

## **Another year, another new record**

### **– Rapid growth at Canalys predicted to continue**

**Reading, UK – Monday, 21 March 2005**  
**For immediate release**

Canalys' financial results, released today, reveal its sixth consecutive year of profitable growth and show that its rate of expansion has continued to accelerate. Revenue for 2004 reached €2.6 million, demonstrating an impressive 79% rise over the previous year. This was achieved entirely through organic growth and represents a performance that is unchallenged by its peers in the industry. Canalys continued investing significantly in its ongoing expansion during the year, particularly around headcount and IT infrastructure, yet still recorded positive cash flow every quarter and a significant increase in profits.

Many factors contributed to this success, including the launch of several new continuous services, the addition of significantly greater resources within its consulting department and the worldwide expansion of its mobility services. Steve Brazier, president & CEO, said, "With so many success stories at Canalys last year, it is difficult to select which to highlight. Our ability to spot and quickly launch programmes around new convergence trends was certainly one, as was our dedicated customer focus. Our consulting team has moved into a leadership position in the highly specialized field of channel management. But if forced to select just one point then it would be the great processes, combined with dedicated employees, which we have established around service delivery. We monitor our on-time delivery for reports and data closely across our analysts, editors and web teams. These were consistently above 90% throughout 2004 and by December the 100% rate for the year was achieved. This record is probably unique within an industry that often struggles to keep its promises."

In 2004 Canalys generated 57% of its revenues from continuous services, 31% from custom consulting and the remaining 12% from presentations and reports. Mike Welch, vice president, continued, "The consulting team grew its business by a remarkable 75% during 2004. Its reputation was further enhanced by the involvement of two respected senior executives with channel backgrounds. We conducted several highly successful projects for blue chip clients during the year, in areas such as channel management, business development, terms and conditions, partner programmes, sales management, new market entries, corporate strategy and due diligence. We have improved processes and are better placed than ever to compete against the leading management consultancies in our particular areas of expertise."

Alan Cardy, vice president of business development, commented, "Our customer base expanded enormously during 2004 as we became established in fields as diverse as enterprise telephony, security, networking,

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mobile phones and navigation. We steadily grew our client base, while pushing into new territories. In total we invoiced 43% more companies in 2004 than in the previous year and, for the first time, no single company contributed more than 20% of our total sales. We are also delighted with our start to 2005, with both January and February being record months.”

Chris Jones, director and senior analyst, illustrated why Canalys continues to expand so rapidly, “Our time to market is a major differentiator, as we showed last year in both enterprise security and mobile navigation. For example, portable GPS navigation emerged as a new component of the mobility industry during late 2003. By early 2004 we had launched our continuous service focusing on this area, and within one year all the leading firms in that sector are using our quarterly data, which remains the only independent industry benchmark.”

Steve Brazier concluded, “Of course, we are well aware that none of our success could have been achieved without our dedicated, loyal and talented workforce, whom we want to recognise and thank today. We will continue to strive hard in 2005 to make sure that we offer the most stimulating, exciting and rewarding environment available anywhere within the analyst community.”

Note to editors: all financial results are given for guidance only. Canalys.com ltd’s financial year ends December 31.

## **About Canalys**

Canalys specialises in delivering high-quality market data, analysis and advice to the world’s leading technology companies. It is recognised as a key provider of continuous advisory services and confidential custom projects for marketing managers and strategists within blue-chip IT, telecoms and consumer electronics companies. It has unrivalled expertise in European routes to market for all kinds of high technology products and services in the consumer, SMB and large enterprise segments, and provides worldwide market data and trends analysis.

## **Receiving updates**

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