

Unifying Communication Technologies Is Key to Seize on IoT Opportunities, TrendForce Reports

2015-04-13 [Kelly Hsieh](#)

Seeing massive growth potential in the Internet of Things (IoT) sector, technology giant IBM on March 31 announced that it will invest US\$3 billion over the next four years to create a new IoT unit. Big Blue also announced that it will work with The Weather Company to provide weather data to unmanned aerial vehicles, buildings, and smartphones sensors, so operators of these IoT-based facilities and devices will be able to make the right business decisions. Cisco, a major network equipment manufacturer, is also committed to building a strong IoT portfolio. It offers comprehensive solutions for various applications through cloud computing and focuses on implementing advanced data analytics.

The sensor system segment of the IoT market alone will be valued around US\$65 billion in 2015, according to Kelly Hsieh, senior research manager for Topology, a division of [TrendForce](#). In the future, IoT-based solutions will be available for a wide range of applications, such as manufacturing, healthcare, smart home, education, and more. Every industry has its specific needs, so it is impossible for one company to come up with a universal platform that satisfies everyone. Progresses in the IoT sector will require collaborations among different companies and industry groups. All participants must work together to improve areas such as data management and analysis and integration of multiple systems. Only then would the IoT sector move towards an open ecosystem.

“The growth of the IoT sector will be based on efforts in standardization and building ecosystems,” said Hsieh. “As things are getting connected, there will not be enough IP addresses for every one of them. Making a smooth transition from the IPv4 layer to the IPv6 layer is vital for various devices to stay connected. Thus, the direction of the competition among major IoT companies is toward interoperability among different devices.”

Based on Hsieh’s view, the growth of IoT business opportunities depends on the ability to exchange data under a standard communication protocol. In wireless communications, however, there is no generally accepted technology for exchanging data. Bluetooth, NFC, Wi-Fi, ZigBee, and many others are still fighting to become the networking standard.

IoT has radically changed the competitive factors within the global information and communication technology market. With the market for IoT-based devices being fragmented, TrendForce expects no company will be able to claim a dominant position. Instead, IoT is going to have a system similar to an emerging industry, especially in applications that link end devices to IoT networks (i.e. system integration and embedded components). However, the most valuable part of the IoT sector is managing big data, and improvements in distributive computing and dealing with unstructured information are key issues in IoT’s future development.

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