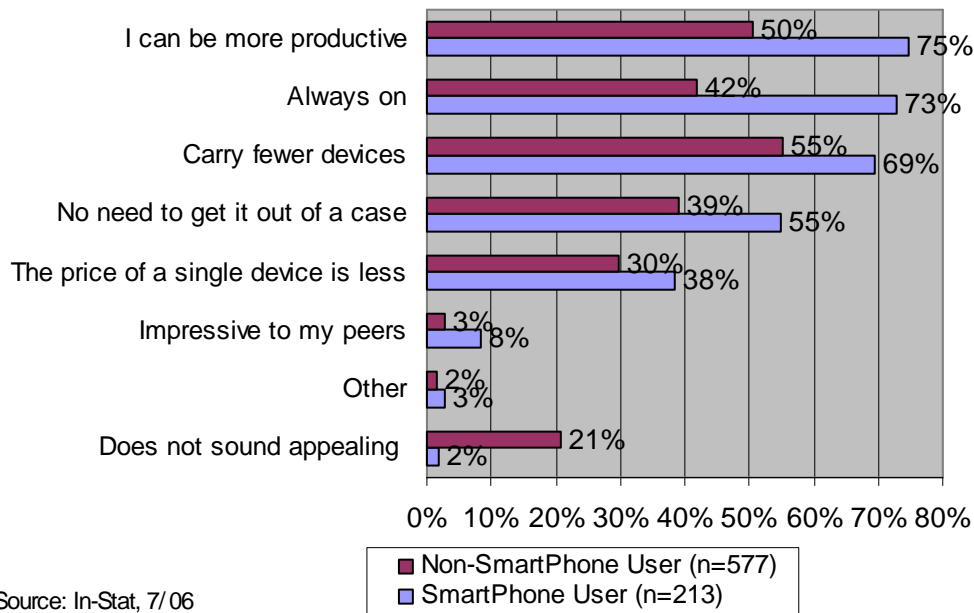


Converged Devices: SmartPhones vs. Laptops and PDAs in Business Markets

Executive Summary

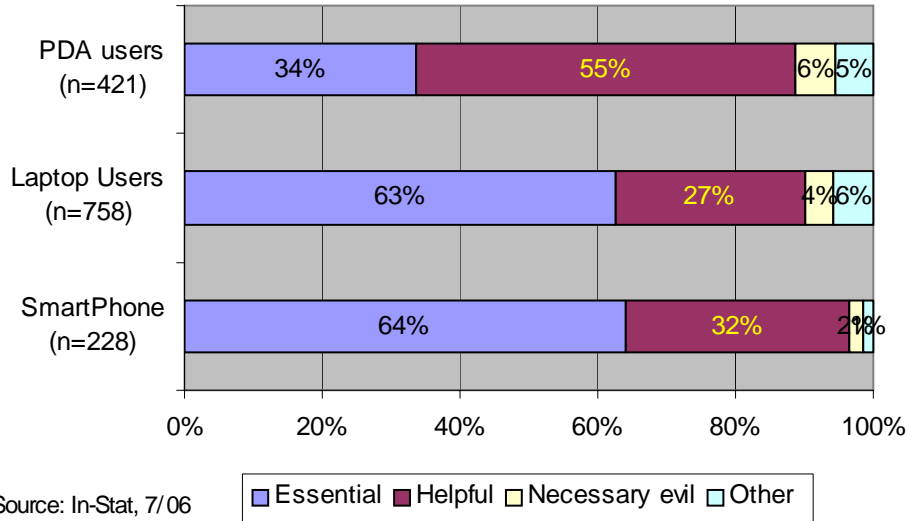
The objective of this study is to find the status of the trend for users to obtain SmartPhones so that they can carry a single device. Figure 1 shows that more than two-thirds of SmartPhone users state that a benefit of SmartPhones is that they carry fewer devices. It also shows that this is the top reason non-users see to owning a SmartPhone.

Figure 1. Benefits of Obtaining a SmartPhone



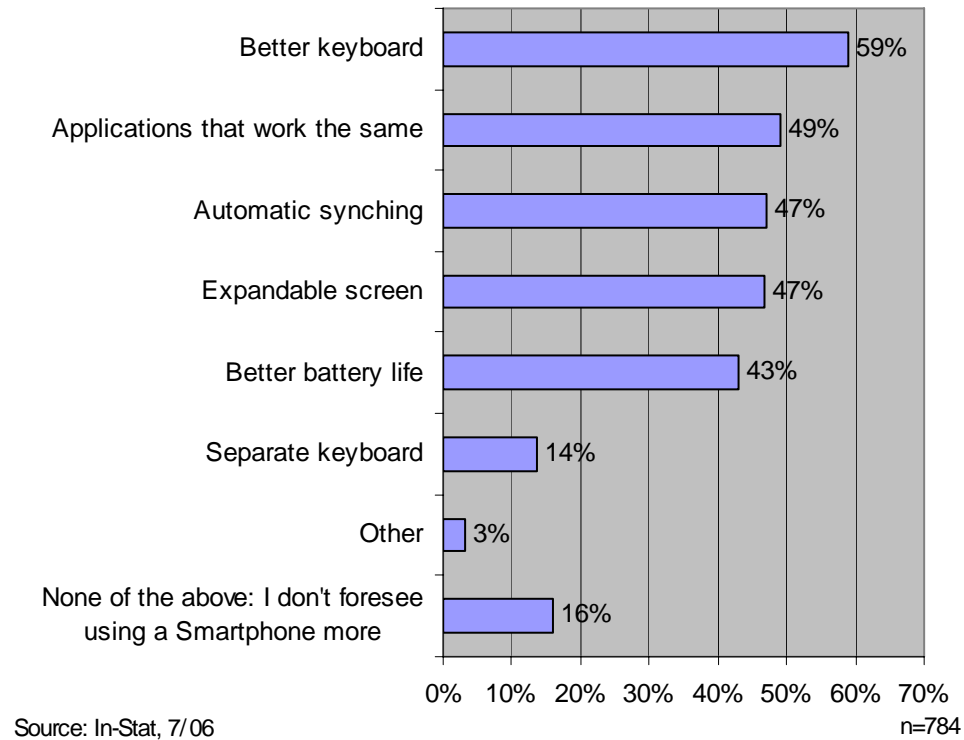
One might expect that SmartPhones have a greater benefit for its users since it is a relatively new innovation. Figure 2 shows that this is the case. Respondents were asked the report their feelings about the value about their wireless phone, their laptop, and their PDA. More users of SmartPhones reported that this device is Essential to their business than the users of PDAs or laptops.

Figure 2. Usefulness of Portable Devices as Reported by Users



This does not mean that there will be automatic acceptance of SmartPhones with widespread replacement of PDAs and laptops. There are several issues that manufacturers need to address. Figure 3 shows these responses cited by those that are at least considering a SmartPhone for their next device.

Figure 3. Features Needed to use SmartPhone More Than Now



The survey also showed that a significant majority of users carry multiple portable devices. In many cases, users carry devices that have redundant applications. This behavior is in spite of the desire to have fewer devices. For example, three-quarters of SmartPhone users also carry a PDA. Of the Palm Treo SmartPhone users that also carry a PDA, three-quarters carry a PDA made by Palm.

The total of these factors lead In-Stat to forecast that the trend to replace laptops and PDA with SmartPhones is at early stages. There are other forces that drive the adoption of SmartPhones and the use of business applications, so a lack of support for the converged application does not predicate disappointing results for SmartPhones. What it does mean is that wireless manufacturers have more work before the converged phones start taking market share from other devices instead of just complementing their sales.