold to individuals who bought them with their own funds, and the remainder were purchased or reimbursed by enterprises," said Todd Kort, principal analyst for Gartner Dataquest's Computing Platforms Worldwide group. "The increasing capabilities of these devices and the growing availability of wireless technologies are beginning to stimulate large corporate purchases as solid productivity gains are realized, based on applications such as wireless e-mail or accessing corporate databases from remote locations."

The market continues to shift toward devices with color displays, more powerful processors, and more storage capacity, and Gartner Dataquest forecasts end-user spending to increase more than 20 percent in 2002, to \$4.6 billion, up from \$3.8 billion in 2001. In addition, wireless technologies such as Bluetooth, WLAN, and WAN are either being built-in or added-on to an increasing proportion of handheld computers.

Competition within the PDA industry will intensify in the second half of 2002 as Palm OS 5 licensees migrate their product lines to more powerful ARM-based processors to create more head-to-head battles with Microsoft Pocket PC licensees.

"Palm OS licensees appear to have the greatest upside potential in the second half of 2002," said Kort. "Many of the more than 14 million current Palm OS users may be enticed to upgrade to new devices following the launch of Palm OS 5 if the launch is well executed and the new OS and associated devices deliver sufficiently enhanced functionality." Gartner Dataquest expects that the smaller enterprise PDA market will continue to favor PocketPC devices, but OS 5 should help Palm, Inc. become more competitive in this arena.

"At the same time, the build-out of packet-switched data networks such as GPRS and CDMA 1x will focus attention on wireless data devices and the growing competition between PDAs and smartphones," Kort said. "However, smartphones probably will not overtake PDA shipments until late 2002 or early 2003. We expect 2003 to be a strong year for growth in the PDA market, but from 2004 onward, sales of PDAs will be increasingly impacted by competition from smartphones."

The growing number of PDA vendors and a wider variety of handheld devices will stimulate demand. Considerable erosion of prices, particularly at the high end of the market will occur if Japanese vendors take advantage of the weak yen to exert downward pressure on prices, further stimulating demand.

More information is available in the Gartner Dataquest report "PDA Forecast Scenarios: 1Q02." This report examines the market accelerators for the industry, as well the market inhibitors.

This information is produced by Gartner Dataquest's Computing Platforms Worldwide research cluster. This program is designed to help companies focus on real opportunity, with coverage of the complete range of computer hardware platforms as well as associated supply chain components, systems, distribution channels and end-user groups. For more information on how to subscribe to this program, please call 408-468-8000. Reports can be accessed on the Internet at [www.gartner.com](http://www.gartner.com).

Gartner will provide additional analysis on mobile technologies at Gartner Symposium/ITxpo 2002, to be held April 29-May 2 at the San Diego Convention Center in San Diego, California. Gartner Symposium/ITxpo is the IT industry's largest and most strategic conference, providing business leaders with a look today at the future of IT. For more details or to register for Gartner Symposium/ITxpo 2002, visit [www.gartner.com/symposium](http://www.gartner.com/symposium) or call 1-800-778-1997. Members of the media can register for the event by contacting Tonia Fuller at 212-699-2722 or e-mailing [gartnerevents@middleberg.com](mailto:gartnerevents@middleberg.com).

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