

Connected objects as a strong market game changer?

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Agenda

- **Scope of Internet of Things market**
- **Main market figures**
- **New segmentation with emerging markets**
- **Focus on smart home**
- **Focus on Industrial Internet**

Many different concepts and markets under one umbrella

	Primary value without connectivity	Primary value from connectivity <small>(can be in real time or differed through sync)</small>
Direct connectivity Machines or specific hubs	M2M Connected cars, smart meters, alarms, point of sale, remote health monitoring... 	Connected Information Devices 
Indirect connectivity Through an information device, typically a smartphone or STB	Objects with electronic ID Supply and retail chains (RFID, NFC, QR Code) 	Wearables & gadgets Activity trackers, fitness gadgets... 

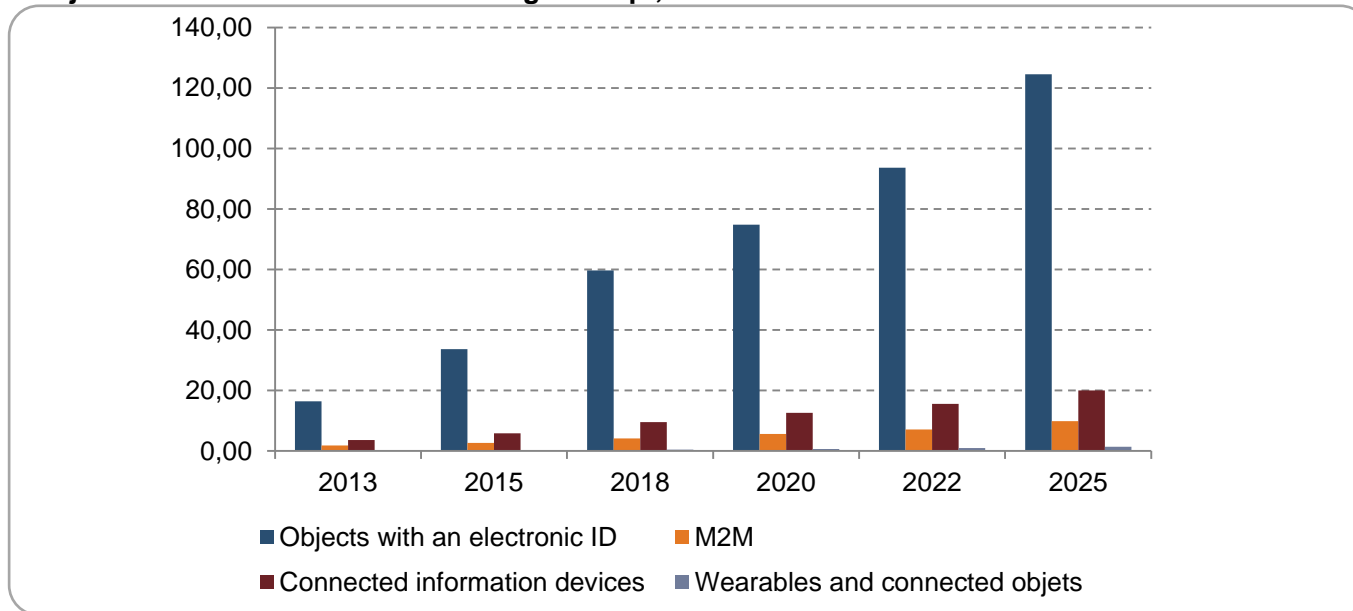
Source: IDATE, *Internet of Things*, October 2015

Different market dynamics and orders of magnitude...

By 2025, 155 billion 'things' across the world, up from 42 billion in 2015 (14% CAGR)

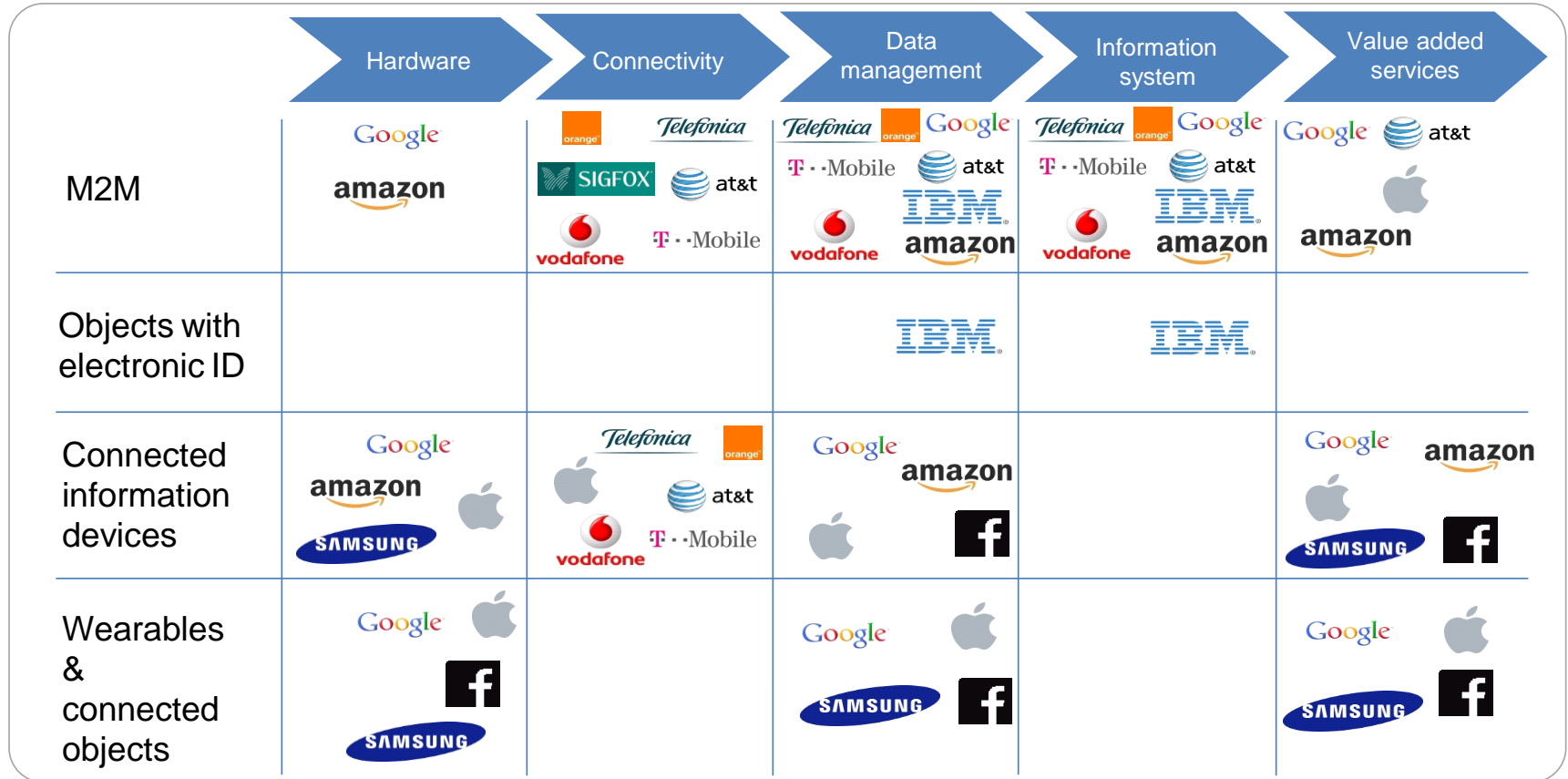
- The 'Objects with an electronic ID' leads market by far (80% of total things)
- 'Wearable and connected objects' will comprise 1.4 billion units in 2025 but fastest growth (30% CAGR) over the period.

Objects with electronic ID as a leading concept, in volume







Source: IDATE, *Internet of Things*, October 2015

... and different value chains & player positionings



New segmentation with emerging markets



	Business	Consumer
Siloed connectivity	 Machine to machine <ul style="list-style-type: none">• Connected cars• Smart meters• Alarms• Point of sale• Remote health monitoring	 Wearables & Connected objects <ul style="list-style-type: none">• Activity trackers• Fitness gadgets• Smart lighting ...
Interconnected connectivity	 Industrial Internet <ul style="list-style-type: none">• Supply chain optimization• Product performance improvement	 Smart home <ul style="list-style-type: none">• Home appliances connected and remotely controlled through the Internet

Focus on smart home

Broad ecosystem

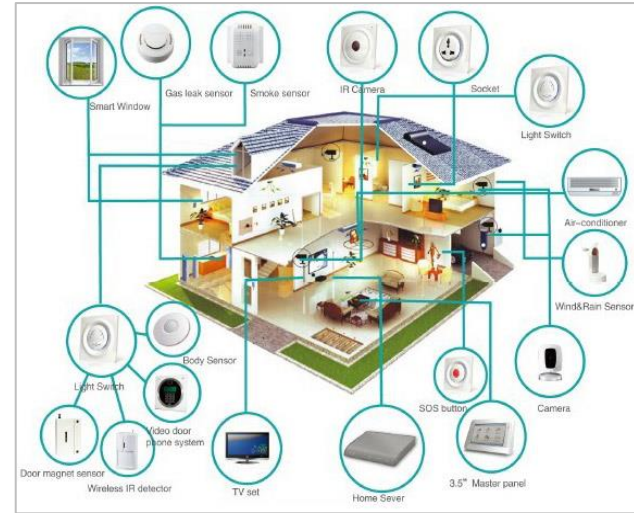
Often seen as the “connected” version of home automation

- **(Too?) many applications under the smart home umbrella**
 - pure “lifestyle” applications
 - vertical applications (security & energy management)
- **(Too?) many different players**
 - Traditional consumer electronics manufacturers
 - Household appliance providers
 - Players from energy, lighting, security and others

Value chain dominated by product makers

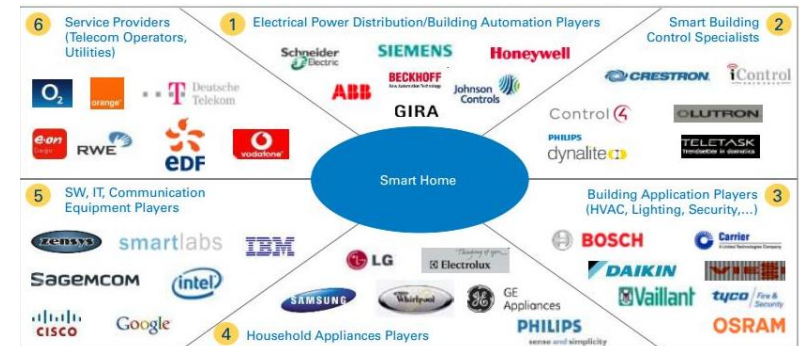
- **Bulk of revenues come from product sales.**
- **Services could emerge in the future but they will still be very limited**
 - Many doubts exist about viable business models, related to interest of data and monetisation issues.
 - Will all objects will be connected? Are all data valuable?

(Too?) many applications



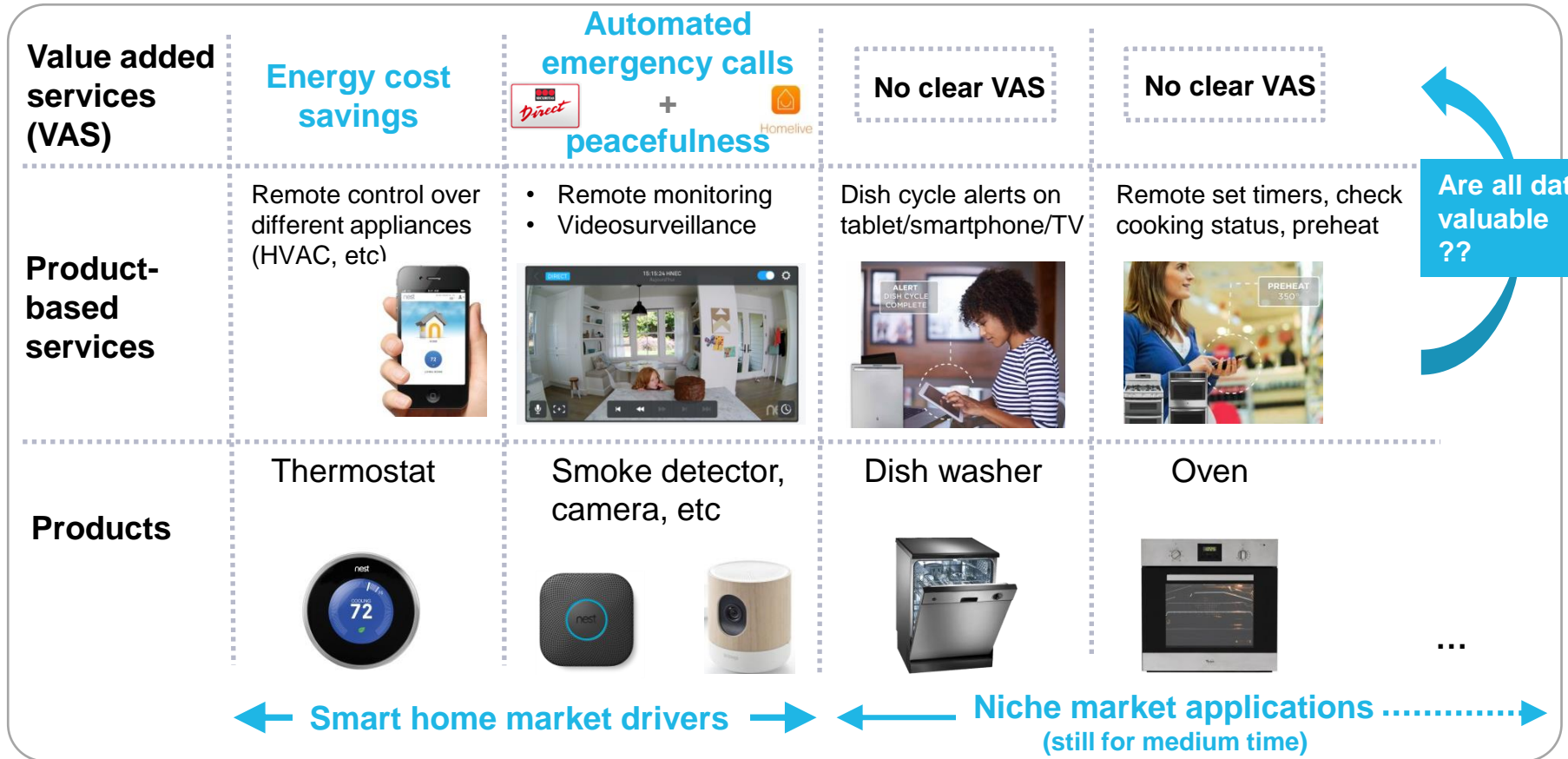
Source: Smart home energy

Fragmented smart-home landscape



Source: Arthur D Little

Focus on smart home - Lack of services on the top of certain devices



Focus on smart home

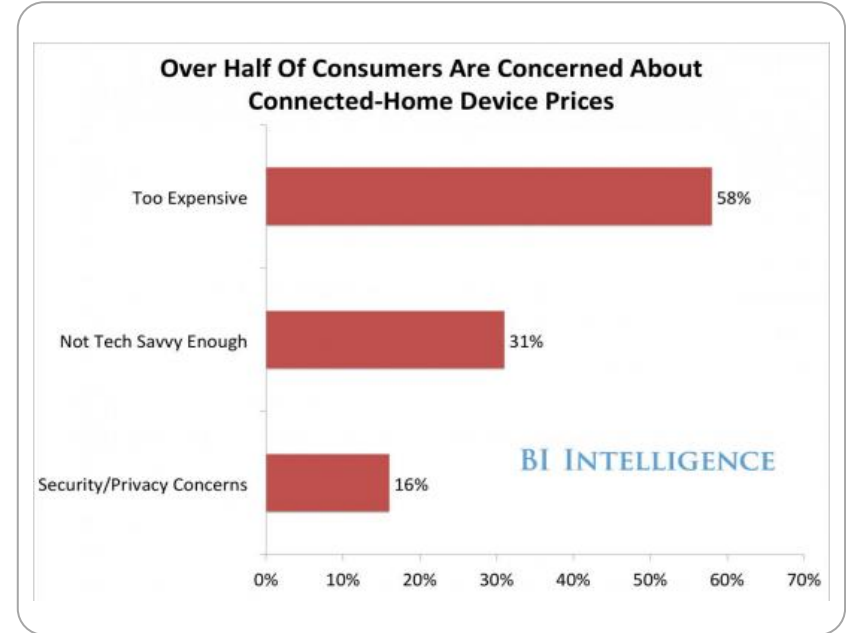
Few drivers

- Applications like security, energy management
- More and more offerings from Telcos (security centric)

But many strong barriers to remove

- Still numerous siloed approaches
- Technical fragmentation
 - Home networking (AllJoyn, DLNA, UPnP, etc)
 - Many networking proprietary platforms
- Price levels of these products
 - ratio 10:1 compared with non-connected devices with similar features
- Privacy and security issues
 - Google threat (Nest acquisition, Brillo platform & Thread protocol)
 - ⇒ To collect more and more personal data which it aims to monetize

Main barriers for smart home market development



Source: Bloomberg West/ Survey Monkey

The smart home market will take off but it will take (much) longer time than expected

Focus on Industrial Internet of Things (IIoT)

Two major concepts

- Smart factory through networked production
- Connected end-products/machines

Many opportunities from connected objects

- Cost-saving opportunities (internal optimizations)
- New services will emerge

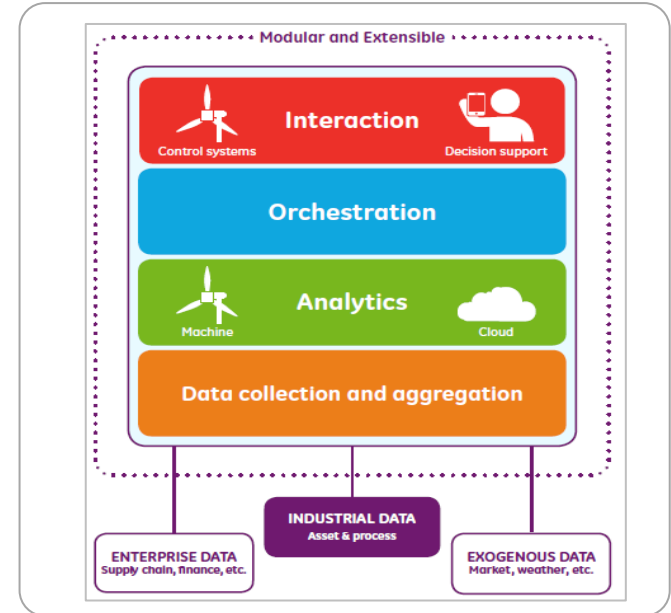
Services : towards a major business shift

- More and more services on the top of their products
- Or even instead of their products (Product As A Service)

Already a reality !

- Leading industrial giants having their own data-oriented department (GE, Safran, Michelin, etc)
 - GE generated over 1 billion USD around this new business in 2014.

GE data-oriented offering

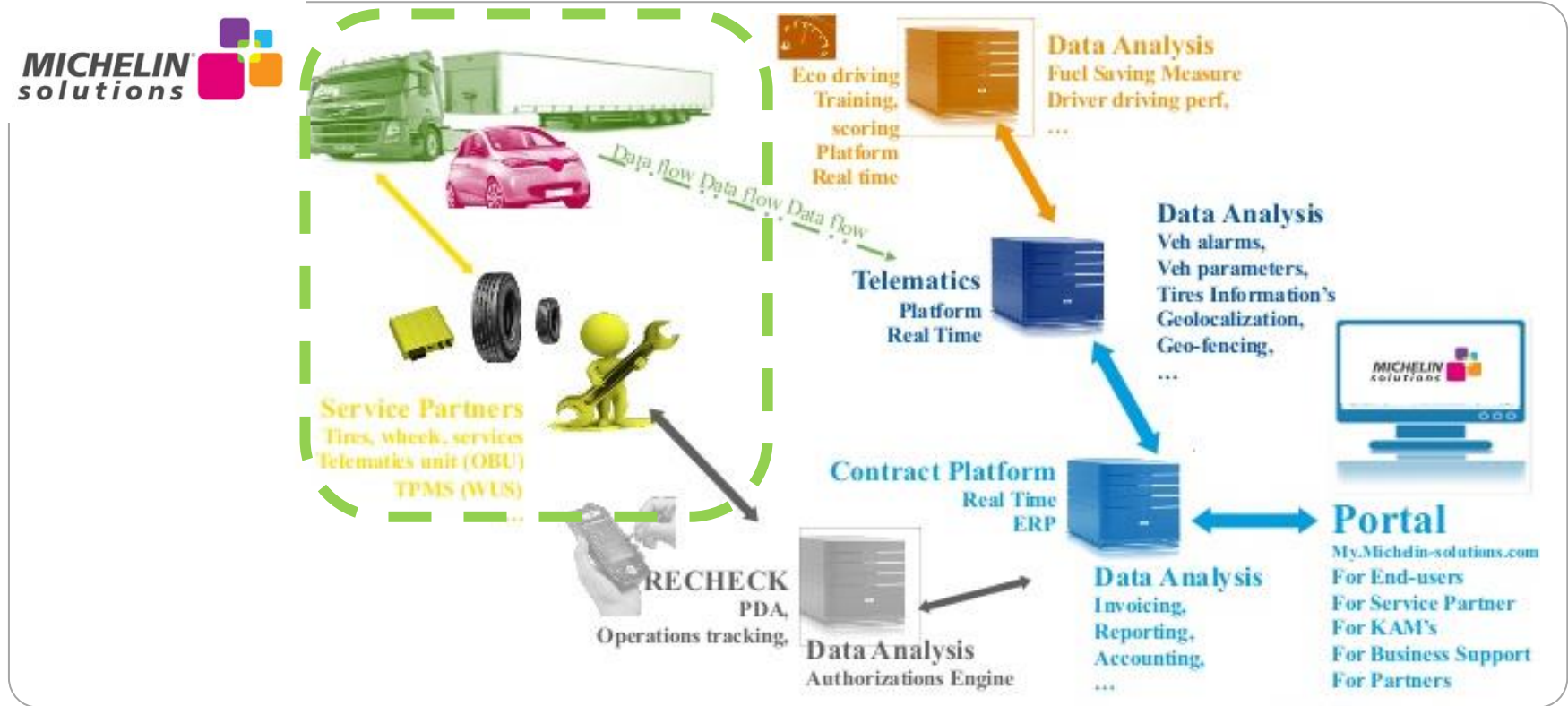


Source: GE

Connected objects will become one of the key pillars of the industrial giants in their servicisation strategy

Focus on Industrial Internet - Michelin use case

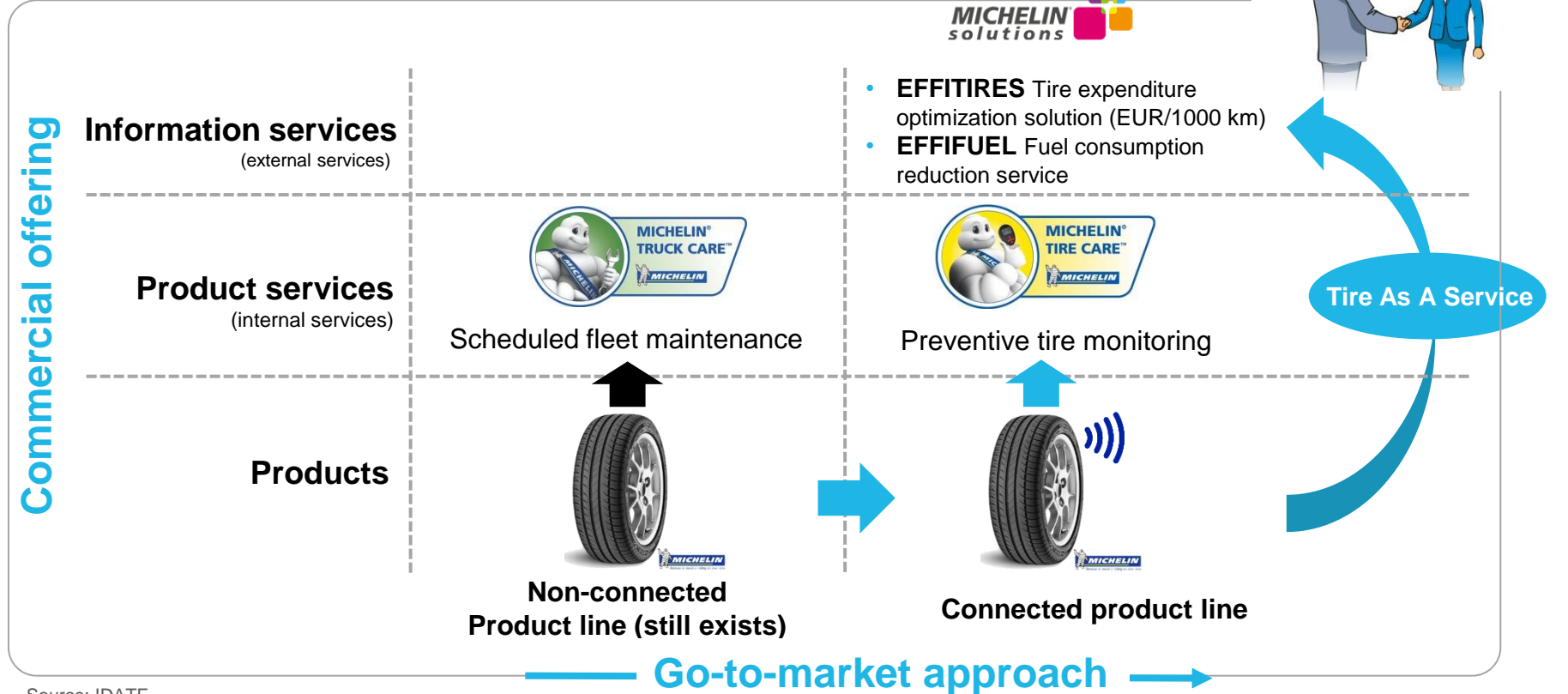
A real shared value for the Michelin and its customers



Source: Michelin

Focus on Industrial Internet - Michelin use case

Towards a deep business transformation



Agenda

Keynote Luc **BRETONES**, EVP Technocentre & Orange Vallée, Orange

Roundtable: How will connected objects impact our lives?

Moderated by: **Vincent BONNEAU**, Head of Innovation Business Unit, IDATE

- **Olivier CARMONA**, Director of Business Development, Awox
- **Xavier BOIDEVEZI**, Vice President Business Development & Digital, SEB
- **Bernardo CABRERA**, Head of M2M Marketing & Projects Management, Bouygues Telecom
- **Ludovic LE MOAN**, CEO, Sigfox

Keynote Paul-Edouard **LAUNAY**, Country Director, Jasper

----- Break -----

Keynote David de **AMORIM**, Innovation director, La Poste

Roundtable: Industrial internet : Towards the next industrial revolution ?

Moderated by: **Ezio ARMANDO**, Managing Director in charge of Emerging Technology for Europe, Africa and Latin America, Accenture

- **Vincent CHAMPAIN**, Operations Director, GE Corporate France
- **Didier GUILLOT**, Innovation and multi-utilities Direction, director, Sagemcom
- **Rolf RIEMENSCHNEIDER**, Head of Sector for Internet of Things, European Commission
- **Soline OLSZANSKI**, VP Strategy & Innovation, Hub One
- **Olivier ROUXEL**, in charge of RFID & IOT missions, DGE

Conclusive Keynote Raj **TALLURI**, Senior Vice President, Product Management, Qualcomm