

Apps Clearly in "Freefall," Says Analyst

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Although paid apps have increased substantially in volume with the emergence of app stores, **free apps have really boomed**

, creating a potentially serious problem for network operators hoping to create new revenue by selling apps to mobile users, according to a recent report from Pyramid Research.

Pyramid estimates that the total download volume (free and paid) will increase 7X between 2009 and 2014 from 5.7 billion to 41.1 billion.

Including operator portals, the proportion of free downloads increased from around 30% in 2008 to 54% in 2009, and it is expected to stabilize **at around 80% in 2014**. "This is a key trend, and it will drive new revenue streams, namely from advertising," say Pyramid Research analysts.

"Attracting developers is perhaps the most difficult challenge for operators given the lead the vendors have established, platform fragmentation and limited adoption of devices with operator stores enabled. In regions where the vendors are already well established, such as the U.S., it will be difficult for operators to establish their own stores. In other regions, vendors have yet to establish themselves, giving operators the opportunity to take the initiative."

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