

Flash-Enabled Handset Forecast

October 2008

1.5 Billion Flash-Enabled Handsets to be Shipped in the Next Two Years

October 2008

Cumulative shipments of Flash Lite enabled mobile phones reached 800 million during the third quarter of 2008, and growth is showing no signs of slowing. Over the next two years a further 1.5 billion Flash Lite enabled handsets are expected to be shipped as support continues to grow from handset OEMs, mobile network operators and, perhaps most importantly, the developer community. We have revised our historical data and increased our forecast significantly based on fresh data from Adobe combined with expectations that the Open Screen Project will attract more developers as it provides a consistent rich runtime environment across multiple device types.

Author: Stuart Robinson +44 (0) 1908 423 637 srobinson@strategyanalytics.com
Other Contacts: Stephen Entwistle +44 (0) 1908 423 636 sentwistle@strategyanalytics.com

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FORECAST DEFINITIONS

This document forecasts the market for cellular handsets that support Adobe Flash and Flash Lite.

Adobe's Flash is a software application adopted by millions of websites for creating rich interactive content.

Flash Lite was first adopted in 2003 by NTT DoCoMo in Japan on its 505i series of phones. Flash Lite is a cut down version of the original Flash Player, designed for handheld devices with less processing power and memory than a computer.

This forecast has been developed from the regional handset shipment forecast produced by Strategy Analytics' Wireless Device Strategies service. Historical cumulative shipments of Flash were obtained from Adobe and adapted to fit the forecast model.

This forecast details the shipments of devices capable of supporting Flash Player or Flash Lite, whether or not the application has been pre installed on the handset.

CDMA2000 1x and CDMA2000 1x-EVDO are included within the CDMA category.

W-CDMA / UMTS devices are included in the GSM category.

Installed Base is calculated as:

IB in 2007 = IB in 2006 + New Shipments in 2007 - Retirements in 2007

Shipments in each year are retired over subsequent years using a detailed retirement curve specific to each country.

Cumulative Shipments are the sum of all historical shipments up to the end of any particular year.

DEFINITIONS OF GEOGRAPHIC REGIONS

| REGION | COUNTRIES |
|---|---|
| North America (NA) | US / Canada |
| Western Europe (WE) | Andorra / Austria / Belgium / Cyprus / Denmark / Faroe Islands / Finland / France / Germany / Gibraltar / Guernsey / Greece / Iceland / Ireland / Italy / Jersey / Luxembourg / Malta / Netherlands / Norway / Portugal / Spain / Sweden / Switzerland / United Kingdom |
| Asia Pacific (APAC) | Australia / China / Hong Kong / India / Indonesia / Japan / Korea / Malaysia / Mongolia / New Zealand / Philippines / Singapore / Taiwan / Thailand / Vietnam / Others |
| Central & Latin America (CALA) | South America / Latin America / Central America / West Indies / Caribbean / Brazil / Mexico / Argentina / Venezuela / Suriname / Guyana / French Guiana / Paraguay / Chile / Columbia / Peru / Ecuador / Bolivia / Uruguay / Belize / Honduras / Guatemala / Nicaragua / Costa Rica / El Salvador / Panama / Others |

| | |
|---|---|
| Central & Eastern Europe (CEE) | Albania / Armenia / Azerbaijan / Belarus / Bosnia / Bulgaria / Czech Republic / Croatia / Estonia / Georgia / Hungary / Kazakhstan / Kirghizstan / Latvia / Lithuania / Macedonia / Moldova / Montenegro / Poland / Romania / Russia / Serbia / Slovakia / Slovenia / Tadjikistan / Turkmenistan / Ukraine / Uzbekistan |
| Rest of World (RoW) | Middle East / Gulf Region / Africa /Turkey |

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KEYPOINT CONCLUSIONS:

Strategy Analytics has significantly increased its forecast for Flash Lite handsets in this update, based on the announcement of the Open Screen Project and on new data made available by Adobe.

We estimate that over the next 2 years alone, around 1.5 billion Flash Lite enabled phones will be shipped globally, taking the cumulative total to over 2.4 billion handsets by the end of 2010.

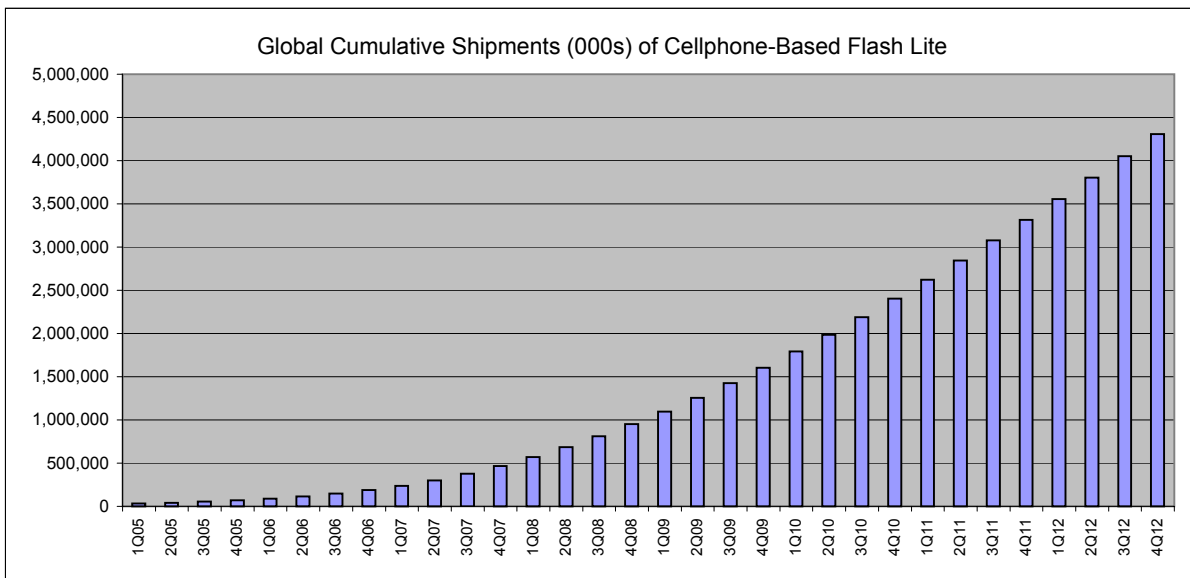
Flash Lite is being installed in a greater number of handset models from more OEMs than ever before and penetration is expected to grow from 40% at the end of 2008 to over 61% by the end of 2010.

Several FL version 3.0 handsets hit the streets this year including the NTT Docomo 705 and 905 ranges and Nokia's E71 and N78. Version 3 (and higher versions) accounted for around 8% of total Flash Lite shipments in 2008, and this proportion is expected to rise to 20% in 2009, 33% in 2010 and over 52% in 2011.

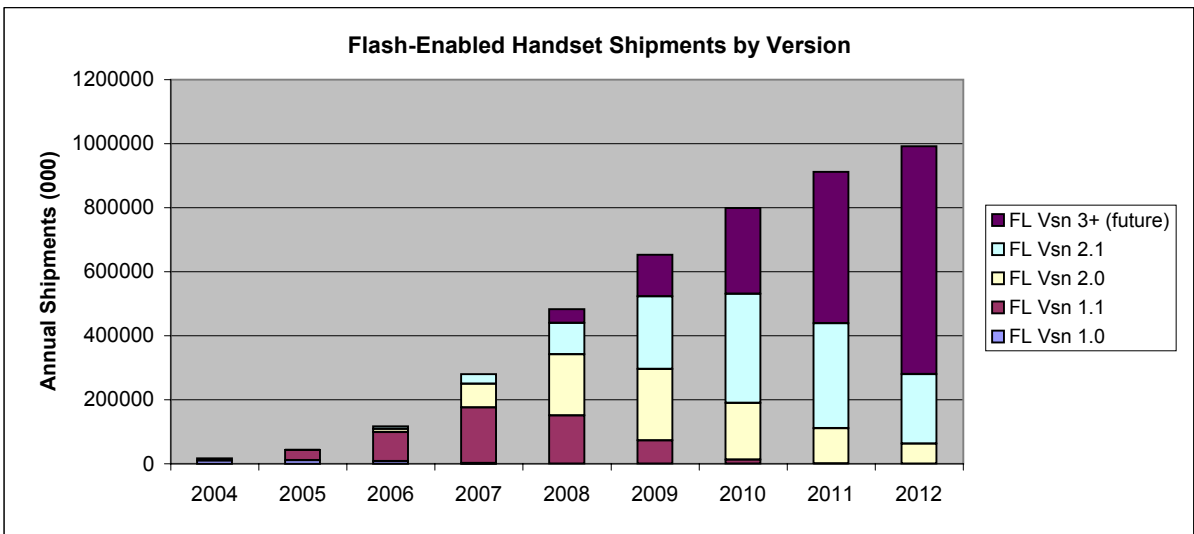
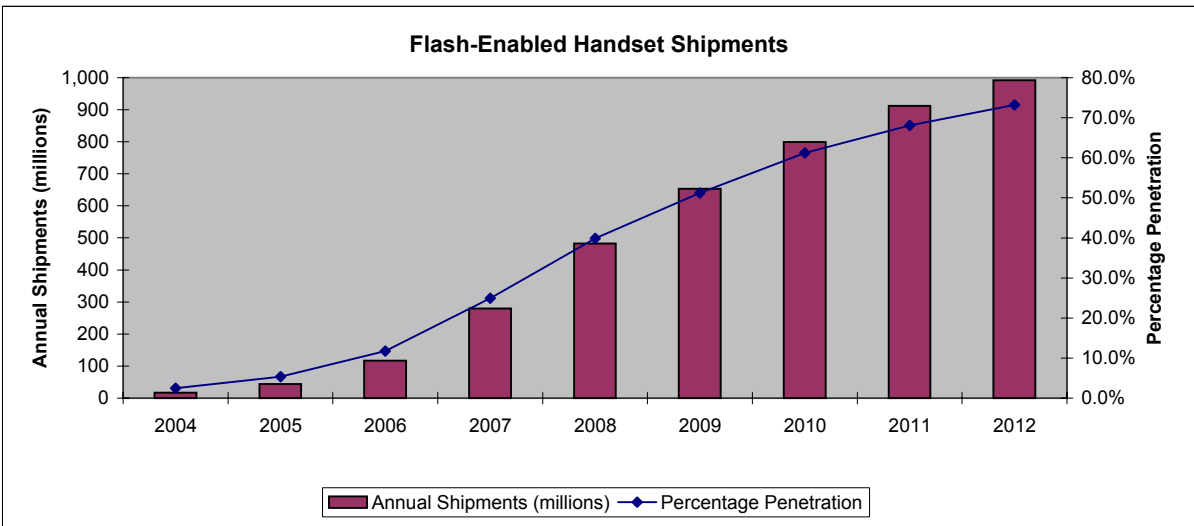
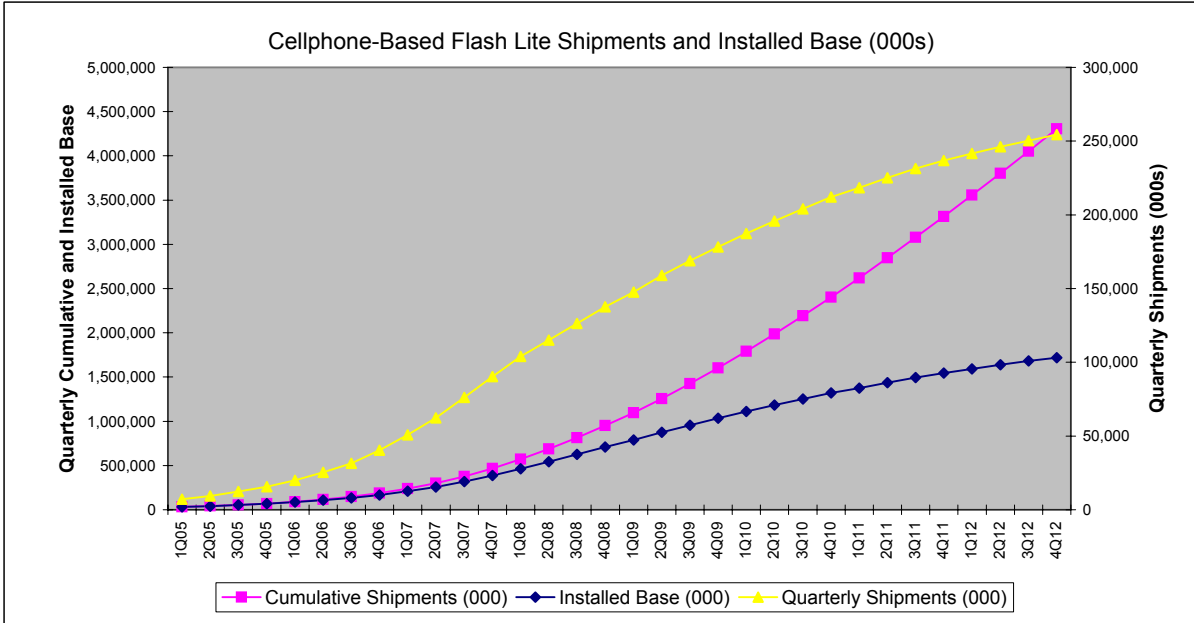
In May 2008 Adobe announced its Open Screen Project (OSP) in a bid to create a consistent rich internet experience whatever the device. One key aspect of the announcement is the removal of licensing fees at the time of the next releases of Adobe Flash Player and Adobe AIR. OSP provides a runtime environment that will work on PCs, mobile phones, MIDIs, set top boxes and TVs. The long term result of this announcement is that there are likely to be more Flash and Adobe AIR applications being developed for handsets.

For Flash application developers the OSP brings a "Flash everywhere" approach. Gaining the support of the developer community will make the decision by handset OEMs and mobile network operators whether to make their handsets Flash-enabled that much easier.

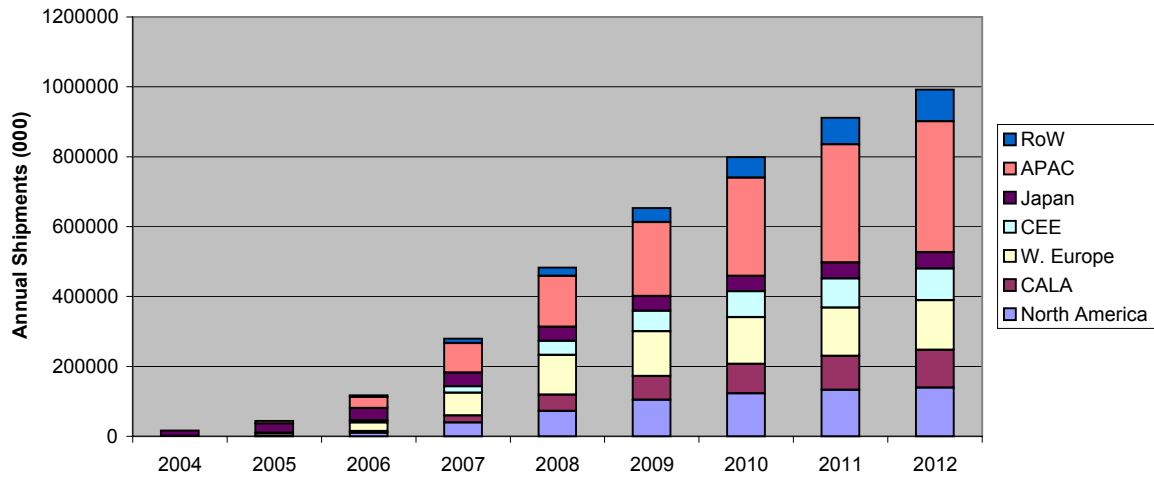
In March 2008 Microsoft announced that it had licensed Adobe's Flash Lite software for future versions of Windows Mobile phones. At the same time Microsoft also licensed Adobe Reader LE enabling users of future Windows Mobile phones to view PDF documents. This announcement came on the back of Nokia's statement that it would be deploying Microsoft's Silverlight, a direct competitor to Flash Lite, on its S60 and Series 40 based handsets and on its Linux internet tablets. We believe Silverlight will have difficulty in matching the phenomenal growth of Flash Lite. The company says anyone who can develop in .net can develop for Silverlight but many of the 2.5 million or so .net developers are unaccustomed to developing mobile applications. However, even if Silverlight does begin to gain traction, we do not believe it will impact negatively on the demand for Silverlight. For a more detailed comparison of Silverlight and Flash Lite read our report here: [Silverlight on Mobile: Microsoft Challenging Adobe's Stranglehold \(April 2008\)](#)



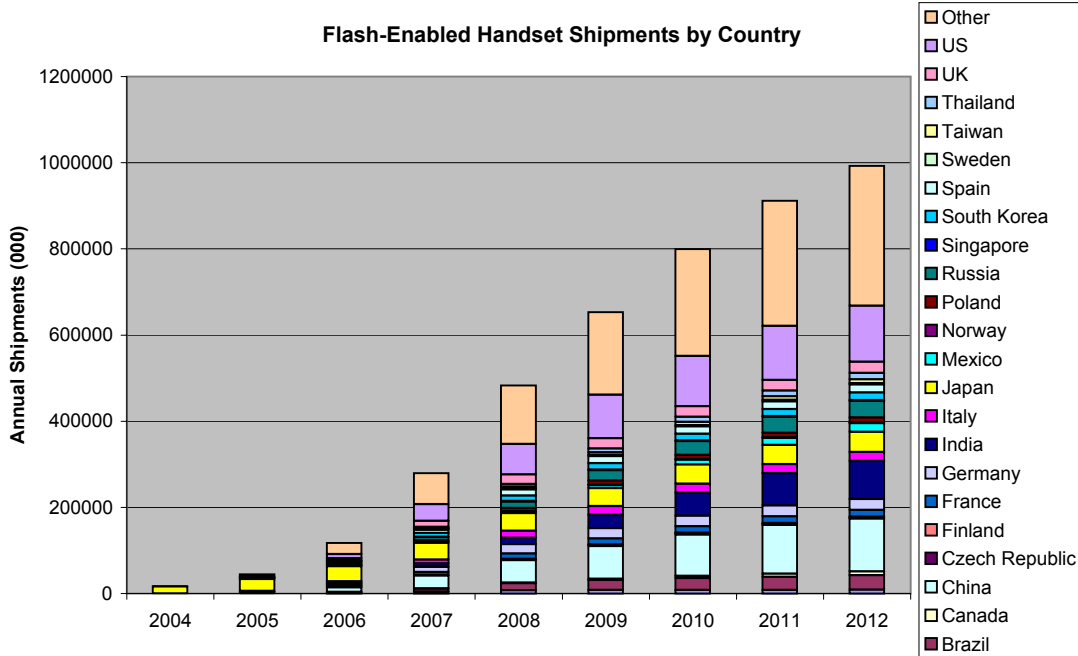
Global Cumulative Shipments (000s) of Flash-Enabled Handsets at end of 3Q08 = 812,587



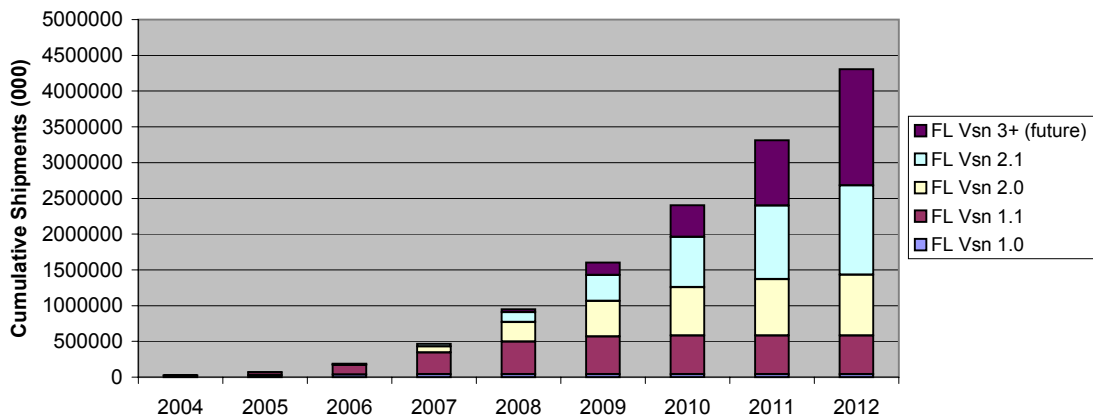
Flash-Enabled Handset Shipments by Region



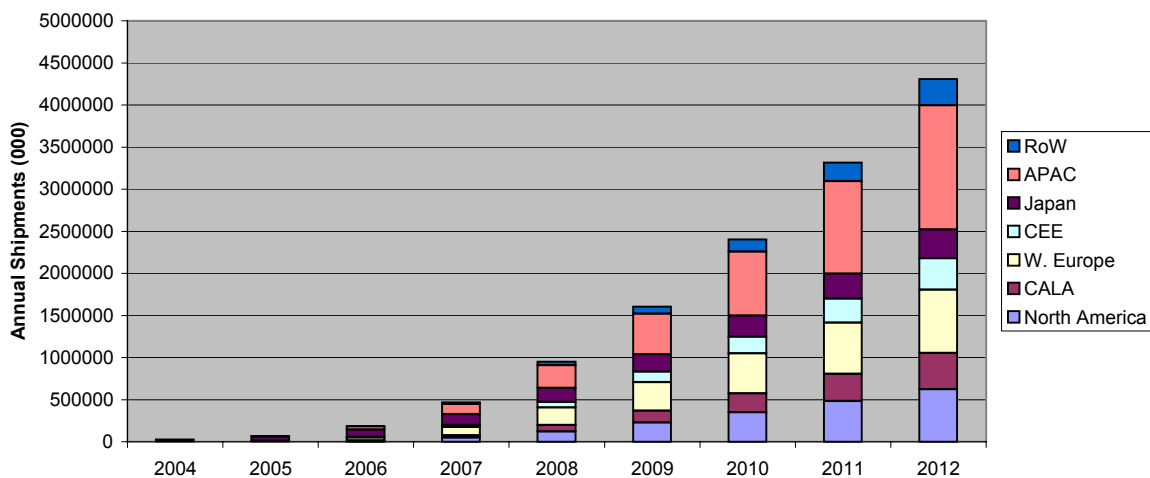
Flash-Enabled Handset Shipments by Country



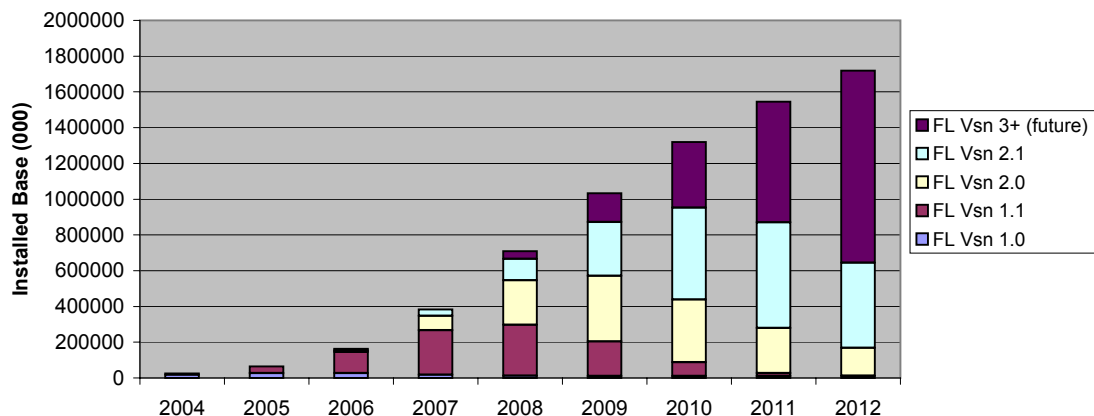
Cumulative Flash-Enabled Handset Shipments by Version



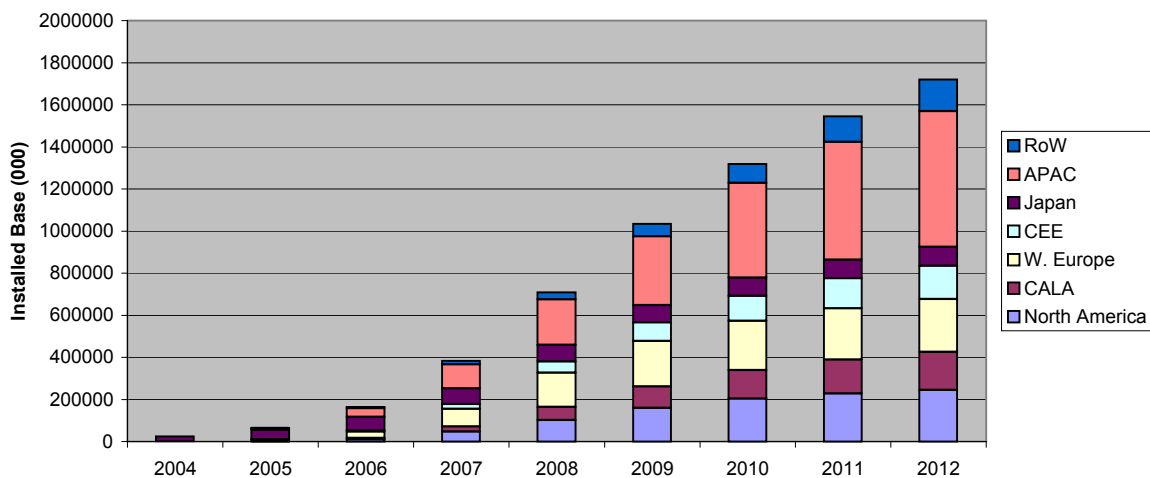
Cumulative Flash-Enabled Handset Shipments by Region



Installed Base of Flash-Enabled Handsets by Version



Installed Base of Flash-Enabled Handsets by Region

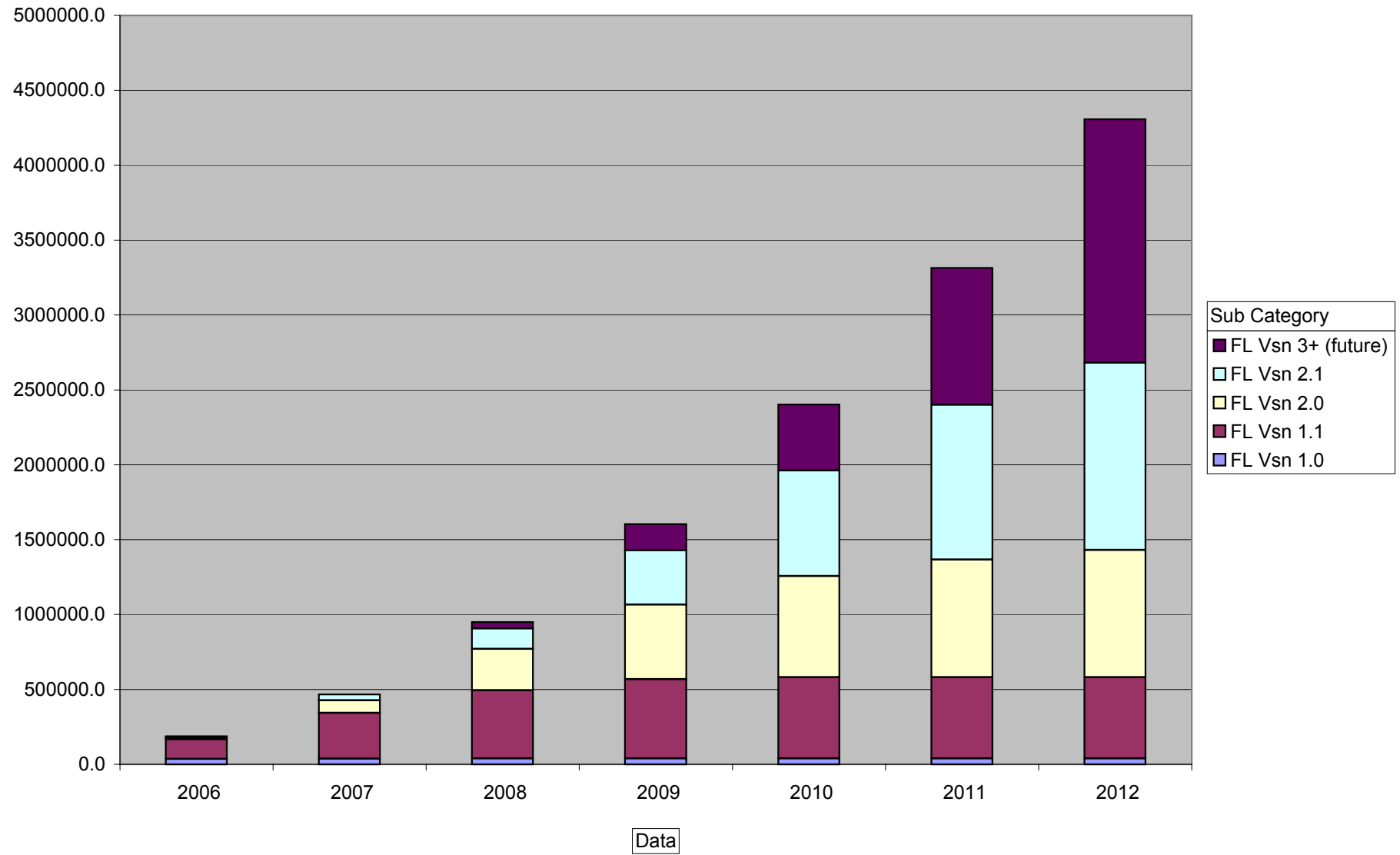


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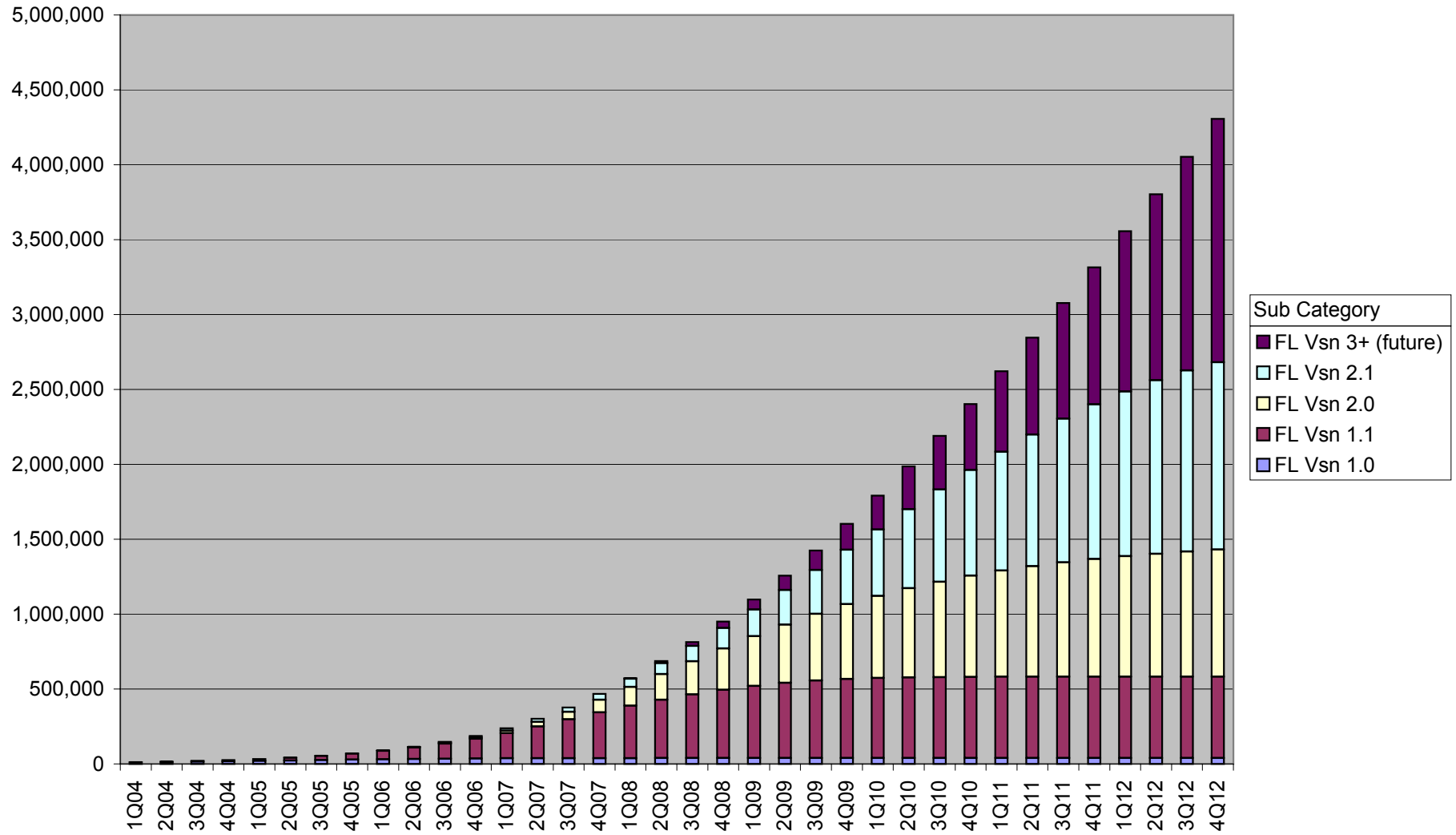
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Measure Cumulative Shipments (000) Region (All) Country (All) Category FL Version



Region (All) | Country (All) | Category | FL Version | Measure | Cumulative Shipments (000)



Data

Strategy Analytics, Handset Component Technologies Service
29th October 2008.

This report is an Excel spreadsheet with 1851 rows and is not suitable for normal viewing in PDF. We recommend that clients download the accompanying zipped Excel file.