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## Selling M2M in the Channel



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**Mobile**

For some Channel folk even the words 'Machine to Machine' or 'Internet of Things' are enough to get them to stick their fingers in their ears. It sounds complicated, confusing and to others just a bit too farfetched. In this article David Dungay takes a look at the IoT industry and explores how the Channel can, and should, take advantage.



There is no denying that the M2M opportunity is huge, various analysts and companies will offer different figures globally with volume predictions of growth varying depending on which analysts you follow, by 2020 Gartner predict \$20 billion; IDC \$30 Billion and Cisco \$50 Billion. A slice of either one of those pies is definitely worth having, we asked several suppliers for their views of the M2M market.


Jan Wielenga, Data Networks Product Manager at Daisy Group, commented on the impact of this market growth on the Channel, "With global revenue expected to more than double in value by the year 2017, it's unsurprising that the Internet of Things (IoT) is fast becoming the 'internet of everything'. The impact of which is creating waves in the channel and market resellers are increasingly competing to make their products and services more innovative than the last.

It is undeniable that M2M will have a massive impact, touching every aspect of our daily lives, both work and personal. It's only a matter of time before we will start to see it shape the way we conduct the simplest of tasks."

Mark Curtis-Wood, Head of Networks at Nimans, says we are just at the beginning of the M2M journey. He stated "We are still at an early stage. But if you look at the latest predictions there's going to be three times as many connected machines on the planet as there are people. So it's happening, you can't ignore it and the potential is huge. I think the channel is very fragmented at the moment. A lot of people are hearing about it but not necessarily understanding it. A lot depends on where their target markets are.

For me there are three specific camps: People that hear about it and not really sure what it's all about, those that put it with other traditional M2M opportunities like vending machines and traffic light systems. Then there are more forward-thinking resellers who understand that M2M and the Internet of Things can be much more than the obvious services. There's the ability to connect almost anything."

Charles Towers-Clark, MD of Podsystem, has a different take on the evolution of this market and says he has been operating in this space for years. "As an MVNO provider of SIM and data services to the M2M market, we have been working with resellers selling M2M solutions through the channel for the last 15 years. Our reseller customers span a wide spectrum of vertical industries, from retail, manufacturing and transport to security, healthcare and emergency services. We see this as a rapidly growing market, which is evolving quickly with the advent of IoT and the explosion of consumer

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devices that are connected to the Internet. This makes it a huge opportunity for resellers with detailed knowledge of these vertical sectors, since the differentiator will be their understanding of how the applications will be deployed and the business benefits of the application within each sector.”

#### Educating Rita



“Segments with obvious optimisations like fleet management are now well developed, and new segments are rising like security and medical because connectivity and module prices going down quickly.”

Philippe Vigneau, VP Business Development of Transatel

Having just completed another Summit South where there were two exhibitors selling their M2M propositions to resellers (O2 and Comms365) it is still obvious there is some education needed. Alexis Argent, founder and director of communications distributor, 4Gon Solutions agrees.

“There is a huge amount of education to be done. Lots of people are still wary of M2M, and although they love to talk about it and discuss it, they do not actually know of how much benefit it can be. Only when education is improved will M2M really take off. In regards to what we are seeing now, this is just small fry compared to the sales of M2M products and the uses people find for them, from monitoring and automating interventions etc.”

Towers-Clark added “Moving forward, the opportunity for M2M and IoT is huge, both in terms of the variety of different applications available and the geographic expansion of the market made possible by the growth of global data connectivity solutions at low, flat rates. Analyst and trade associations such as the GSMA and Machina Research predict that there will be around 2 billion mobile network/cellular M2M connections globally by 2020. One of the reasons for the explosion of IoT now is the reduction in the price of global data and the ability to provide solutions that can roam anywhere on one data

tariff. Data is becoming a commodity, but the key to providing M2M and IoT solutions that will grow with the market in the long-term is the ability to control and manage that data, as well as having complete control over the connectivity of the devices.”

Anton Le Saux, Head of M2M at O2, commented “We have a partner now that we knew in the Channel from selling mobile services and they started off with a small application we supplied them. Now they are working on an opportunity of about thirty thousand connections in just one deal. I think partners are starting to look at small opportunities and then are moving onto bigger opportunities. I am confident that the Channel will move more towards the M2M market going forwards.

Wielenga continues, “While the channel does indeed understand the concept of M2M, more needs to be done to educate them on the topic of investment vs ROI. Most will feel that it’s too early for them to make such a huge investment and indeed prefer to learn from others who have taken the risk, and perhaps made mistakes which others can learn from.”

#### Applications

Spotting an M2M opportunity within your existing customer base can be tricky to the uninitiated, we asked Anton at O2 M2M where the market is being most fruitful for resellers at present. He said “Telematics seems to still be the area where some people are stuck in but I think that’s just the area that people know the best. A lot of resellers have customers with Lorries or vans on the road so we are doing quite a bit in that space. At the moment we are putting a lot of cameras in vehicles but I think as we move into 2015 resellers will start to diversify a lot more.



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Jan Wielenga, Data Networks Product Manager at Dairy Group

On the consumer side we have a proposition for the connected home but we are starting to get enquiries about how businesses can benefit from the same technology. I think next year we will see that connected business idea come through and partners will start selling into areas outside of telematics too.”

Julie Williams from B&B Electronics added, “The range of applications in this market is significant. Most of the Channel that are engaged in the M2M space are providing some form of ‘remote connectivity’ as an extension of their existing services. Deploying communication services to wind turbines, solar panels and speed camera’s via mobile data is now common place and with the development of the 4G networks these can even extend to real time video on demand (security cctv) when an alarm is activated. Digital Signage is also now emerging as we become more dependent on real time information in the public domain.

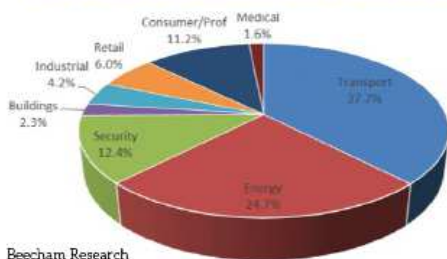
Plumbing is essential whether that be via Mobile Connectivity, ADSL, WiFi, Ethernet or any other flavour of connectivity – it underpins the whole delivery.

Whilst the consumer market and Apps are important to the technology adoption, it is even more critical that the Enterprise M2M customer has reliable communications – they are primarily using M2M services to increase efficiency and productivity, without a reliable comms infrastructure they will never achieve their objectives.”

Philippe Vigneau, VP Business Development of Transatel stated “Segments with obvious optimisations like fleet management are now well developed, and new segments are rising like security and medical because connectivity and module prices going down quickly. The frontier with the Internet of things is blurring and m2m offers need to comply with new models including data usage patterns that are less predictable because of human actions. The true challenge is connecting devices globally, of which our expertise is of value for companies wanting to enter the market.

The aggregation model where the M2M provider is seen as a connectivity operator bundling applications, hardware and connectivity is very successful.

Market Share of M2M SIM Connections per Sector - 2013



For example, we have a medical device manufacturer that enables medical distributors to remotely follow the bugs of the device and also allows Doctors to remotely configure the devices. In that case the manufacturer is selling the airtime and is adding revenue on top of its hardware and applications, margins.”

Lewis Harvey, Business Development Manager of Adey Electronics, says “There

are many opportunities for resellers to generate attractive income streams through the evolving ecosystem of partnerships that are growing across the market. Clearly no one is an expert at each element of an often complex supply chain; however working within the right technology partnership will ensure resellers are able to harness this technology within their business portfolio.”



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On M2M margins Anton LeSaux commented, “M2M SIMs generate small margins, a typical M2M SIM may generate between 40p and 70p per month but the key point is that generally they are deployed in volume and once they are in then they tend to stay put. These SIMs generally sit in a little box somewhere perhaps in the ground, in a meter or in a vehicle so to then remove that an engineer has to go and visit the customer on site. The cost of getting that engineer in to change a SIM might be a £100, so once you have put that SIM in no one is going to change it out just to save themselves 10p a month on line rental. Once it's in, it's in. When I mentioned our customer earlier that had a thirty thousand connection deal and you multiply that by 70p a month, forever... that's good revenue!”

Harvey added “The M2M market will only get more competitive, so the winners in this area will be those early(ish) adopters who understand the challenges of the opportunity, making their proposition relevant to end users and subsequently helping migrating user services and intelligence out to the edge of the network.”

Ed Says...

The time to look at M2M is now! The sheer breadth of markets that solutions can be sold into is immense and as Anton Le Saux from O2 says once you have a SIM in place it tends to stay there making your customer even stickier. The market is set to grow rapidly over the next two or three years and as with any new technology, the early adopters will be the major benefactors.

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