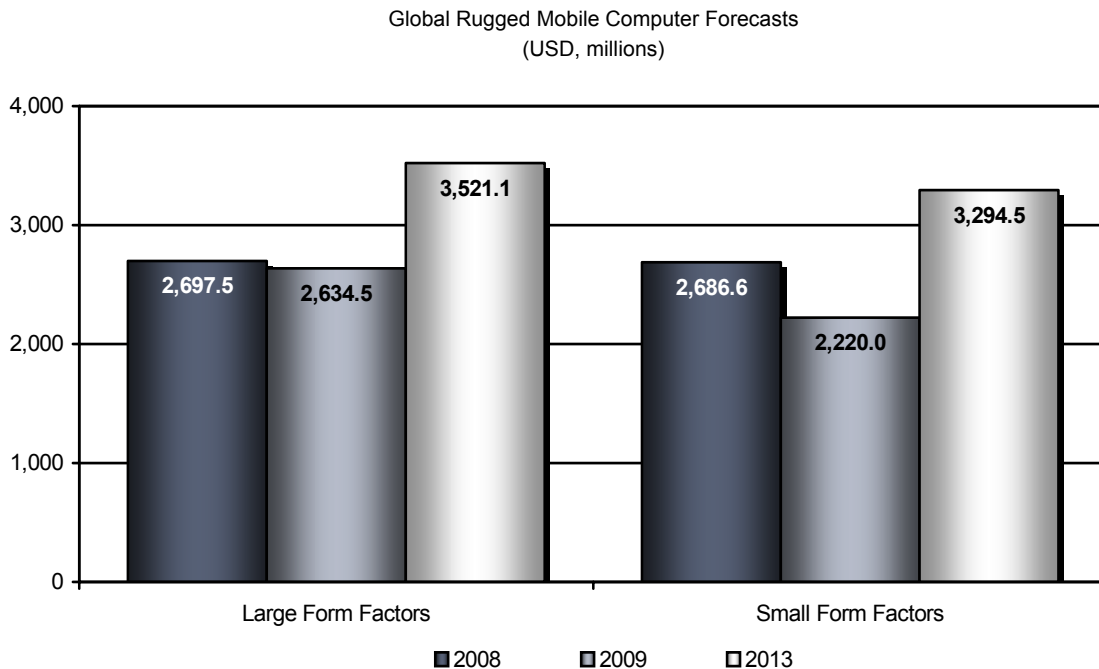


FOR IMMEDIATE RELEASE

Following a Difficult 2008 Enterprise Mobility Device Vendors Face Further Market Contraction

Natick, Massachusetts – June 11, 2009 – According to VDC Research’s newest report measuring the market for rugged mobile devices supporting enterprise applications overall shipments reached \$5.38 billion in 2008. While the overall market was essentially flat over 2007, performance by large form factors – notebooks, tablets and vehicle mounts – differed substantially from small form factors – handhelds/PDAs and wearable devices. More specifically, in 2008 the market for large form factor devices increased by 11% while small form factor shipments contracted by 9%. In 2009 VDC Research expects the overall rugged market to contract by 10%.



“These are the worst market conditions we have seen since VDC began tracking the rugged mobile computer market” says David Krebs, Mobile & Wireless Practice Director. “While we expect a slight improvement in performance in the second half of 2009, a full recovery is unlikely until at least the end of 2010. Nevertheless, the fundamentals in this market remain sound, especially considering the material productivity benefits to be gained and the increase in strategic importance of mobile and wireless investments among enterprise and government organizations.”

In 2008, mobile computing sales into retail, warehousing, manufacturing, and transportation environments experienced the largest setbacks. As the supply chain was crippled by the declining consumer spend, end users choose to extend the lifecycle of their current deployments and placed refreshes on hold.

As the supply chain markets floundered, a number of niche markets exhibited greater health. Of note were strong shipments to the following deployment environments:

- Military for logistics, field maintenance (CBM+) and command control solutions.
- Federal non-military for homeland security and border protection.
- Public sector including public safety and automation of 411 services.
- Healthcare driven by the increase of purpose-built point of care solutions (Mobile Clinical Assistants) and continued investment in electronic health records.
- Field sales and service driven by recent advances in WAN communication and GPS tracking.

According to VDC analyst Casey Holmes, "The current market is certainly bleak, but there is a silver lining. Opportunity remains because today's generation of mobile computers are not just sleeker, but designed to have real benefits in worker efficiency and customer service that save cost and maximize sales. Moreover, organizations are just starting to realize the benefits of fully integrated wireless functionality, including WWAN, WLAN and GPS."

Key new device trends fueling adoption despite declining IT budgets include:

Software Defined Radios: VDC predicts that adoption of multi-mode radios (which include integrated WAN) will grow 31% annually through 2013. Key to realizing this growth are new software defined radios (SDRs) such as Qualcomm's Gobi platform, which has already been adopted by six of the top ten notebook manufacturers. SDRs optimize WAN through eliminating carrier lock-in concerns among end users and streamlining SKUs for vendors. Similar functionality is expected to be added to rugged handheld/PDAs.

In vehicle mobile/workstation hybrids: Notebooks and fixed vehicle computers are found increasingly limited when used in a vehicle. Demand is rising for more mobile platforms such as handhelds, smartphones, and UMPCs that can be used on foot. These solutions need to be complemented through advanced docking stations with integrated screens and keyboards to allow for full workstation functionality within the vehicle.

The vendors' best positioned to weather the recession and gain share will be those with the most current portfolios. That said end user appetite for bells and whistles - even for future-proofing purposes - is low. As vendors adjust their product roadmaps to meet recessionary demands, one of the greatest challenges will be calculating the value of new features to drive sales versus its potential liability if end users deem it a luxury -i.e. unnecessary- component.

ABOUT VDC RESEARCH GROUP

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