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# Press Release

## Smart Watches to Reign as Wearables Unit Champ, But Smart Glasses Will Take Revenue Crown by 2020

### Commercial Wearables to Reach over 1/3 of Wearable Revenues by End of Forecast Period

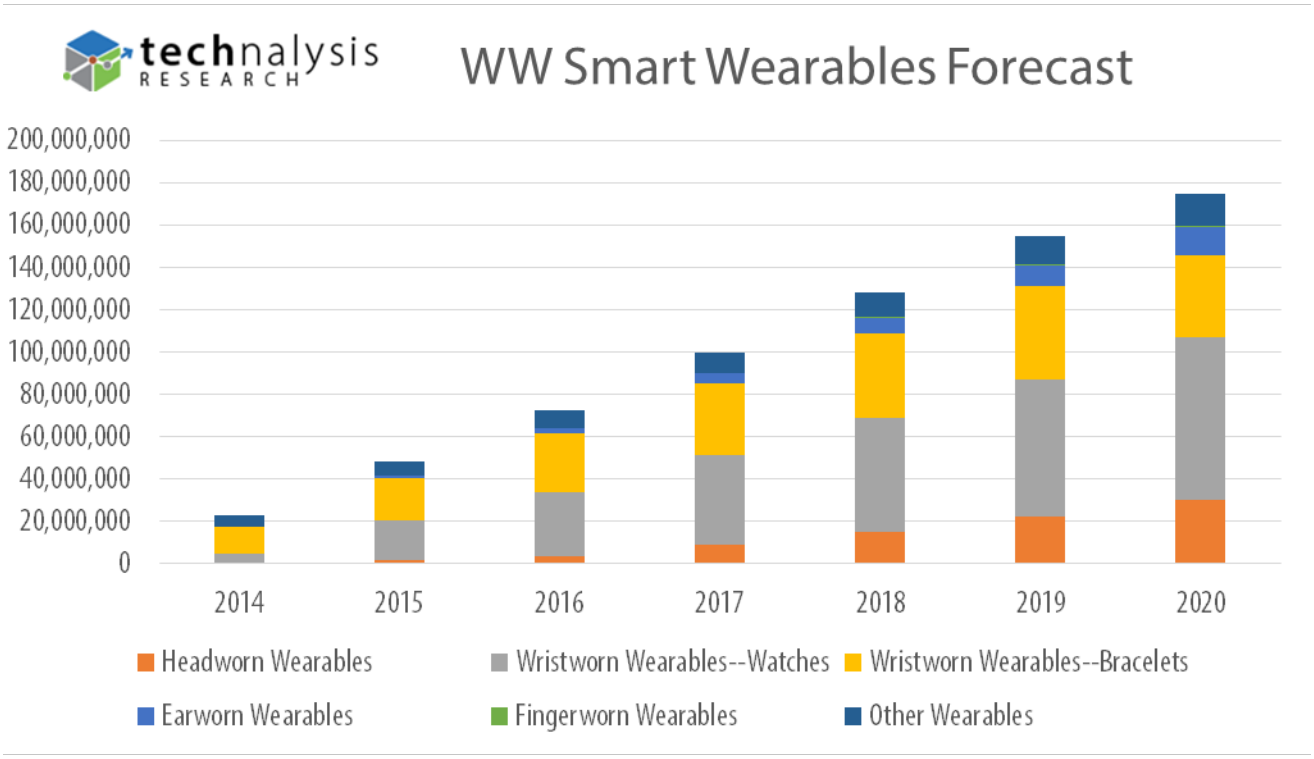
**Foster City, CA – May 5, 2015:** Though the business is evolving slower than many had originally hoped, the worldwide market for smart wearable devices continues to grow. In the latest iteration of its Worldwide Wearables Forecast Report, TECHnalysis Research finds a market on the cusp of some major transitions.

Worldwide shipments for wearables are forecast to reach 175 million units by 2020, according to the report, while revenues will be $31.6 billion by the end of the decade, down slightly from the 2018 peak of $31.9 billion. This represents a significant increase from 2014 totals of 22.8 million units and $2.9 billion in revenues. In the US, wearable shipments are expected to be nearly 62.9 million in the same time frame, down from a peak of 68.3 million in 2019. US wearable revenues are forecast to peak at $13.4 billion in 2018 and then fall to $11.7 billion in 2020.

"As we originally predicted, early market expectations for wearables have clearly not been met, yet there remains optimism for longer-term opportunities in certain key segments," said Bob O'Donnell, Founder and Chief Analyst at TECHnalysis Research. "In particular, we are beginning to see a solid revenue opportunity for wearables in business environments."

TECHnalysis Research divides the wearable market into six segments, based on where on the body an individual wears a device. The segments are:

- Headworn Wearables, such as Microsoft HoloLens
- Wristworn Wearables—Watches, such as Apple Watch
- Wristworn Wearables—Bracelets, such as FitBit Charge
- Earworn Wearables, such as SMS Audio BioSport
- Fingerworn Wearables, such as Ringly
- Other Wearables includes devices such as small activity trackers carried in pockets, as well as others that don't neatly fit into the defined categories




The Smart Watch category is expected to surpass Smart Bracelets as of 2016 and will remain the largest segment in the overall wearables category, reaching 77 million units, or 44% of the total by 2020. Looking at revenues tells a different story, however, as the Smart Glasses/Headworn Wearables category is predicted to hit $13.5 billion or 43% of total revenues by the end of the forecast.

"Most industry watchers have focused on wrist-worn devices," commented O'Donnell, "but we believe after a bumpy start, head-worn devices like augmented reality glasses will take over a significant portion of the market."

Some of the other highlights from the report include:

- Shipments to consumers will maintain the majority of wearable unit shipments (89% in 2020), but commercial revenues will hit 34% of the total in the same time period.
- Connected wearables—those with an integrated cellular modem—are forecast to grow to 19% of units and 29% of revenues by 2020.

Given the highly dynamic nature of the wearables market, the TECHnalysis Research Wearables Forecast Report actually offers three different forecast scenarios.

- A baseline (or most likely) scenario, which are the numbers listed in this press release
- An optimistic scenario, based on an assumption that a few "hit" products could draw an even wider set of customers to the wearables category
- A pessimistic scenario, based on an assumption that hype cycle remains ahead of market realities and the wearables market peters out after a few years of modest growth

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Each scenario includes annual (through 2020) views of unit shipments, average selling prices and revenues both worldwide and in the US for smart wearable devices, split into the six segments. The forecast also breaks the realistic scenario numbers out by consumer and commercial purchases and by type of connectivity for the US and worldwide.

*DEFINITION: A smart wearable device is a portable electronic device worn on a human body that offers some level of onboard processing and runs some type of integrated software. Most wearables have integrated sensors of various types as well as connectivity options (either wired or wireless) to other smart devices, such as smartphones. Electronic devices that are worn on the body but don't have their own intelligence, such as basic Bluetooth headsets or heads-up displays, are not considered smart wearables.*

Highlights of the study are available in slide format and a copy of the complete report is available for purchase from TECHnalysis Research. For additional information, please e-mail the author at bob@technalysisresearch.com.

*Founded by technology market research veteran Bob O'Donnell, TECHnalysis Research, LLC provides strategic consulting and market research services to the technology industry and professional financial community. Building on a deep understanding of critical technology and business trends, in conjunction with hard-hitting, original research, the firm provides unique "out-of-the-box" perspectives that are still grounded in the practical realities of the technology, media and telecom markets.*