

Continuous services soar as Canalys' expansion continues

– Overall sales climb 31% year-on-year

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For immediate release

Canalys announced today the completion of another highly successful fiscal year, which included a substantial improvement in sales, revenue, profits and cash flow. Its portfolio of 12 continuous services enjoyed an impressive rise in sales value of more than 50%, as the company continued to win new clients and expand relationships with existing customers. Canalys recorded revenue of €2.8 million for the year, and saw deferred revenues up over 40% at year end.

Steve Brazier, president & CEO, commented, “We had our best ever year in 2005, with success across the mobile, enterprise and consumer divisions. Our decision to become a full portfolio provider of market analysis across the IT, telecoms and consumer electronics industries has coincided perfectly with the convergence that is happening everywhere. Clients are delighted with our coverage of EMEA and they are looking for us to provide a similar level of analysis globally. We expect to announce the first phase of our global resource expansion during 2006.”

He continued, “Our one disappointment was the relative underperformance of our custom consulting practice, particularly when compared with 2004. Custom consulting is inherently unpredictable, which is why our resource expansion is primarily tied to continuous services. The good news is that we have a strong project pipeline and this business should blossom in 2006.”

In 2005 Canalys generated 78% of its revenues from continuous services, 16% from custom consulting and the remaining 6% from presentations and reports. Alan Cardy, vice president, added, “Our core services focusing on channels, enterprise telephony and mobility all performed well and it has been particularly pleasing to see the widespread acceptance of the newer services covering enterprise security and mobile navigation. This augurs well for our expansion plans that will see us running more than 16 continuous services by the end of 2006. An exciting new activity for Canalys is the move into events through the Canalys Navigation Forum. This is a unique new conference, which is already surpassing expectations. With these initiatives we are confident that we will again record record fast growth during 2006.”

Sandy Fitzpatrick, vice president, commented, “Mid-way through last year the results of a new customer satisfaction survey showed that clients respected the quality of work within our services, as well as the formats in which they are delivered. They also appreciated the open, two-way relationships that they enjoy

with our analysts. However, many did not realize the scale and breadth of our business and we learned that we had opportunities to increase our presence and activity, particularly among the newer clients. As a result Canalys has markedly increased its resources within both marketing and account management and we will be even more visible in 2006. We are also actively recruiting for new analyst positions in all divisions and expect that headcount will have increased by more than 50% by year end.”

The challenges that fast growth places on the operational side of the business have led to plenty of back-office activity too. During the first half of 2006, Canalys will be moving its UK headquarters to a new, purpose-built facility, just 2 kilometres from the current location, as well as moving to an integrated IP communications system and re-designing its client web site to provide a better experience for the increasing number of clients that need access across many services.

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 vendors. 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, and provides worldwide market data and trends analysis.

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