CREATED BY: vision mobile

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DEVELOPER ECONOMICS Q1 2014

STATE OF THE DEVELOPER NATION

The de-facto research series tracking the trends in the app economy

In-depth analysis and insights into the key issues of the app economy, including platform prioritisation, going beyond tablets, trending revenue models, and making the right choices in developer tools.

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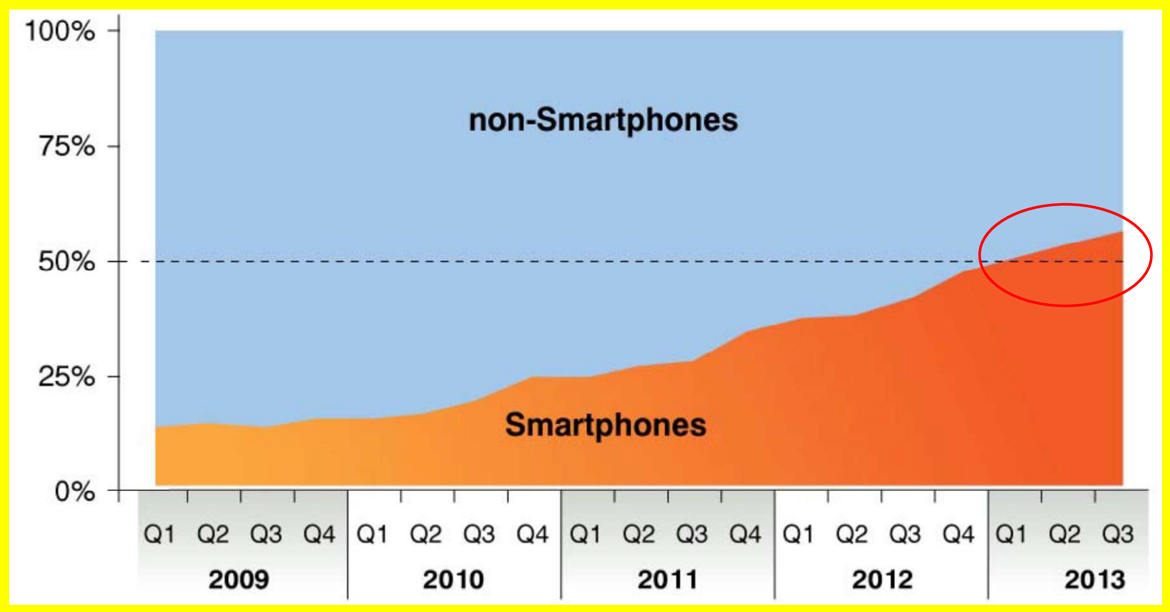
GLOBAL SALES: SMARTPHONES VS. NON-SMARTPHONES



Source: Developer Economics Q1 2014 | www.DeveloperEconomics.com/go

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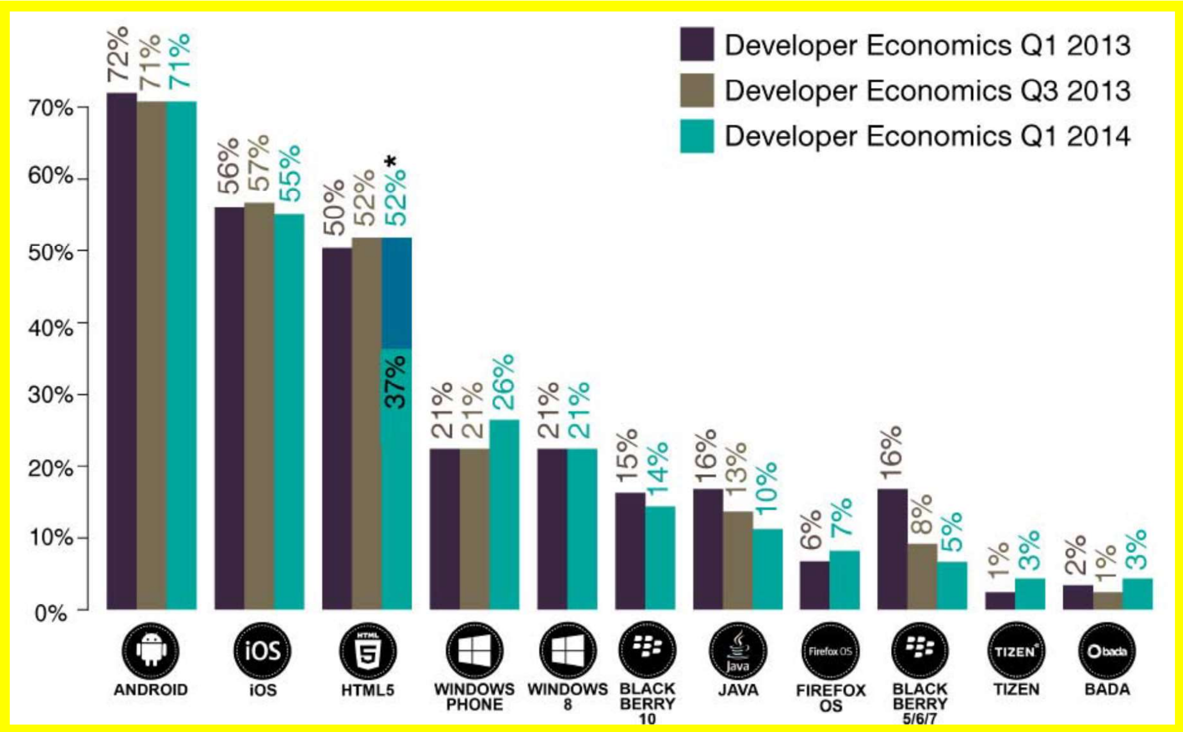
On the handset front, Samsung, the leading Android handset maker, continues to dominate the smartphone sales market with 31% of the smartphone sales in Q3 2013. Samsung's Q4 2013 results showed somewhat reduced profits, declining 18% on a quarterly basis despite the holiday season. Samsung is facing increasing competition on both the high-end smartphone market, by Apple and on the low-end market, by a number of Chinese vendors.

In the forefront of the Android assault on the smartphone market are Huawei, Lenovo and LG, having displaced HTC from the leaderboard. HTC, had figured in the top smartphone places for a number of years but has now slipped and is facing serious troubles, following a number of bad quarters. This is indicative of the cut-throat competition among Android OEMs where opportunities for differentiation are increasingly diminishing, particularly following Google's steps to regain control over the Android ecosystem by moving several key APIs out of Android and into Google Play Services. As several key markets are maturing, most of the growth comes from the low-end part of the market spectrum where margins are low and competition is fierce.

MOBILE DEVELOPER MINDSHARE, Q1 2014

% of developers using each mobile platform (n=6,311)



**This figure includes developers who develop hybrid apps and apps developed with HTML5 but translated to native code.*

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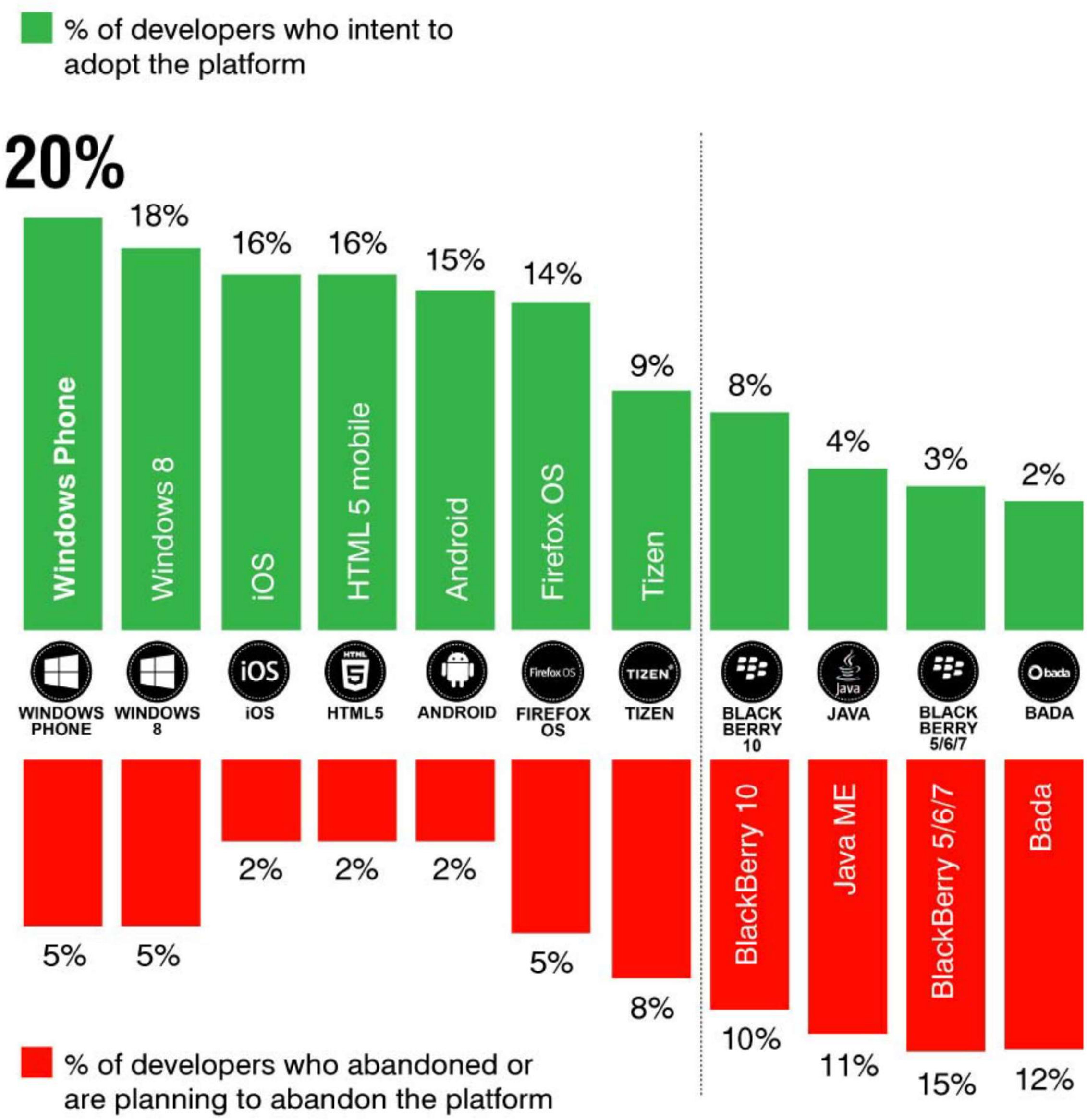
HTML5 has become a bit of a misnomer since it is a technology stack rather than a fully-fledged app ecosystem. Developers employ HTML5 technology in a number of ways: to develop mobile websites, web apps, hybrid apps or use HTML5 code within native apps to display web content. In that sense, HTML5 can be viewed as both a deployment platform (on-browser) and a technology that can be used beyond the browser (off-browser), through tools such as PhoneGap, Appcelerator, Firefox OS and 10s more.

"37% of mobile developers use HTML5 as a platform, i.e. to develop mobile websites or web-apps, while another 15% use HTML5 to go beyond the browser"

We have split the HTML5 Developer Mindshare to reflect this point: 37% of mobile developers use HTML5 as a platform, i.e. to develop mobile websites

MOBILE PLATFORMS: WINNERS AND LOSERS Q1 2014

% of developers planning to adopt or drop a platform (n=6,311)



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THE PLATFORM SHOOTOUT

	ANDROID	iOS	HTML5 MOBILE	WINDOWS PHONE	BLACK BERRY 10
Sales market share (smartphones, Q3 2013)	81%	13%	-	4%	2%
Mindshare	71%	55%	52%	26%	14%
Priority	37%	32%	14%	6%	5%
Loyalty	52%	59%	26%	24%	35%
Most popular in	Asia	North America	South America	Asia	South America
Median revenues	$150	$750	$150	$25	$75
Differentiating selection criterion	Open Source	Revenue potential	Ease of porting	Choice of development environment	Documentation/ Access to hardware APIs
3rd party tools index	2,8	3,1	2,5	2,5	2,3
Top revenue model	Advertising	Contract development	Contract development	Advertising	Pay per download
Segments with a strong preference to the platform	Hobbyists, Gold Seekers	Digital Media Publishers, Hunters, Guns for Hire	Product Extenders, Enterprice IT	Hobbyists, Explorers	-

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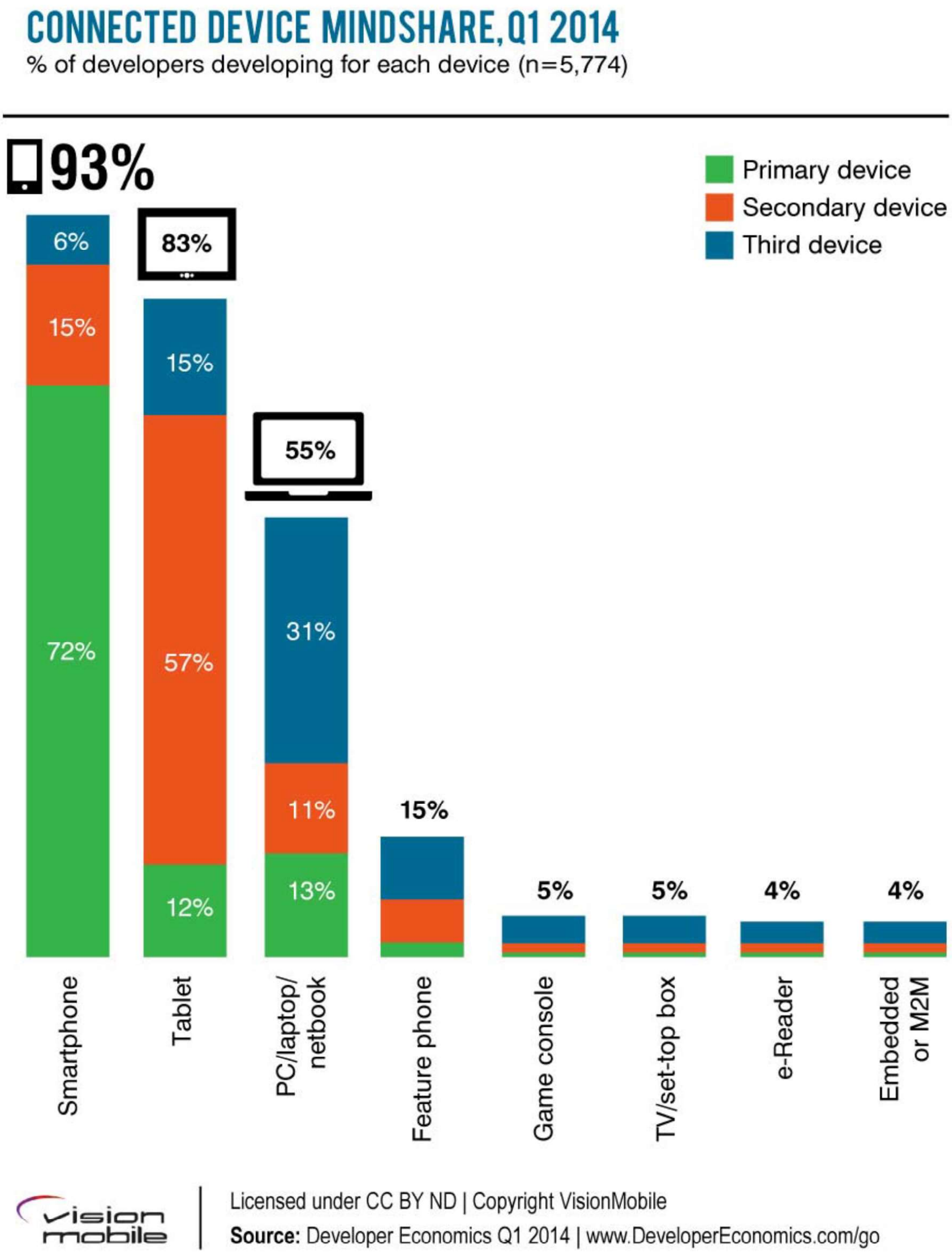

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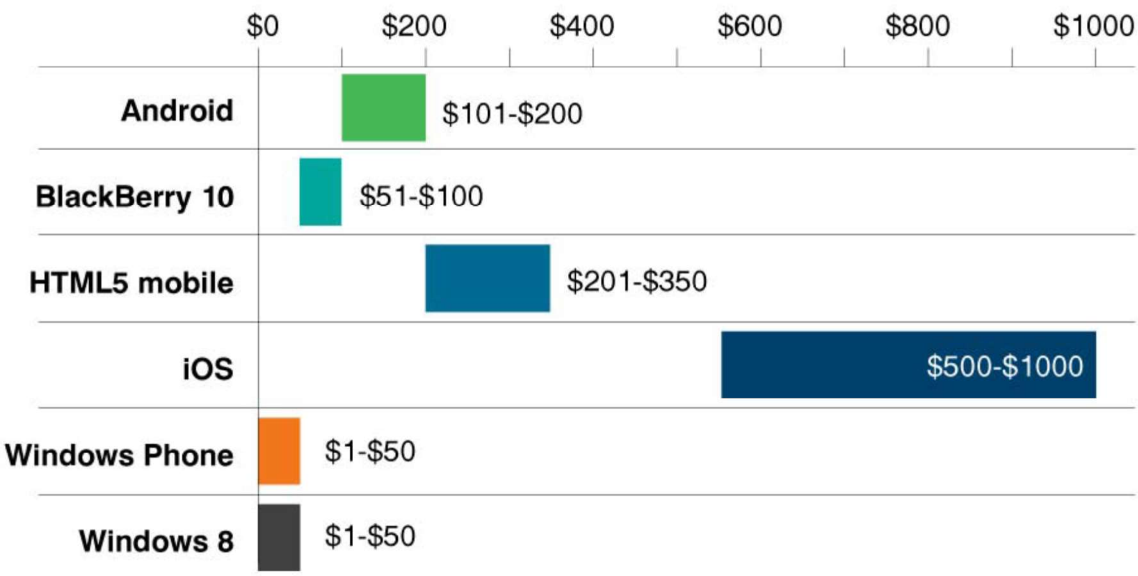
Feature phones are, as expected, in decline with dwindling opportunities, signaled by smartphone sales surpassing those of feature phones for the first time, in Q1 2013.

FOR MOST DEVELOPERS IOS CONTINUES TO PAY BETTER

Median revenue per app, per month (n=2,425)*



*As most developers use more than one platform, besides their primary platform, part of these revenues may be generated on platforms other than the primary. However they are indicative of the revenue potential of each platform. These figures exclude developers who are not interested in generating revenue.

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The advantage of iOS is also illustrated by IBM's Digital Analytics Benchmark which estimates that iOS generated 5 times more sales than Android in 2013. The huge difference in monetising e-Commerce opportunities comes down to a demographics gap - implying that iOS and Android are really competing in different consumer markets. iOS is the upmarket mall while Android is the outlet.

Developers targeting Windows 8 and Windows Phone generate the lowest revenues, with the median being between $1 and $50 per app per month. This indicates that Microsoft's focus on app catalogue size has attracted a hoard of Hobbyist and Explorer developer segments. Revenues on Windows Phone are affected by the popularity of lower-end devices which are boosting the platform's sales but diluting the average purchasing power of its user base.