Vodafone
M2M Adoption Barometer Report 2014 Press/Analyst Briefing

2014年9月25日

m2m.vodafone.com

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Vodafone M2M Japan Updates

- Years of operation in Japan : 5 years
- Mission : Support M2M deployment of Japanese customers globally (primarily outside of Japanese market)
- Key industries : Manufacturing, Automotive, Consumer Electronics
- Market Trend : Interests in M2M drastically increased and many companies started considering M2M deployment
- Key activities
    - Vodafone M2M Global Forum (Feb)
    - Wireless M2M Expo (May)
    - IOT/M2M Conference (Oct)

About the Barometer

Split respondents by region and industry sector
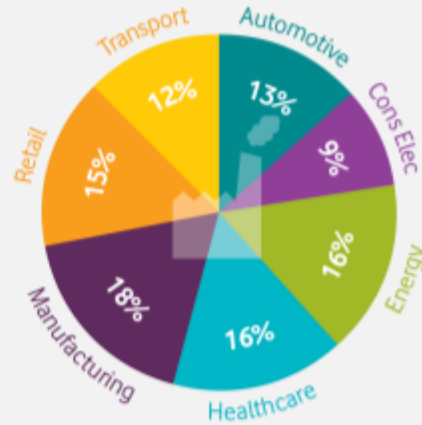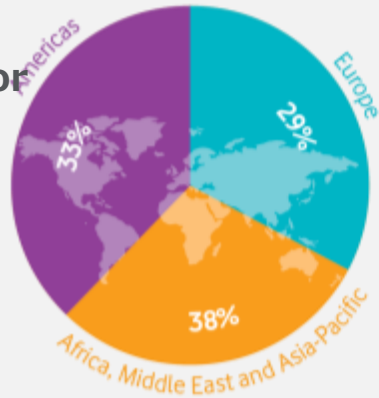
- Independent qualitative & quantitative research

- Leading analyst firm – Machina - gives extra insight

- Global survey: over 600 responses & Pacific

- almost 200 from Asia

- Second year conducted

- 14 countries; 5 from Asia Pacific - Australia, China, India, Japan, South Korea

- 7 industries

AMEAP leads regional growth

Companies with an M2M solution in place by region, 2013/2014

Average adoption in 2014, 22%

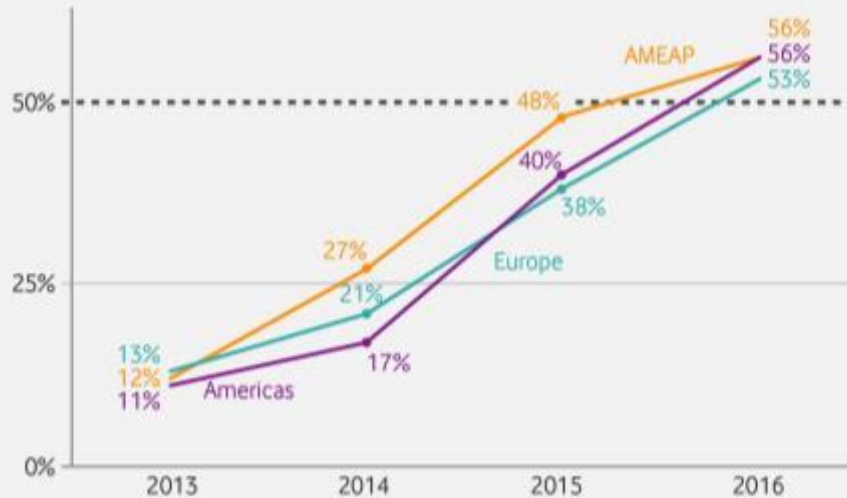Americas: 13% / 17%

Europe: 11% / 21%

AMEAP: 12% / 27%
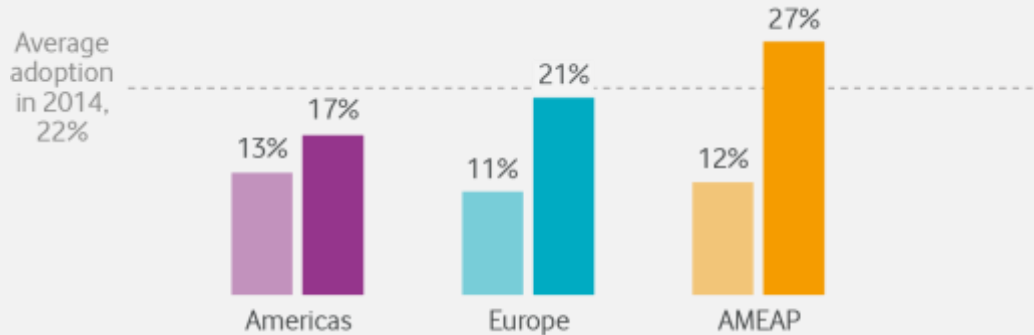
- Asia, Middle East & Africa (AMEAP) region leads in adoption globally
- 15 point increase in adoption rate from 2013 – highest increase

AMEAP adoption rates expected to accelerate

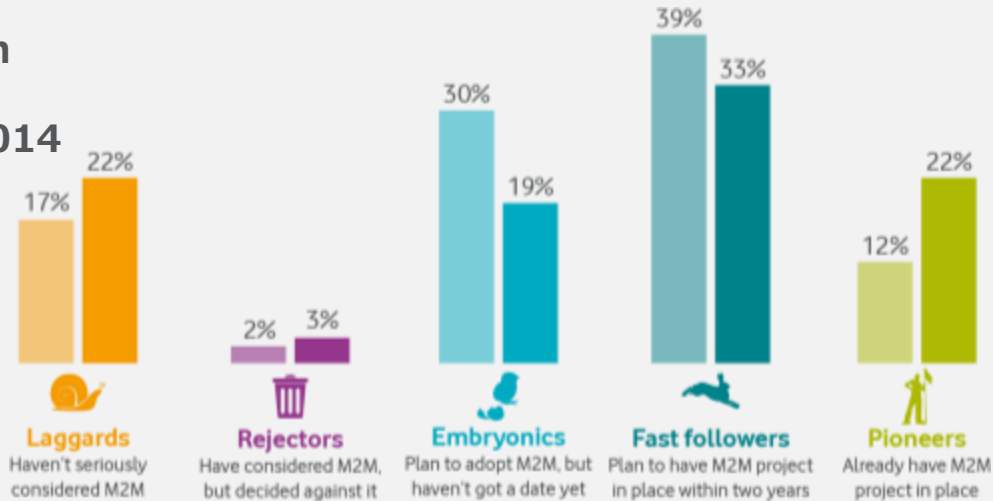**Companies with an M2M solution in place, 2013/2014**

- 48% of firms in AMEAP to have adopted M2M solutions by 2015

- By 2016, about 55% of firms in all regions will have adopted M2M, and the regions will be much closer

M2M goes mainstream

Companies at each stage of M2M adoption, 2013/2014

17% 22%
Laggards
Haven't seriously considered M2M

2% 3%
Rejectors
Have considered M2M, but decided against it

30% 19%
Embryonics
Plan to adopt M2M, but haven't got a date yet

39% 33%
Fast followers
Plan to have M2M project in place within two years

12% 22%
Pioneers
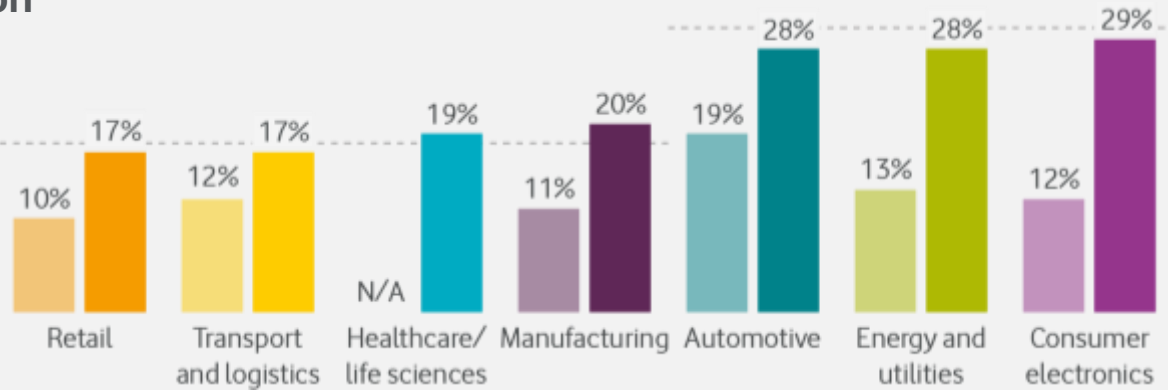Already have M2M project in place

22% of companies said that they are already using M2M — that's an increase of over 80% on last year

Consumer electronics, automotive & utilities lead growth

Companies with an M2M solution in place by sector, 2013/2014

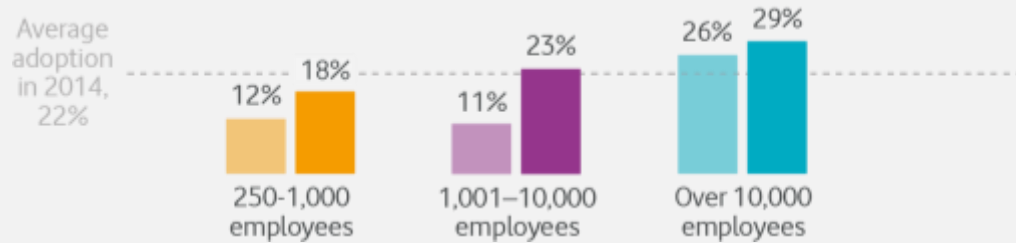| Retail | Transport and logistics | Healthcare/ life sciences | Manufacturing | Automotive | Energy and utilities | Consumer electronics |
| 10% — 17% | 12% — 17% | N/A — 19% | 11% — 20% | 19% — 28% | 13% — 28% | 12% — 29% |

- Growth across the board — but some have grown faster than others
- Two clear clusters of adoption globally
- Key verticals in Asia Pacific: Utilities, CE,

Small businesses are catching up

Companies with an M2M solution in place by size, 2013/2014

Average adoption in 2014, 22%

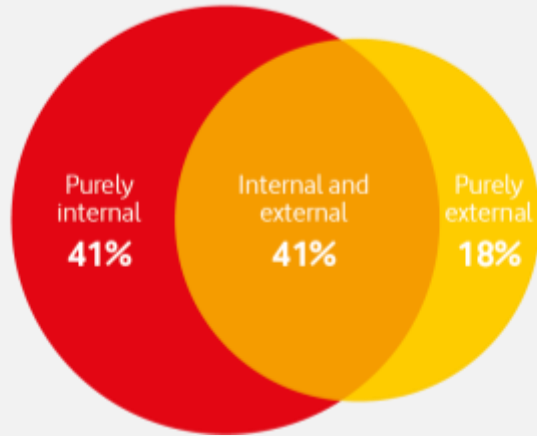|	2013	2014
250-1,000 employees	12%	18%
1,001–10,000 employees	11%	23%
Over 10,000 employees	26%	29%

- Large companies are still ahead in adoption
- Smaller organisations are catching up
- Adoption will be roughly level by 2015

M2M is becoming "external"
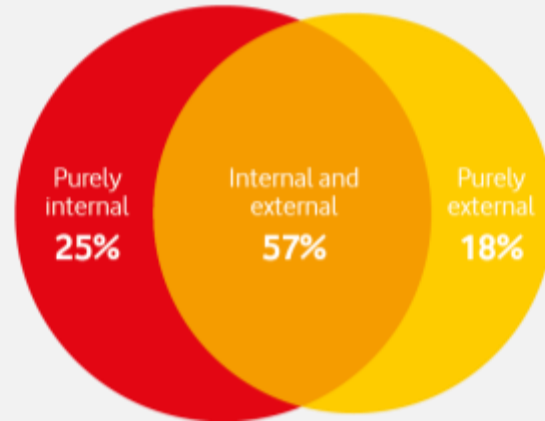
Companies with internal/external M2M strategy now

Purely internal
41%

Internal and external
41%

Purely external
18%

Companies with internal/external M2M strategy in three years

Purely internal
25%

Internal and external
57%

Purely external
18%

- Today 41% of companies have a purely internal strategy

- Within three years that will be down to 25%

Three common themes

Tracking assets

Monitoring people

Managing fleets

While each sector demands its own specific solutions, the applications that are gaining broad traction fall into three wider themes
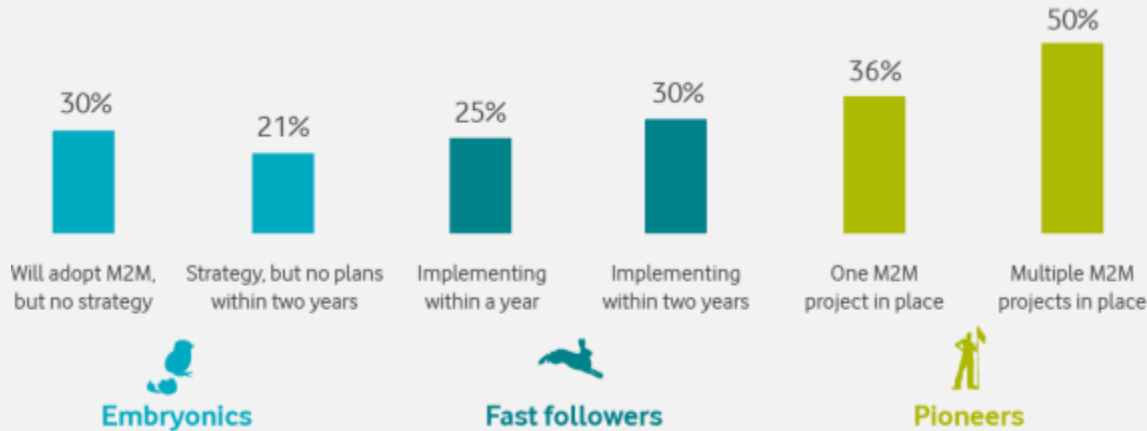
M2M is delivering strong return on investment

89% of those with a live M2M project said they started seeing ROI within two years. 98% say they'd seen some return

89%

Security a late-stage concern, not a showstopper

Percentage of companies saying security is a barrier to using M2M

30% — Will adopt M2M, but no strategy
21% — Strategy, but no plans within two years
25% — Implementing within a year
30% — Implementing within two years
36% — One M2M project in place
50% — Multiple M2M projects in place

Embryonics   **Fast followers**   **Pioneers**

- 72% of companies said that security breaches are a major concern
- Companies see security as one of several challenges to overcome, not a showstopper — just 12% said it

Four steps to success

1 Make M2M central to strategy. Be ambitious

2 Look for board-level sponsorship and focus on cultural change

3 Combine M2M with other technologies, particularly big data

4 Consider security end-to-end, from the start of your planning