

Zebra Technologies - Owning the Workflow Stack?

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Case convention: The decision assignment and alternatives are hypothetical. They do not describe a pending board decision or an approved Zebra plan.

Decision assignment

Zebra Technologies sells devices and software used to identify, locate, track, and manage people, products, and assets. Its products operate in retail, transportation and logistics, manufacturing, healthcare, and other frontline settings. The company has assembled a broad portfolio through internal development and acquisitions, while also working through a large channel network and technology partners.

In 2025, Zebra reorganized its reporting around two segments: Connected Frontline (CF) and Asset Visibility and Automation (AVA). It acquired Elo, adding self-service and customer-engagement products to CF, and acquired Photoneo, adding 3D machine vision to AVA. It also decided to exit its robotics automation business. The sale to Skild AI closed in Q1 2026. Zebra described the move as a way to focus on supply-chain workflow and prioritize RFID, machine vision, and frontline AI; it retained a minority investment in Skild and a relationship around Symmetry Fulfillment software. [S1, S2, S3]

For this case, assume Zebra's leadership asks a hypothetical strategy team to recommend how the company should organize its next stage of automation capability-building. Should Zebra own a tighter hardware-software workflow stack around its installed base, concentrate on devices and software building blocks while partnering for robotics and applications, or integrate selectively by segment and capability? The team must explain where customer value could arise, which activities Zebra should own, and what evidence would justify continuing or changing course. This assignment is created for classroom discussion; Zebra has not disclosed these exact options as a current decision.

A portfolio spanning the workflow

Zebra describes an offering that includes mobile computers, barcode scanners, printers, RFID readers, real-time location systems, fixed scanning, machine vision, self-service devices, software, and support. In its 2025 Form 10-K, it reported operations in 129 facilities, about 10,700 employees, and more than 10,000 channel partners in 179 countries. These figures establish scale and reach; they do not show how many customers use integrated solutions or what returns those deployments generate. [S1]

The 2025 reporting reset grouped mobile computing and related services/software with point-of-sale, self-service, kiosks, and workflow software in CF. AVA grouped printing and consumables, RFID/RTLS, data capture, fixed scanning, and machine vision. Zebra said the realignment better reflected its strategy. The changed labels do not, by themselves, demonstrate that the businesses have achieved operating synergies. [S1]

The portfolio includes choices in both directions. Elo cost \$1.303 billion net of cash on hand. Photoneo cost approximately \$62 million. The robotics sale consideration was \$20 million in total: \$9 million cash, a \$9 million fair value minority investment in Skild AI, and \$2 million in indemnification escrow subject to claims and release terms. It was not \$20 million in cash. The company reported \$15 million of net assets sold and a \$5 million gain. Zebra had also recorded about \$55 million of one-time 2025 exit costs, mainly impairment charges plus severance and working-capital charges. Those accounting and exit costs are not a complete measure of the business's future economics. [S1, S2, S3]

The sale narrowed Zebra's ownership of robotics operations but did not remove all ties to the area. Zebra's announcement said Skild would build on Symmetry Fulfillment, software for coordinating robots and frontline workers using Zebra wearables. That is a company-described relationship, not evidence that Zebra controls Skild or continues to operate the sold robotics business. [S2, S3]

Exhibit 1. Selected portfolio decisions

Decision	Timing	Disclosed amount or addition	What the record establishes
Matrox acquisition	2022	\$881 million net cash	Advanced machine-vision hardware and software added to the portfolio
Photoneo acquisition	February 2025	Approximately \$62 million cash	3D machine-vision capability added to AVA
Elo acquisition	September 2025	\$1.303 billion net cash	Self-service and customer-engagement capabilities added to CF
Robotics exit costs	2025	Approximately \$55 million	One-time charges associated with the exit; not full lifetime economics
Robotics sale to Skild AI	Q1 2026	\$20 million consideration: \$9 million cash, \$9 million investment fair value, \$2 million escrow	Sale completed; consideration included noncash and conditional components

Sources and limits: Zebra 2025 Form 10-K and 2026 Q1 Form 10-Q, including acquisition and disposition notes. The listed amounts have different scopes and refer to different assets and transaction terms. They should not be compared as if they were equivalent measures of value creation. The \$2 million escrow remains subject to claims and release terms. [S1, S3]

What do the latest results show?

For the quarter ended July 4, 2026, Zebra reported sales of \$1.557 billion, up 20.4% from a year earlier. The company's organic sales measure showed 9.2% growth. CF sales were \$903 million, up 25.9% reported and 7.5% organic; AVA sales were \$654 million, up 13.5% reported and 11.4% organic. Zebra attributed CF's quarterly increase to Elo, mobile-computer sales, and foreign exchange, and AVA's increase mainly to printing, machine vision, and foreign exchange. Organic growth is a company-defined non-GAAP measure; acquisition and currency effects matter to the gap between reported and organic growth. [S2, S4]

For the first half of 2026, CF sales were \$1.728 billion, up 23.3% reported and 5.7% organic. AVA sales were \$1.324 billion, up 10.3% reported and 8.0% organic. These figures show different segment growth patterns, but do not isolate integrated-workflow sales or their profitability. Zebra said Q2 margin increases also reflected tariff recoveries, mix, and foreign exchange. [S2, S4]

Services and software together were \$241 million of Q2 sales and \$505 million of first-half sales. Dividing these reported category totals by net sales gives approximately 15.5% for Q2 and 16.5% for the first half. These are calculated shares of a combined services-and-software line, not software-only subscription revenue, annual recurring revenue, attachment, renewal, or customer retention. The public disclosures do not provide those solution-level measures. [S2]

Exhibit 2. Q2 2026 reported and organic sales growth

Segment	Q2 2026 sales	Reported year-over-year growth	Organic year-over-year growth	Management's stated contributors
Connected Frontline (CF)	\$903 million	25.9%	7.5%	Elo, mobile computers, foreign exchange
Asset Visibility and Automation (AVA)	\$654 million	13.5%	11.4%	Printing, machine vision, foreign exchange
Zebra total	\$1.557 billion	20.4%	9.2%	Multiple products, acquisitions/dispositions, foreign exchange

Source: Zebra Q2 2026 Form 10-Q and August 4, 2026 results release. Segment dollar amounts and reported growth are company-reported. Organic growth is company-defined and non-GAAP; use the filing's reconciliation and methodology when interpreting it. Management attributions do not isolate each factor's contribution. [S2, S4]

Customers, channels, and competition

Zebra sells through direct and indirect channels. Its 2025 filing identified anonymized distributor customers A, B, and C as representing 29%, 15%, and 15% of net sales, respectively. The same table showed 21%, 19%, and 14% in 2024 and 18%, 14%, and 12% in 2023. Adding the three reported shares gives derived combined shares of 59%, 54%, and 44%. These are distributor sales shares, not identified customer names or measures of concentration among downstream end users. [S1]

Channel scale can help a supplier reach customers and serve varied workflows. It may also make partner economics, access to customer relationships, and bargaining power relevant to a decision about how much of a solution Zebra should own. The disclosures do not provide partner-level margins, sourced-versus-influenced sales, end-user concentration, or which party controls customer data in specific deployments.

Competition varies by category. Zebra names Honeywell, Datalogic, Newland, and others in mobile computing and data capture, and firms such as Cognex, Keyence, SICK, and Impinj across machine vision, sensing, and RFID categories. Honeywell announced in 2025 that it would evaluate strategic alternatives for its Productivity Solutions and Services and Warehouse and Workflow Solutions businesses; in April 2026 it agreed to sell PSS for \$1.4 billion cash, with closing then expected in the second half of 2026 subject to conditions. This provides a competitor example of reconsidering ownership boundaries, but does not establish that Honeywell's economics or rationale match Zebra's. [S1, S5, S6]

The integration question

The economics of connected operations may depend on complements. Devices can capture information, software can route or interpret it, and employees may need to change how they respond to exceptions. Research on information technology and workplace organization suggests that technology and organizational practices can reinforce each other, while emphasizing adjustment costs and uncertainty. A project-level study at one global logistics company found that automation deployments were associated with changes in revenue, profit, and labor costs; its authors also report differences between software-only projects and hardware-plus-software combinations. Neither study estimates Zebra's returns or establishes that an integrated Zebra offering will reproduce those results. [A1, A2]

If Zebra owns more of a workflow, it may be able to coordinate deployment, product roadmaps, support, and customer experience. But it may have to fund more development and integration, carry service obligations, and risk channel conflict or slower adaptation. A partner-led approach could broaden the range of applications and reduce the scope of owned development. It could also leave Zebra with less control over workflow software, customer access, data, and value capture. Selective integration could adapt these trade-offs across CF and AVA, but would require clarity about which capabilities are strategically distinctive and how the two segments coordinate.

Exhibit 3. A workflow map for discussion

Customer activity	Illustrative capability	Possible contributors
Identify and capture	Barcode scanning, RFID, machine vision	Zebra, customer, other technology providers
Connect and locate	Mobile computing, sensors, RTLS, networks	Zebra, customer, channel and technology partners
Decide and coordinate	Workflow software, analytics, orchestration	Zebra, application providers, customer
Act and automate	Workers, mobile devices, fixed automation, robots	Customer, Zebra, robotics and integration partners
Review and improve	Exception handling, performance measures, process redesign	Customer and its technology/service providers

Note: This map is a case discussion framework, not a Zebra-reported architecture. Students should identify where ownership, integration responsibility, data access, and customer value may differ by use case.

The choice

Assume the hypothetical team has to recommend how Zebra should allocate scarce incremental product, software, integration, channel, and customer-success capacity over the next three years. The horizon is a classroom assumption, not a disclosed company plan or budget. No investment envelope, target return, synergy estimate, or product launch schedule has been provided.

The team may develop one of three starting positions:

1. **Owned integrated workflow stack:** Concentrate on connecting Zebra devices, workflow software, and deployment/support capabilities in selected customer processes. Specify which workflows and where partners remain necessary.
2. **Partner-led building blocks:** Prioritize devices, data capture, and modular software while using partners for robotics, applications, and broader orchestration. Specify how Zebra would preserve differentiation and customer access.
3. **Selective integration:** Set distinct ownership priorities for CF and AVA, investing directly where Zebra believes control matters and partnering elsewhere. Specify shared capabilities, decision rules, and how to avoid a fragmented customer experience.

These alternatives are teaching constructions. They can be combined or redesigned, but the team must state what it would prioritize, what it would leave to partners, and how it would know if the choice is working. The evidence should distinguish customer outcomes from Zebra's revenue and margins, and separate reported growth from acquisition, currency, and organic effects.

Prepare a recommendation that:

- identifies the customer workflows and capabilities central to the strategy;
- explains who should own integration, deployment, support, and the customer relationship;
- describes how Zebra could capture value without assuming that customer productivity automatically becomes supplier revenue;
- proposes a small set of leading indicators and review triggers for each segment; and
- makes the strongest case against the recommended path, including what evidence would change the recommendation.

The public record does not provide cohort-level product attachment, renewals, deployment economics, solution margins, customer workflow outcomes, or end-user concentration. State which internal data would be needed before committing further resources.

Sources

- **[S1]** Zebra Technologies, 2025 Form 10-K, filed February 12, 2026. Business, segments, competitive set, customer concentration, acquisitions, robotics exit charges, and R&D. [SEC filing](#).
- **[S2]** Zebra Technologies, 2026 Q2 Form 10-Q, filed August 4, 2026, quarter ended July 4, 2026. Statements, CF/AVA results, organic-sales methodology, acquisition/disposition disclosures. [SEC filing](#).
- **[S3]** Zebra Technologies, “Skild AI Acquires Zebra Technologies’ Robotics Automation Business,” April 15, 2026. [Company announcement](#).
- **[S4]** Zebra Technologies, Q2 2026 results release, August 4, 2026. Results, management attributions, outlook, and non-GAAP definitions. [Company release](#).
- **[S5]** Honeywell, “To Evaluate Strategic Alternatives for Productivity Solutions and Services and Warehouse and Workflow Solutions Businesses,” July 8, 2025. [Company release](#).
- **[S6]** Honeywell, “To Sell Productivity Solutions and Services Business to Brady Corporation,” April 20, 2026. [Company release](#).
- **[A1]** Bresnahan, Timothy F., Erik Brynjolfsson, and Lorin M. Hitt. 2002. “Information Technology, Workplace Organization, and the Demand for Skilled Labor: Firm-Level Evidence.” *Quarterly Journal of Economics* 117(1): 339-376. Relevant discussion pp. 340-351, 358-366. [Article PDF](#).
- **[A2]** Yilmaz, Erdem Dogukan, and Christian Peukert. 2024. “Who Benefits from AI? Project-Level Evidence on Labor Demand, Operations and Profitability.” CESifo Working Paper No. 11321. Relevant results and limitations pp. 12-23. [Working paper](#).

All case information is limited to sources public by October 2, 2026, 4:00 p.m. ET. Company statements and forecasts are attributed. Derived arithmetic and case assumptions are identified; no later results are included.