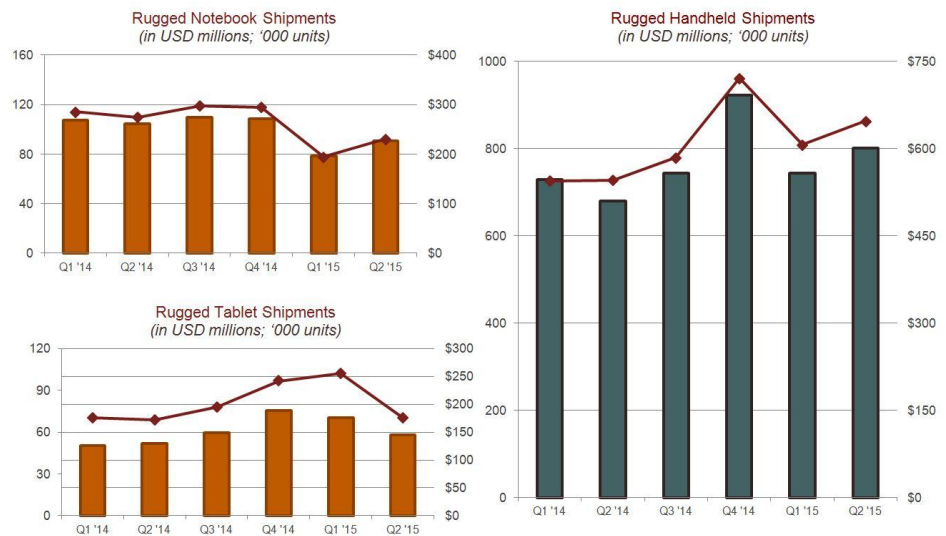


Rugged Mobile Market's Wild Ride Continues, According to VDC Research

An uneven Q2 provides further evidence that the rugged mobile market will be anything but predictable in 2015.

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Performance of the rugged mobile market varied considerably in Q2 2015 by both mobile form factors and regional markets, according to a new report from VDC Research ([click here](#) for more info). Continued turbulence is expected through the end of 2015, particularly in the global rugged handheld market. The market appears to be overcoming many of the obstacles – especially around OS migration and application modernization – that had led to fluctuating demand over the past 18 months. One clear recent trend has been the continued share consolidation among the top two vendors as Zebra and Honeywell significantly outperformed the rest of the market. Competition from consumer smartphones continues to present challenges, but vendors have rationalized their market positions to focus on sectors and applications where they can offer significant value add.



At the regional level, there is a significant contrast in performance within the rugged handheld market. In the Americas – particularly the US – the investment environment for rugged handheld solutions continues to gain momentum, with North America closing out its fourth consecutive quarter of sequential year-over-year growth. Europe, by contrast, paints a bleaker picture as sluggish economic figures and a still-weak euro against the US dollar have erased gains and placed increasing pressure on vendors to adjust prices to offset the currency reaching near-historic lows. Demand in Asia has again picked up, moving into the second consecutive quarter of double-digit growth with many international vendors making inroads against local vendors.

In regard to mobile OS, 2015 is continuing the transition that finally took hold in 2014. “With Zebra’s deployment of one of the largest Android rollouts to date in the Americas with Home Depot and an impending rollout for the UK’s Royal Mail in 2015, the market seems primed for further deployments among tier 1 companies this year,” says David Krebs, Executive Vice President of VDC Research. “However, the greatest question mark in 2015 will be the impact of Windows 10 and whether that OS will garner a critical level of demand to upset Android’s upward trend heading into 2016.” Moreover, rugged Android demand has been concentrated in several large deals with little run-rate traction, especially in the warehouse/DC sector.

In contrast to the handheld market, the rugged notebook market closed out the first half of 2015 with a whimper, sliding further from 2014’s gains and towards some of the form factor’s lowest levels of revenues. Overall revenues dropped by 20% in the first half in comparison to the first half of 2014. Dell and Getac, fueled by several new product announcements

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and investments in their market development and sales teams, posted the strongest gains while market leader Panasonic's position took a hit with a substantial decline to their rugged notebook shipments. Performance in the second half of 2015 is expected to improve somewhat with strengthening demand in the public sector and the anticipated Q3 federal buying season. However, the final tally for 2015 will likely show a year-over year revenue contraction of around 10%.

Unlike the recently sluggish consumer tablet market, performance in the rugged tablet market remains strong with overall revenue shipments increasing by 25% in the first half of 2015. However, on a quarterly basis, Q2 shipments slowed, particularly in the Americas region. Market leader Panasonic has maintained its momentum largely on the back of strengthening sales in EMEA and APAC, lifting global revenues by 21% over Q2 2014. The FZ series and the G1 remain squarely at the top of the pack, accounting for nearly 60% of all unit shipments for tablets. Following the headlines in April with the announcement of the acquisition of rival Motion, Xplore recorded blistering high levels of growth that topped 175% over Q2 2014. Already, the company appears to be leveraging Motion's partner network on the global market with considerable success that will propel growth well into the second half of 2015.

"Competition in the enterprise tablet market is expected to intensify with several new entrants announcing product launches over the past quarter," says Krebs. "Dell introduced its long awaited rugged tablet while Zebra Technologies added a Android and Windows powered tablet. In addition, Apple's introduction and the iPad Pro and Microsoft's anticipated release of the Surface Pro 4 in October is driving a lot of attention towards enterprise opportunities for tablets."

About VDC Research

Founded in 1971, VDC Research provides in-depth insights to technology vendors, end users, and investors across the globe. As a market research and consulting firm, VDC's coverage of AutoID, enterprise mobility, industrial automation, and IoT and embedded technologies is among the most advanced in the industry, helping our clients make critical decisions with confidence. Offering syndicated reports and custom consultation, our methodologies consistently provide accurate forecasts and unmatched thought leadership for deeply technical markets. Located in Natick, Massachusetts, VDC prides itself on its close personal relationships with clients, delivering an attention to detail and a unique perspective that is second to none.