

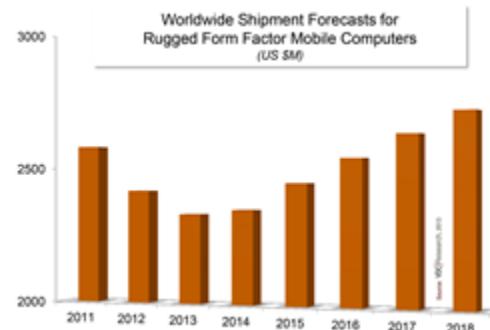
Smaller Mobile Form Factors on the Rise for Line-of-Business Workers, According to Report from VDC Research

Rugged handheld devices are poised for a rebound, but OS uncertainty, longer upgrade cycles and the continued adoption of BYOD across verticals could limit scope.

“Rugged vendors face considerable headwinds following two years of fluctuating performances. However, early indicators for 2014 show the beginnings of a modest but extant rebound.”

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The use of mobile devices to support line-of-business workers across numerous sectors continues to grow as organizations benefit from an increasingly connected and productive workforce, according to a new report from VDC Research ([click here](#) for more information). Industries continue to internalize the benefits of a mobilized workforce, as data from VDC shows an anticipated average increase of mobility-based budgets for 2014 of 10.6%. Smaller form factor devices – namely rugged handheld computers and smartphones – are among the most common devices being leveraged. VDC anticipates that a total of 3.3 million rugged handheld devices and 34 million smartphones will be deployed in 2014, growing the installed base to almost 70 million units.



However, increasing budget pressures and uncertainty in OS direction with rugged handheld devices are driving organizations to deploy greater numbers of smartphones for line-of-business applications. This trend has been aided by an expanding portfolio of third-party peripherals and accessories to bridge the gaps in data collection. This shift has been greatest in customer-facing industry verticals that are less centered on data collection and have fewer environmental requirements. “We see this primarily in areas such as hospitality and retail, but there is interest in DSD and field services to adopt consumer devices and a growing desire to find a way to make BYOD work for frontline workers,” said VDC analyst Kathryn Nassberg.

In response to the trend toward BYOD and enterprise-issued consumer devices, OEMs have evolved their product portfolio, taking design and user experience cues from their consumer counterparts. The rugged market, which traditionally has been divided primarily between data collection-centric “brick-style” devices and more portable PDAs, has expanded to include the rugged smartphone – touch-centric devices with no physical keyboards running on Android, but with fully rugged environmental specifications. This sub-category of smartphones represents one of the fastest-growing categories of small form factor devices for enterprise mobility, and VDC forecasts that the market will reach \$3.8B by 2018.

Refresh cycles, which have become extended in recent years, are beginning to return in force among tier-1 companies. In the Americas, Home Depot, UPS, and the USPS are leading the charge with upgrade cycles that remain firmly rooted with rugged devices. Other organizations are returning to rugged devices after having experimented with smartphones in a line-of-business setting, which will also help to boost figures. However, the greatest obstacle for rugged OEMs will be OS direction. The majority of rugged devices on the market feature Windows Mobile or Embedded platforms that are rapidly approaching end-of-life, and the transition to Windows Embedded Handheld 8 has proven to be far from smooth, with mixed support from the OEM community. This has provided an opportunity for Android to enter the rugged market, but the OS faces its own issues of enterprise support and security, leading to muted demand from end users. “There’s a lot of hesitation because end users aren’t fully comfortable,” said David Krebs, VDC Executive Vice President. “As a result, there’s more of a ‘wait and see’ approach while maintaining the installed base.”

About VDC Research

VDC Research is a leading technology market analyst firm covering the connected world, focusing on embedded devices and enterprise mobility. Founded in 1971, the firm provides critical market intelligence to the world's leading technology vendors, who rely on its analysts for the data, ideas, and insights they need to make impactful strategic decisions with confidence.