

IDC: IoT Spending to Reach \$745bn in 2019

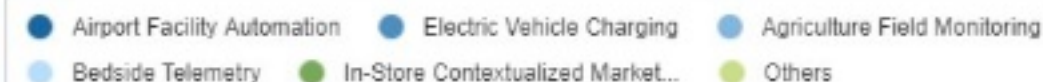
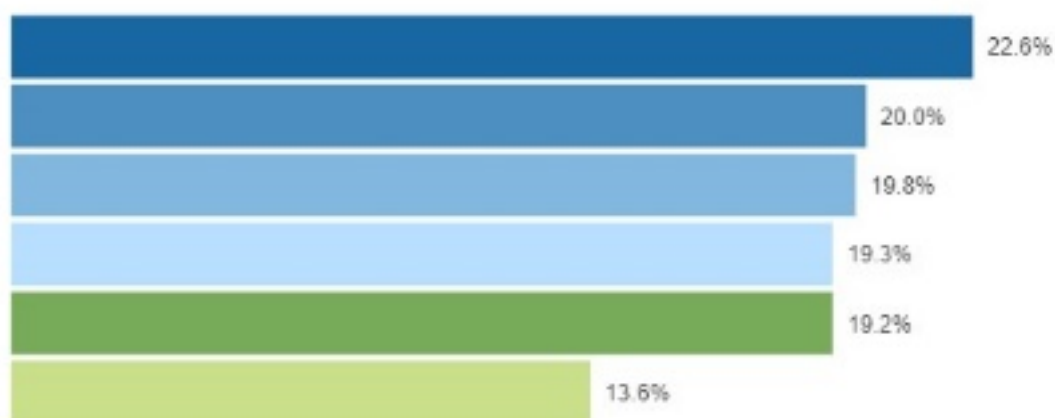
Written by Alice Marshall
10 January 2019

According to IDC, global spending on the Internet of Things (IoT) is to reach \$745 billion in 2019-- a 15.4% increase over the \$646bn of 2018, with the manufacturing, consumer, transportation and utilities sectors as main drivers.

"Adoption of IoT is happening across industries, in governments, and in consumers' daily lives. We are increasingly observing how data generated by connected devices is helping businesses run more efficiently, gain insight into business processes, and make real-time decisions. For consumers, access to data is changing how they are informed about the status of households, vehicles, and family members as well as their own health and fitness," the analyst says. "The next chapter of IoT is just beginning as we see a shift from digitally enabling the physical to automating and augmenting the human experience with a connected world."



Top Use Case Based on 5 Year CAGR (2017 - 2022) (Value (Constant Annual))



Source: IDC Worldwide Semiannual Internet of Things Spending Guide, 2018H1

Discrete manufacturing is the industry forecast to spend most on IoT solutions in 2019, with

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spending reaching \$119bn. Following are process manufacturing (\$78bn), transportation (\$71bn), and utilities (\$61bn). Manufacturers tend to buy solutions supporting manufacturing operations and production asset management. In transportation, over 50% of spending goes towards freight monitoring, followed by fleet management.

Smart grids for electricity, gas and water dominate IoT spending in the utilities industry. The industries seeing the fastest CAGR over the 5-year forecast period are insurance (17.1%), federal/central government (16.1%) and healthcare (15.4%).

On the consumer side, 2019 IoT spending is set to reach \$108bn, making it the 2nd largest industry segment. The leading consumer use cases are related to the smart home, personal wellness and connected vehicle infotainment. Within smart home, home automation and smart appliance should see "strong" growth, leading to a 5-year CAGR of 17.8%.

IoT use cases seeing the greatest levels of investment in 2019 are manufacturing operations (\$100bn), production asset management (\$44.2bn), smart home (\$44.1bn) and freight monitoring (\$41.7n). The IoT use cases expected to deliver the fastest spending growth over the 2017-2022 forecast period include airport facility automation (transportation), electric vehicle charging (utilities), agriculture field monitoring (resource), bedside telemetry (healthcare) and in-store contextualised marketing (retail).

IoT services are also set to be the largest technology category in 2019, with \$258bn going towards IT and installation services as well as non-traditional device and operational services. Hardware spending will reach around \$250bn led by over \$200bn in module/sensor purchases. IoT spending is to reach \$154bn in 2019, with the fastest CAGR of 16.6%. Services spending should also grow faster than overall IoT spending, with a CAGR of 14.2%. IoT connectivity spending will total \$83bn in 2019.

In terms of geography, Germany is the 4th largest global market with spending reaching \$35.5bn. It follows the US (\$194bn), China (\$182bn) and Japan (\$65.4bn). France takes 6th place at \$25.6bn after Korea (\$25.7bn), with the UK coming 7th at \$25.5bn.

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