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Next Generation IoT Carrier ScoreCard

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Executive Summary

"The world has changed greatly in the past year," said Wim Elfrink at Cisco's Internet of Things World Forum in Chicago in October, 2014. He was speaking about the connecting the unconnected – a transition of the electro-mechanical world to a digital world. IoT is one of the strongest drivers causing the worlds of information technology (IT) and operational technology (OT) to merge. We are entering a new era where enterprises are spreading best practices of security, hybrid/fog computing, analytics and application enablement across their organizations to drive operational efficiencies and innovation.

MachNation has found the same amount of change in the carrier world of IoT. One year ago, generally all carriers were pursuing the same strategies and implementing the same tactics. Partnerships, organizational design, sales channels, sectors of focus and development activities were virtually the same for all carriers' M2M businesses. For any analyst running a scorecard process, it would have been difficult to differentiate between the various carriers' approaches to the M2M market.

What a difference a year makes. In 2014 we are delighted to see tremendous carrier innovation with IoT businesses. Carriers are utilizing different sales channels and approaches; horizontal and vertical segmentation; technology partnerships; acquisitions strategies; retail and wholesale models; and organizational structures. Anyone who says that carriers are innovation laggards only need look at the actions of these IoT business units to see the contrary.

The best next generation IoT carriers have positive attributes in 5 key areas.

Strategy: Carriers will have an independent profit-and-loss business unit focused on IoT opportunities with appropriately-sized sales, marketing and operational functions. They will have partnerships to cover top industry sectors with both technology and sales channels. Carriers will show a willingness to partner, acquire or build a viable technology stack to support opportunities. They will have tactics in place to expand partnerships and channels to penetrate the growing focus on IT/OT-centric IoT deployments. Finally, they will focus on industry-sector solutions with relevant vertical technology stacks and vertical platforms.

In the vehicle: Carriers will have a vertical technology stack and sales channel uniquely focused on automotive sector (consumer and commercial) opportunities. They will have a multi-application platform to support top automotive applications including usage-based insurance, e-call, i-call, infotainment, geo-location, security and vehicle tracking. Finally, carriers will focus on after-market automotive opportunities with device-to-application solutions.

In the home: Carriers will have a vertical technology stack and retail-centric sales channels uniquely focused on connected home solutions. They will focus on key applications of security/surveillance, energy management and home automation. Carriers will have an IoT application store and user-friendly application and device delivery.

In the business: Carriers will have a horizontal technology stack focused on asset management (and relevant sub-applications) within the enterprise environment. They will place emphasis on automated platforms and applications to best handle massive device proliferation. They will focus on the extension of IT security paradigms into the OT environment. Finally, carriers will use partners – integrators, vertical-specific solution providers and hardware vendors – to penetrate these opportunities with a solution including connectivity and other services.

Extra-organizational impact: Carriers' IoT teams will have responsibility for product development, partnership management and sales revenue associated with non-IoT connectivity solutions. IoT leadership will have direct line responsibility and sales revenue responsibility for analytics solutions, security management solutions and application development solutions.

The MachNation Next Generation IoT Carrier ScoreCard looks at those traits necessary for top performing IoT carriers over the next 2-3 years. See Figure 1. Carriers have made great strides in the development of their M2M businesses, however, now it is time to change the focus of fairly connectivity-centric, legacy M2M businesses to more IT/OT-centric IoT solutions development and sales success.

OVERALL RANKING OF NEXT GENERATION IOT CARRIERS [SOURCE: MACHNATION, 2014]

VENDOR	STRATEGY	SOLUTION APPROACH			EXTRA-ORGANIZATIONAL IMPACT	TOTAL
		IN THE VEHICLE	IN THE BUSINESS	IN THE HOME		
CARRIER 1	★	★	⯨	⯨	★	4 STARS
CARRIER 2	★	★	⯨	⯨	⯨	3.5 STARS
CARRIER 3	⯨	⯨	⯨	⯨	⯨	2.5 STARS
CARRIER 4	⯨	★	⯨		⯨	2.5 STARS
CARRIER 5	⯨	⯨	★		⯨	2.5 STARS
CARRIER 6	⯨		⯨	⯨	⯨	2 STARS
CARRIER 7		⯨	⯨		⯨	1.5 STARS

Please contact sales@MachNation.com for the full report and carrier rankings.

MachNation (pronounced mak-ney-shun) is the only dedicated insight services and applications development firm covering the future of the Internet of things (IoT), Internet of everything (IoE), connected device and machine-to-machine (M2M) ecosystems. MachNation specializes in understanding and predicting these technology sectors including developments in hardware, platforms, communication services and applications. MachNation specialists have provided guidance, consulting services and support to the majority of the world's leading IT and communications firms.

MachNation provides strategic, tactical and marketing support for firms that care about differentiating themselves in the connected future.