Bring Your Own Device (BYOD): Market Analysis and Forecasts

ARC CHART

SECTOR REPORT

Bring Your Own Device (BYOD): Market Analysis and Forecasts

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ARCchart is an independent research and consulting firm focusing on all aspects of the wireless communications sector. Based in London, ARCchart's depth and breadth of analysis provides a global perspective on wireless technology and industry developments. Combining original thinking with exceptional knowledge and experience, ARCchart assists clients in making sound commercial decisions about technologies, market strategies and competitive positions. ARCchart's strategic advice covers all aspects of the wireless value-chain - ranging from semiconductors and WLANs to network operators, handsets and mobile applications.

Executive Summary

A major trend affecting enterprises of all sizes, and the smartphone industry, is the rise of BYOD (bring your own device) policies for mobile usage. Traditionally, mobile devices were specified and purchased by the organisation, and in most cases employees had a separate device for personal use. With BYOD, personally owned handsets, tablets and notebooks are used for business functions. The enterprise may, or may not, fund the usage fees, but must find ways to allow a diverse range of products to access corporate networks and systems, such that productivity is boosted without compromising security.

This study is based on an extensive survey of enterprise organisations around the world, with 65% of these corporations confirming that they will have adopted some level of BYOD by the end of 2012, and only 11% not having any plan for BYOD in the near future. The top two reasons specified for pushing forward with BYOD are cost reduction and staff motivation, yet there are many fears in the IT departments. According to our survey, key concerns include security, fragmented software, and ironically, a rise in support costs.

By 2016, ARCchart expects shipments of BYOD smartphones to rise by almost 175%, reaching a total 343 million units, about 36% of the total smartphone market. A natural consequence of BYOD will be a contraction of the overall handset market, since just one smartphone is purchased for both business and personal use, rather than two. As a result, we estimate that by 2016 the lost revenue potential for the smartphone industry caused by BYOD will reach almost $40bn.

These changing patterns will create opportunities for industry stakeholders, especially handset makers which have not traditionally thrived in the corporate world, but will be challenging for those which have relied heavily on the enterprise segment - RIM being an example. Vendors will need to compensate for the squeeze on their growth potential by stealing market share from rivals, or by supplementing their revenues with other devices – although business users are migrating towards carrying a single smartphone, increasingly they will carry an additional mobile device such as a tablet, probably also on a BYOD basis.

BYOD creates opportunities for companies whose products help enterprises adapt to the new way of sourcing and supporting portable gadgets. While corporations have embraced BYOD in the hope of reducing the cost of purchasing smartphones, they also have significant concerns, most importantly how to secure and manage the devices. This is creating a boom in systems which automate mobile device management (MDM) and security, and in other technologies which can reduce the BYOD risk. Notable among these is virtualisation, which endows a handset with a completely separate and secure business profile, segregated from personal applications and data. Virtualisation and MDM vendors will be the assured winners from the BYOD trend.

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