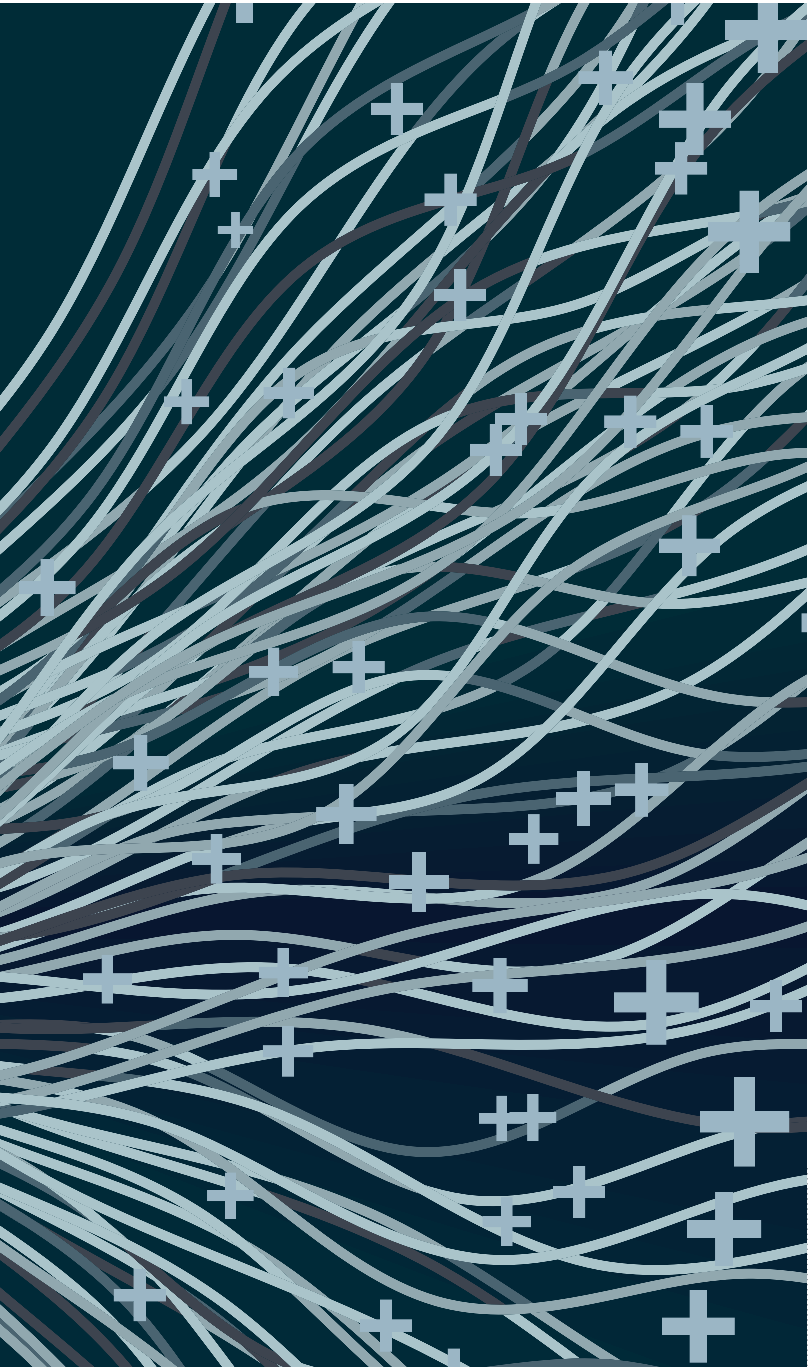

E-Guide

HOW THE CSP APPROACH TO IOT IS EVOLVING

TechTarget IoT Agenda

IN THIS E-GUIDE, learn from Matt Hatton – a wireless expert with 15 years of industry experience. He reports on how communications service providers (CSPs) are adopting increasingly diverse strategies to address the IoT opportunity and differentiate themselves from the competition.

COMMUNICATIONS SERVICE PROVIDERS APPROACH TO IOT IS EVOLVING

Matt Hatton, CEO & Co-Founder, Machina Research

Communications service providers are adopting increasingly diverse strategies to address the IoT opportunity. Many are aggressively pursuing vertical applications, while others are actively positioning themselves as horizontal players, focused on the provision of connectivity. A number of major players are also putting in place capabilities to offer more of a global offering, while at the bottom end of the market smaller CSPs are accepting that their role will be little more than connectivity provider. These changing dynamics, driven by increasing maturity in approach to IoT, mean that we expect that over the next 2-3 years the market for CSPs in IoT will evolve dramatically.

The opportunity associated with IoT represents one of the bright spots for communications service providers who are seeing increasing competition and eroding margins; in many cases it has been identified as a key growth driver. One of our key roles over the last few years has been helping communications service providers navigate the opportunity in IoT. One key part of that support

Home

Communications service providers approach to IoT is evolving

is our yearly IoT CSP report that compares the strategies of major CSPs in IoT, analyzing capabilities and describing best practices. Through that research, as well as a vast amount of other work around CSPs in IoT around the world, it is inevitable that we identify a number of interesting trends. In this article we highlight a few of those ways in which CSPs™ approach to IoT has been changing.

One of the factors that define CSP approaches to IoT is the extent to which they are focusing on developing and deploying applications for vertical sectors, or pursuing instead just horizontal capabilities, i.e., the provision of connectivity. The standard-bearer for the vertical approach is probably Verizon, which has placed a multibillion dollar bet on the fleet management space, acquiring first Hughes Telematics for $612 million in 2013, and Fleetmatics for $2.4 billion in August 2016. The reasoning is clear: the lion's share of the value in IoT is in the provision of the end application, so Verizon is aiming to be the provider of end services in that specific sector. Other CSPs have pursued similar approaches, for instance Vodafone with its Cobra Automotive acquisition, and the likes of Orange in healthcare, Telefonica in smart cities and retail, and so forth.

Historically we would have seen the evolution of CSP approaches to IoT as being quite linear, i.e. moving from a wholesale approach based on selling SIMs,

Home

Communications service providers approach to IoT is evolving

through setting up dedicated units, implementing IoT management platforms, to delving deeper into verticals to realize more of the value in IoT. However in the last 12 months we have seen some variation from that. Firstly we have seen some CSPs taking a more horizontal approach to the market. This is not necessarily a less sophisticated offering, more a case of focusing on offering more sophisticated horizontal capabilities, e.g., around supporting multiple access technologies or security. Tele2 is probably the best example of this type of CSP. Secondly, there is also an emerging trend of smaller operators, mostly operating in a single country accepting a secondary position in the support for IoT. Part of the stimulus for this change of attitude comes from the bigger CSPs and from value-added resellers who are offering to effectively provide an outsource partner for those smaller operators™ IoT offerings. One example of this kind of activity is Vodafone's licensing of its GDSP platform to other operators, and its support for Partner market operators. Many of the other alliance activity, e.g., of the IoT World Alliance and the Global M2M Association, provides a community of global players that smaller operators can tap into to help with global offerings. Even value-added resellers are getting in on the act. The best example is Aeris Communications which has become increasingly focused on its line of business associated with supporting CSPs which may not themselves have the

Home

Communications service providers approach to IoT is evolving

IoT-related expertise necessary to support the market opportunity.

Communications service providers have a critical role to play in IoT even if it is only in the provisioning of connectivity; and this is even more true with the deployment of extensive new IoT-friendly networks in the form of low power wide area networks. However there are many additional potential roles that they can play. These range from those that will basically outsource all elements of IoT bar the connectivity, all the way through to those that embrace the substantial opportunity associated with monetizing the data generated by IoT, a topic which we have not even touched on here. The key recommendation that Machina Research always makes is "use what you have," i.e., there is no single correct strategy for every CSP. Each starts from a different position based on network assets, historical anomalies (for instance particularly in terms of dealing historically with healthcare related issues), geographical coverage, business structure (e.g., whether they have an IT services arm), sensitivity to risk and numerous other factors. And each must shape its strategy according to those characteristics.

ALL IOT AGENDA network contributors are responsible for the content and accuracy of their posts. Opinions are of the writers and do not necessarily convey the thoughts of IoT Agenda.

Home

Communications service providers approach to IoT is evolving

FREE RESOURCES FOR TECHNOLOGY PROFESSIONALS

TechTarget publishes targeted technology media that address your need for information and resources for researching products, developing strategy and making cost-effective purchase decisions. Our network of technology-specific Web sites gives you access to industry experts, independent content and analysis and the Web's largest library of vendor-provided white papers, webcasts, podcasts, videos, virtual trade shows, research reports and more —drawing on the rich R&D resources of technology providers to address market trends, challenges and solutions. Our live events and virtual seminars give you access to vendor neutral, expert commentary and advice on the issues and challenges you face daily. Our social community IT Knowledge Exchange allows you to share real world information in real time with peers and experts.

WHAT MAKES TECHTARGET UNIQUE?

TechTarget is squarely focused on the enterprise IT space. Our team of editors and network of industry experts provide the richest, most relevant content to IT professionals and management. We leverage the immediacy of the Web, the networking and face-to-face opportunities of events and virtual events, and the ability to interact with peers—all to create compelling and actionable information for enterprise IT professionals across all industries and markets.