

Canalys grows 20% in 2002 despite difficult conditions

– Recruits Alan Cardy, as director of business development

Reading, UK – Monday, March 24th 2003
For immediate release

Canalys announced today that revenue for 2002 reached €1.2 million, a 20% increase over the preceding year. This represents tremendous performance, particularly given the turmoil and consolidation within the high-tech industry. The results prove the value and sustainability of an approach that combines customer intimacy with in-depth understanding of the high-tech markets in Europe. Canalys sustained net margin levels over the period while continuing to increase its headcount.

The company performed well across all business units, with continuous service revenues growing by more than 30%, primarily due to the deepening penetration of its market-leading Mobile Analysis service. Custom consulting project revenue was up by more than 20%, as many more companies became aware of the ability of Canalys to conduct high-quality, strategic market reviews, in topics as diverse as channel margins, enterprise telephony and customer satisfaction.

The 2002 Mobile Device Trends report was a very successful foray into selling standalone reports online and gave Canalys a presence within a completely new customer base. The 2003 edition is now available for purchase from the Canalys web site. The public speaking side of the business was slow during the first half of 2002, but gained momentum during the latter part of the year. Steve Brazier, president & CEO of Canalys, commented: “The recent revival of vendor-hosted conferences is indicative of the increasing confidence across our customer base. The mood has improved, even though the global political situation makes the economic outlook uncertain. Companies are more confident than one year ago and have adjusted their business models for these slow economic times.”

In detail, Canalys generated 62% of its revenues from continuous services, 26% from custom consulting and 12% from presentations and reports. The wide fluctuations in exchange rates between the dollar, sterling and euro over the last 12 months created a constant challenge. Steve Brazier continued, “We can lose up to 10% of a project’s value simply due to the kinds of currency changes that have occurred over the last three months. Of course, sometimes there is an upside as well as a downside, but these recent rapid changes add complexity and uncertainty.”

Canalys has expanded its product range substantially for 2003, making investments that have led to new research programmes in converged telephony, tablet PCs and mobile device channels. Early customer

feedback suggests that Canalys will achieve similar growth rates in 2003, putting additional recruitment of analysts on the agenda for the second half of the year.

In separate news, Canalys announced that Alan Cardy joined the company as its new director of business development. Alan brings to Canalys a wealth of commercial experience gained at leading consultancies including Gartner, INTECO and Peppers & Rogers. Mike Welch, vice president, added “Alan has tremendous knowledge and experience in our industry, and enjoys great relationships with many of our clients. We are delighted he has agreed to join us and look forward to him driving our growth even further.”

Note to editors: all financial results are given for guidance only.

Canalys.com ltd's financial year ends December 31st.

About Canalys

Canalys specialises in providing high quality market analysis and advice to the leading technology providers operating in Europe. It is recognised as a key provider of continuous advisory services for marketing managers and strategists within IT, telecoms, and consumer electronics companies. Unlike most research and advisory companies, Canalys is European and produces analysis and advice specifically for high-tech vendors operating in the European market.

For more information

This and other releases are available on the web at <http://www.canalys.com/pr>. Information about the new services can be found at <http://www.canalys.com/services>. Please contact Canalys directly for more information.

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