

Revenues surge, as Canalys expands coverage areas – Turnover increases by 49%, benefiting from global investment

**Reading, UK – Monday, 16 April 2007
For immediate release**

Canalys enjoyed a monumental year during 2006, as it executed upon its goal of becoming recognized as a first-tier global analyst firm. It opened offices in Singapore, moved to larger UK headquarters and made a successful entry into the events business. At the same time it significantly expanded its product portfolio and analyst headcount. It closed the year with revenues of around €4.2 million, up from €2.8 million in 2005. This growth has, as always, been achieved profitably and been internally funded. This healthy platform has allowed Canalys to continue to plan for further growth in excess of 30% during 2007.

Steve Brazier, president and CEO, said, “We had many successes during the year, with outstanding results being achieved by the portfolio of navigation services and the custom consulting business. We took on many major challenges and achieved against them all, including the expansion of headcount by over 40%. In 2007 we will concentrate on capitalizing on this investment and the worldwide expansion of our product portfolio. Headcount will still increase, but more conservatively, as we recognise the importance of combining steady growth with the maintenance of high standards of service quality. We will most likely embark on our next phase of geographic expansion during 2008.”

Alan Cardy, vice president, added, “We expect to see growth across the board in 2007, but one or two areas deserve special mention. Our events division has quickly established itself as an important contributor to growth. The inaugural Canalys Channels Forum will be the most prestigious channel event taking place anywhere in EMEA, and boasts Cisco, HP and Microsoft as its founding sponsors. We will also be building on the success of the first Canalys Navigation Forum with an even larger event in Barcelona this year. New research programmes covering IPTV and the digital home will extend our customer reach. The provision of APAC regional services run from our Singapore office will open new horizons for us. I believe we have also reached a tipping point within our consulting division, which has had an unprecedented start to the year. Clients recognize the unique capabilities that Canalys possesses based upon previous experience of channel consulting work commissioned, and word of mouth is working in our favour in a spectacular fashion.”

In 2006 Canalys generated 71% of its revenues from continuous services, 5% from presentations and reports with the remaining 24% derived from custom consulting and events. Chris Jones, vice president and principal analyst, said, “We strive to differentiate ourselves both by the quality of our work and with the service we provide to our clients. The renewal rates for our services are exceptionally high and we know that

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this is the biggest single factor in determining our future ability to grow. The reception that we have already received in the fast-growing APAC region is extremely positive and we will continue to launch new services and recruit additional staff there during 2007. Our new client web site has improved our ability to cross-sell to our client base and new delivery formats illustrate our desire to keep innovating.”

Steve Brazier concluded, “None of this success would have been achieved without the hard work, enthusiasm and dedication of everyone at Canalys. Our board cares most about attracting, developing and retaining a talented and international team. We would like to take this opportunity to thank them and together we look forward to making 2007 a year of noteworthy overachievement.”

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, navigation 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.

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