

Are You Making The Most of Connected Devices?

M2M is certainly not a new field within the communications industry and many service providers have offered M2M services for the last decade. Over the last 2 years however there has been a resurgence of interest in M2M and connected devices, with most major service providers announcing the formation of a dedicated business organization to define and implement a specific M2M business strategy. What are the unique drivers, challenges and capabilities that Service Providers need to be aware of to take advantage of this growing market segment?

WHAT'S DRIVING CONNECTED DEVICES?

The growth in connected devices and M2M is being driven by several factors:

- The almost ubiquitous nature of wireless connectivity and the availability of ultra-broadband technologies
- The rapid growth in connected consumer electronics and the decreased cost of wireless modules
- Continuing search for new revenue engines due to pressure on voice & data revenues
- Governments are actively driving M2M initiatives across utilities such as electricity, gas and water metering.

UNDERSTANDING THE UNIQUE CHALLENGES OF M2M

Monetizing the M2M opportunity provides a serious challenge due to the unique nature of the market.

There is a broad ecosystem to deal with including device manufacturers, application developers, system integrators and M2M network resellers. Service Providers have to figure out just where in this ecosystem they can bring value and how they can expand their role.

ARPU is significantly lower with traditional wholesale M2M business models since the data used by M2M devices such as smart meters, vending machines or motion sensors is minute compared with that of a retail consumer customer. Pricing models will need to take this into account and be flexible enough to sell SLAs and Quality of Service rather than Mbit/s.

In many cases devices are launched where there is no traditional 'end user' to interface with. Devices need to be remotely activated, monitored, configured and managed. On the other hand, consumer electronics manufacturers are continually rolling out new consumer devices that will be sold via a retail model to end users and these customers will need support and service for their devices.

Another challenge for service providers will be to guarantee quality of service on the network as new wholesale partner devices are activated alongside traditional consumer devices. Service providers will need real-time insight into network traffic being driven by a variety of applications and devices and the capability to manage traffic accordingly to ensure quality of service based on business policy.

STRATEGIES TO MAKE THE MOST OF CONNECTED DEVICES



The most immediate opportunity for most service providers lies in enabling connectivity for a wide range of partners and devices. This means a wholesale model where partners and devices can be certified, onboarded, activated and managed via a self service platform.

Service providers should also look to offer additional value by enriching the ecosystem with a range of business enablers:

- Empower partners by providing real-time monitoring, configuration and management of devices
- Service delivery platforms that can allow developers to rapidly define and launch new services, as well as integrate network services in M2M applications
- Monetize applications using a variety of business models including in-app advertising & purchase
- Support advanced business models beyond wholesale data connectivity such as QOS charging, policy management and long-term SLA based contracts
- Allow user data to become device agnostic by managing user-centric information and content in the cloud

The M2M/connected device market is a complex ecosystem of partners, devices, services and vendors. Service providers have challenges as well as great opportunities to enter this market with a number of different strategies. Whether a "connectivity only" play or "ecosystem enabler" strategy, they must be prepared with the right business and supporting systems. No less important is the organizational agility and flexibility to allow for new business and pricing models that can take full advantage of this growing opportunity.

DO MORE WITH **CONNECTIVITY**

DO MORE THAN