

# The Global Wireless M2M Market

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- **Reviews** of the M2M strategies of leading mobile operators.
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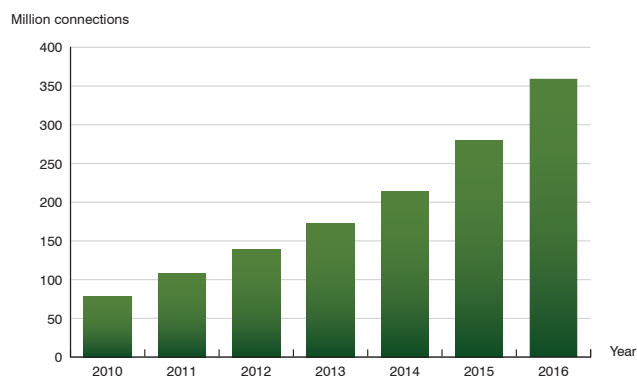
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## What's next for the wireless M2M market after reaching 100 million subscribers?

The global wireless M2M market was strong in 2011, displaying growth in all major world regions and vertical segments. Berg Insight estimates that shipments of cellular M2M devices increased by 35.3 percent to a new record level of 50.8 million units. Adjusted for churn, this resulted in net additions of 29.3 million M2M connections in 2011, taking the worldwide number of cellular M2M subscribers to an estimated 108.0 million. Until 2016, Berg Insight forecasts that shipments of cellular M2M devices are forecasted to grow at a compound annual growth rate (CAGR) of 24.6 percent to reach 152.2 million units. Due to the wide adoption of wireless M2M technology across many industries, a substantial share of M2M device shipments is now generated from replacement sales. As a result the net increase of M2M subscribers will be substantially lower than M2M device shipments. Berg Insight forecasts that the number of cellular M2M connections will grow at a compound annual growth rate (CAGR) of 27.2 percent between 2011 and 2016 to reach 359.3 million at the end of the period.

The most significant market development in 2011 was a major breakthrough for cellular M2M communication in Asia-Pacific. The number of M2M subscribers in the region increased by 64 percent to reach approximately 34.5 million at the year-end, fuelled by massive growth in China that almost doubled its cellular M2M subscriber base to approximately 21 million. North America and Europe recorded annual growth rates of around 26 percent each. At the end of 2011, the number of M2M subscribers in the EU and the US was around 30 million and 27 million respectively. Other world regions accounted for around 20 percent of the global cellular M2M subscriber base in 2011. Latin America had an estimated 6.6 million M2M subscribers, with Brazil being the most advanced country. South Asia and Southeast Asia were in a very early phase of adoption with few M2M subscribers in major countries such as India and Indonesia. The Middle East & Africa market was dominated by South Africa and Turkey, which had in excess of 1 million M2M subscribers each.

A sweeping change has transformed the wireless modules industry in the past years. The familiar brand names Siemens, Wavecom, Motorola and Enfora have disappeared and new players such as Sierra Wireless and Gemalto are now in charge of developments. Chinese vendors ►



Cellular M2M network connections (World 2010-2016)

► have taken over the domestic market and some of them are starting on international expansion. Despite a consolidation among Western vendors, average selling prices for wireless modules continue to decline and as a result industry revenues have been declining in the past years. Well executed transformational strategies will be the key to success for wireless module vendors in the years to come. Extended value propositions, product innovation and more mergers and acquisitions are some of the things to expect. Meanwhile software and system solutions has emerged as the fastest growing segment in the M2M industry. Increasingly advanced large-scale M2M applications require advanced service enablement platforms that integrate remote devices, mobile networks and enterprise applications. A wide range of players are attracted by the market opportunities in the space, most of them having backgrounds in embedded solutions, telecom OSS/BSS systems or enterprise application platforms.

Mobile operators all over the world have announced initiatives for driving growth in the wireless M2M market over the past years. The first results are now visible through rapidly increasing numbers of M2M subscribers and higher revenues. Berg Insight estimates that the world's ten largest telecom operators by revenues had 68.2 million M2M subscribers at the end of 2011, an increase of around 38 percent year-on-year. Around 3.4 percent of their aggregated base of 2.0 billion mobile subscribers was M2M devices. China Mobile is believed to have emerged as the world's largest provider of M2M connectivity during 2011, with an estimated 14 million subscribers at the year-end. AT&T established a clear leadership in the US with 13.1 million M2M subscribers, up 40 percent year-on-year. Meanwhile Verizon Wireless' M2M subscriber base increased modestly to around 8.6 million. Vodafone held the number three spot with approximately 9 million M2M connections, ahead of T-Mobile and Telefónica, which ended the year with around 6-8 million M2M connections each. China Telecom entered the top ten with around 4.5 million M2M subscribers, racing ahead of Telenor, Sprint and Orange at 2.5-3.5 million connections each.

### This report answers the following questions:

- How will the global wireless M2M market evolve over the next five years?
- What are the main drivers behind growth in Europe and North America?
- What is the status of M2M in emerging markets?
- Which vertical market segments will be most important for driving future growth?
- What are the leading global mobile operators' strategies for the M2M market?
- How are SIM technology vendors positioning themselves in M2M?
- How will the emergence of wirelessly enabled consumer electronics change the market?
- Which are the leading providers of M2M service delivery and application platforms?

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## About the Author



**Tobias Ryberg** is co-founder and principal analyst responsible for the M2M research series. He is an experienced analyst and author of numerous articles and reports about IT and telecom for leading Swedish and international publishers. All major vertical market segments for Wireless M2M have been his major research area for the past 9 years.

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