Global smart phone shipments treble in Q3

– Worldwide handheld market falls, but growth continues outside US

Reading, UK – Wednesday, 27 October 2004
For immediate release

- Overall worldwide mobile device shipments in Q3 2004 up 83% on Q3 2003
- Data-centric devices (handhelds/wireless handhelds) up 18%
- Voice-centric devices (smart phones/feature phones) up 190%
- Nokia still global smart phone leader, but palmOne leads North America as Treo 600 shipments boom
- Global handheld shipments fall 4% year-on-year, North America down 16%, but rest of world up 8%
- HP worldwide handheld shipments increase, with strong growth in EMEA and APAC

Worldwide mobile devices Q3 2004 – highlights from the Canalys research

The top four mobile device vendors worldwide in Q3 2004 were Nokia, palmOne, HP and RIM. While their positions remained the same as in Q2, significant changes occurred in their product line-ups, shipments and market shares. Fujitsu displaced Sony Ericsson from the fifth spot, thanks to strong sales into the channel of its Symbian-based FOMA phones in Japan.

Worldwide total mobile device market
Market shares Q3 2004, Q3 2003

Vendor (top 5)	Q3 2004 shipments	% share	Q3 2003 shipments	% share	Growth Q3'04/Q3'03
Total	**7,429,040**	**100.0%**	**4,061,420**	**100.0%**	**83%**
Nokia	2,951,450	39.7%	894,480	22.0%	230%
palmOne	1,076,470	14.5%	879,340	21.7%	22%
HP	689,410	9.3%	579,940	14.3%	19%
RIM	619,020	8.3%	137,140	3.4%	351%
Fujitsu	509,210	6.9%	164,500	4.1%	210%
Others	1,583,480	21.3%	1,406,020	34.6%	13%

Source: Canalys estimates © 2004 canalys.com ltd.
"Mobile device market": feature phones, smart phones, handhelds, wireless handhelds

Nokia, with its ever expanding range of Symbian-based smart phones, continued to dominate the overall mobile device market in Q3 2004, having almost 40% share by units shipped (up from 33% last quarter and 22% a year ago) and year-on-year growth of 230%. Despite this lead it was second placed palmOne that stood out this quarter with worldwide shipments of the Treo 600 smart phone rising to over 300,000 (30% of all palmOne devices shipped in Q3), with over a quarter of a million of these in the US, following a period where it was hampered by supply problems.

"PalmOne is the clear leader in the US smart phone segment, having raised its share of this market to a record 55% this quarter," said Chris Jones, Canalys director and senior analyst. "The new Treo 650 is a welcome refresh of the product, but it still needs to branch out into other designs and get more operators on board if it wants to take on the very strong European and Japanese smart phone vendors in the markets beyond North America. The RIM BlackBerry 7100 series will also provide competition and is likely to get attention from customers looking for a voice-capable device in a smaller handset form factor."

Canalys estimates put Nokia in second place for US smart phone shipments in Q3, with 23% share. In contrast, Nokia's share of the smart phone market in EMEA rose to 87% in the same period, the highest it has been for over two and a half years.

PalmOne also continues to lead in worldwide shipments of data-centric mobile devices (handhelds and wireless handhelds), though its shipments fell by 12% year-on-year in Q3 to just under 750,000, giving it a 25% share of this segment. Second placed HP increased global shipments of its iPAQs by 19%, to bring it much closer to palmOne, with 23% market share – a gap of just 2% compared to 10% one year previously. HP began shipping its h6300 series wireless handhelds in the US during the quarter, achieving good initial shipments of around 40,000 units, but importantly was also able to increase global shipments of its standalone handhelds by 12%, despite the declines seen by many vendors in this area. HP is one of several vendors that are benefiting from the rising demand for handheld-based GPS navigation solutions in Europe.

This rise in shipments kept HP in third place worldwide in the overall mobile device market, after Nokia and palmOne. In fourth place overall was RIM, whose BlackBerry device shipments continue to enjoy year-on-year growth rates above 300%.

Worldwide total mobile device market
Market shares by operating system Q3 2004, Q3 2003

OS vendor	Q3 2004 shipments	% share	Q3 2003 shipments	% share	Growth Q3'04/Q3'03
Total	**7,429,040**	**100.0%**	**4,061,420**	**100.0%**	**83%**
Symbian	3,732,030	50.2%	1,238,170	30.5%	201%
Microsoft	1,503,950	20.2%	1,131,500	27.9%	33%
PalmSource	1,253,450	16.9%	1,218,010	30.0%	3%
Others	939,610	12.6%	473,740	11.7%	98%

Source: Canalys estimates © 2004 canalys.com ltd.
"Mobile device market": feature phones, smart phones, handhelds, wireless handhelds

Looking at the market by operating system, Symbian's global share increased to 50% from 30% in the same quarter a year earlier and was also up sequentially, from 41% in Q2 2004. Microsoft remains in the number two position with 20% share, ahead of PalmSource on 17%.

"Symbian's position in most regions is shaped primarily by Nokia's smart phone performance," added analyst Rachel Lashford. "In Japan, however, it is Fujitsu's success that underpins most of the operating system vendor's 78% mobile device share. In the US only 6% of the mobile devices shipped in Q3 2004 ran the Symbian OS, compared to 43% for PalmSource and 25% for Microsoft."

While Symbian leads overall, it only plays in the voice-centric part of the market. For data-centric devices Microsoft led in the quarter with 45% share globally, up from 40% a year earlier, with PalmSource on 29%, down from 45% in Q3 2003.

Canalys provides comprehensive tracking and analysis of the markets for all types of "smart" pocket-sized mobile device in an integrated worldwide research programme. Its market share estimates include smart phones like the Sony Ericsson P910, palmOne Treo 650, Orange SPV c500 and Nokia 7610, wireless handhelds such as the RIM BlackBerry 72xx and 77xx ranges, T-Mobile MDA II and HP iPAQ h6315, and standalone handhelds (without integral wide-area wireless capabilities), for example the palmOne Tungsten T5 and HP iPAQ h4150. This provides clients with a complete picture of the market and enables comparison between the different classes of device.

Terms explained

Feature phone: pocket-sized device positioned primarily for voice, offers full, configurable two-way data synchronisation with PC, but OS-based applications cannot be added without restriction. Example: Nokia 7650.
Smart phone: pocket-sized device positioned primarily for voice, offers full, configurable two-way data synchronisation with PC, and OS-based applications can be added without restriction. Example: Sony Ericsson P910.
Handheld: pocket-sized device positioned primarily for data, offers full, configurable two-way data synchronisation with PC, and has no integrated wireless WAN (eg, GSM, GPRS or 3G) capability. Example: palmOne Tungsten T5.
Wireless handheld: pocket-sized device positioned primarily for data, offers full, configurable two-way data synchronisation with PC, and has integrated wireless WAN (eg, GSM, GPRS or 3G) capability. Example: O2 xda II, RIM BlackBerry 7780.
Data-centric devices: handhelds & wireless handhelds.
Voice-centric devices: feature phones & smart phones.
Mobile device market: handhelds, wireless handhelds, feature phones & smart phones.
EMEA: Europe, Middle East & Africa.
APAC: Asia/Pacific region.

About Mobile Device Analysis and Worldwide Mobile Devices

The shipment estimates discussed in this release come from Worldwide Mobile Devices – the global market tracking expansion to Mobile Device Analysis, the leading EMEA-focused continuous advisory service from Canalys. Worldwide Mobile Devices uses the established Canalys mobile device product segmentation and definitions to give clients a consistent worldwide view of the market for handhelds, wireless handhelds, smart phones and feature phones. Clients receive quarterly market updates, trends presentations and forecasts, and direct access to Canalys analysts. More information is available from the Canalys web site.

About Canalys

Canalys specialises in delivering high quality market data, analysis and advice to the world's leading technology providers. It is recognised as a key supplier of continuous advisory services and confidential custom projects by 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.

Receiving updates

To receive releases directly, please complete the form on our web site. This release is available from http://www.canalys.com/pr along with low- and high-resolution photos of the analyst(s) quoted.

Canalys
100 Longwater Avenue
GreenPark
Reading
RG2 6GP, UK
Tel: **+44 118 945 0173** **Fax:** **+44 118 945 0186**
E-mail: press@canalys.com **Web:** http://www.canalys.com/