Summary

Executive summary

The global wireless M2M market displayed accelerating growth in 2010, fuelled by the worldwide economic recovery. Berg Insight estimates that shipments of wireless M2M communication units – modules, integrated terminals and chipset based solutions – for enterprise applications increased by 48.0 percent to a new record level of 37.0 million units. The number of new M2M device activations was 37.3 million, up 55 percent year-on-year. Adjusted for churn, this resulted in net additions of 26.0 million M2M connections in 2010, taking the global installed base of cellular M2M devices to an estimated 81.4 million units. Until 2015, Berg Insight forecasts that shipments of cellular M2M devices are forecasted to grow at a compound annual growth rate (CAGR) of 25.1 percent to reach 95.7 million units. During the same period, the number of cellular M2M connections is forecasted to grow at a compound annual growth rate (CAGR) of 32.0 percent to reach 294.1 million, supported by a decline in yearly churn from nearly 25 percent in 2009 to around 10 percent by 2015.

A worldwide recovery in motor vehicle sales had a positive impact on the wireless M2M market. Automotive and fleet is the largest vertical market segment and is projected to remain so into the future. Important developments in the OEM automotive segment included the final implementation of Resolution 245 in Brazil, which now requires security tracking devices in all new motor vehicles and continued progress for the eCall initiative in Europe. The aftermarket automotive segment saw increasing adoption of fleet management technology and applications related to financial services such as motor insurance and vehicle leasing. Otherwise the most significant market trend in 2010 was the rise of wirelessly enabled consumer electronics devices. Neither classified as handsets, nor traditional M2M devices, these connected consumer products are likely to eventually evolve into a new category of wireless products. The most successful product was the e-reader, which has taken the US book market by storm selling in millions. Another success is navigation and traffic information products such as connected PNDs.

The most significant events in the M2M technology and hardware industry was two major acquisition deals that established new players in the market. The first unfolded as a result of the collapse of the private equity consortium that acquired Cinterion from Siemens in 2008. In the ensuing sale of the company, Gemalto beat rivalling bids from Novatel Wireless and Telit to grab the most distinguished player in the industry for € 163 million in June 2010. In the aftermath, Novatel Wireless instead turned to Enfora and entered an agreement to acquire the company for € 47 million in November 2010. Two trends in product development were the extension of M2M module ranges with low-cost, automotive and 3G/4G devices and an increasing focus on software solutions. High-speed HSPA modules became more widely available and at the end of 2010 some vendors announced their first LTE devices. M2M software is becoming an increasingly important part of the product mix for traditional hardware vendors, at the same time as new specialised M2M software companies strengthen their role in the ecosystem.

M2M and connected devices are widely recognised as key future growth markets among the leading players in the mobile telecommunications industry. The top US operators Verizon Wireless and AT&T were the largest providers of M2M connectivity services at the end of Q3-2010, having nearly 8 million connections each. AT&T reported the highest year-on-year growth rate of 137 percent, the direct result of a strategic initiative launched in late 2008. Behind them Vodafone has accumulated roughly 7 million M2M connections across its global operations. China Mobile reported 5 million M2M devices on its network in mid-2010 and is currently adding around half a million new connections each quarter. T-Mobile, Telefónica and Telenor have emerged as major international M2M communication providers having between 3–5 million connections each. One of the cornerstones in mobile operator strategies for addressing the M2M market is the deployment of an M2M service delivery platform. Jasper Wireless has emerged as the leading player in this field, supplying its platform to among others AT&T, América Móvil, KPN, Telefónica, Telstra and Vimpelcom. Vodafone is in the process of rolling out its GDSP M2M platform across its global footprint and Verizon Wireless has implemented an M2M platform from its nPhase joint-venture with Qualcomm. Other mobile operators developing proprietary M2M platforms include Orange, Telenor and Sprint.