

Gartner Says Worldwide PDA Shipments Declined 11 Percent in the First Quarter of 2003

STAMFORD, CONN., April 29, 2003 — Continuing economic stagnation affected the worldwide PDA market as shipments totaled 2.8 million units in the first quarter of 2003, an 11.1 percent decline from the same period last year, according to preliminary statistics from Gartner, Inc. (NYSE: IT and ITB). In the first quarter of 2002, worldwide PDA shipments totaled 3.2 million.

Palm held onto the top spot in the worldwide rankings with 32.8 percent of PDA shipments (see Table 1). Although Palm shipped more than twice the units of its nearest competitor, its market share continued to decline. Hewlett-Packard remained in the No. 2 spot with 16 percent of the market, followed by Sony, with market share of 13.3 percent. Toshiba and Sony showed the strongest growth among the top-tier vendors with growth rates of 276 percent and 60 percent, respectively.

"Roughly half of Palm's shipments in the first quarter of 2003 were from the \$99 Zire. While Palm makes good margins on this unit, it needs better products at the upper end of the market if it is to maintain its strong position in the enterprise market," said Todd Kort, principal analyst for Gartner's worldwide computing platforms worldwide group. "HP was forced to take a more aggressive pricing posture because of Dell's entry into the market, but otherwise Dell has not yet seriously eroded HP IPAQ sales."

Table 1
Preliminary Worldwide PDA Vendor Shipment Estimates for 1Q03 (Units)

Company	1Q03 Shipments	1Q03 Market Share (%)	1Q02 Shipments	1Q02 Market Share (%)	Growth (%)
Palm	932,011	32.8	1,196,175	37.4	-22.1
Hewlett-Packard	454,565	16.0	466,452	14.6	-2.5
Sony	377,908	13.3	236,818	7.4	59.6
Dell	139,500	4.9	NA	NA	NA
Toshiba	97,693	3.4	25,975	0.8	276.1
Others	839,948	29.6	1,269,965	39.7	-33.9
Total	2,841,625	100.0	3,195,385	100.0	-11.1

Note: NA = Not Applicable. Totals do not include smart phones such as Treo 300.

Source: Gartner Dataquest (April 2003)

Palm remained in the lead in the U.S. PDA market with 38.2 percent of the market. However Palm was the only top-tier vendor to post negative growth. Sony moved up one spot to the No. 2 position with a 16.6 percent market share. HP fell to No. 3 with 13.5 percent of the market (see Table 2)

"Dell continued to perform well, as first quarter 2003 shipments of the Axim nearly tripled those from the fourth quarter of 2002. Momentum remained strong as Dell applied various promotions to maintain high levels of demand for its aggressively priced PDAs," said Kort.

Table 2
Preliminary U.S. PDA Vendor Shipment Estimates for 1Q03 (Units)

Company	1Q03 Shipments	1Q03 Market Share (%)	1Q02 Shipments	1Q02 Market Share (%)	Growth (%)
Palm	552,000	38.2	745,000	48.8	-25.9
Sony	240,000	16.6	151,000	9.8	58.9
Hewlett-Packard	195,000	13.5	183,828	12.0	6.1
Dell	131,000	9.1	NA	NA	NA
RIM	67,500	4.7	55,000	3.6	23.0
Others	259,685	18.0	391,000	25.6	-34.0
Total	1,445,185	100.0	1,525,828	100.0	-5.0

Note: NA = Not Applicable. RIM = Research in Motion. Totals do not include smart phones such as Treo 300

Source: Gartner Dataquest (April 2003)

Palm OS PDA shipments represented 49 percent of the worldwide market, despite a shipment decline of nearly 400,000 units from one year earlier. The Windows CE market share totaled 36 percent in the quarter, as shipments increased by over 330,000 from one year ago. On an end-user revenue basis, Windows CE PDAs accounted for 52 percent of the market in the first quarter of 2003, while Palm OS licensees had 37 percent of the market, marking the first time Windows CE PDA revenue has surpassed Palm OS.