DERIVING VALUE

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LOGISENSE

SHH ⟶

OPTIMIZING REVENUE IN THE IOT

An expanding universe of connected devices is revolutionizing everything, from how we spend our leisure time to how we receive health care. At the end of 2015, the internet of things (IoT) comprised more than 13 billion connected, or "smart," devices. By the end of the decade, that total is forecast to reach 38.5 billion.

Every one of these devices has the potential to be a new profit point for product developers and service providers. That's exciting news for businesses with the foresight, knowledge and ingenuity to turn insight into value. However, the road to IoT success is not without obstacles The vast majority of commercial activity remains consumer focused and device driven.

That's rapidly changing. More than a third of US manufacturers now employ smart sensors to enhance operating processes. 2 Meanwhile, the World Economic Forum says business-to- business and industrial applications soon may dwarf the consumer market in demand for device connectivity.

Their success will require an evolution in infrastructure, strategy and culture. Intelligent devices are just one component of a fully optimized IoT ecosystem, which IDC defines as a network of devices, applications, analytics, platforms and connectivity.

THE POTENTIAL OF THE IOT

As one industry observer noted, there is "a bewildering choice of connectivity options" for developers working on products and systems for the internet of things.

These include new versions of dominant local- and personal-area-networking standards such as Bluetooth and Wi-Fi, as well as lowpower wide-area-networking (LPWAN) technologies that are optimized for industrial use. Experts envision IoT ecosystems that incorporate some combination of these standards, so ensuring interoperability will be critical for early IoT development.

Enabling devices to seamlessly connect is of little use unless all that effort is made to pay off. The consensus among experts is that the IoT market has the potential to generate revenue of as much as $19 trillion over the next decade.

However, realizing that potential will require a fundamental shift in strategic thinking for commercial enterprises, many of which are constrained by legacy revenue models or limited by budgets that view technology purchases as capital expenditures rather than operational investments.

It's no surprise then that most organizations focus their IoT efforts on internal operational improvements or basic information gathering over external customer-facing objectives.

Fewer than 30% of organizations that use IoT technology are currently generating service revenue from those solutions. Research firm Capgemini calls this lack of monetization the "missed opportunity of IoT."

The internet of things provides the framework for new results-based business models. Smart devices combined with real-time analytics create new revenue generating opportunities that are perpetual and results driven.

The demand for new value metrics that favor the results a product or service produces over its face value has created an emerging "outcome economy" fueled by software-driven services, innovations in hardware, and the increased visibility into products, processes, customers and partners. This will put pressure on business providers to reassess the value proposition of device connectivity.

A few businesses are already doing this. General Motors generates almost $1.5 billion annually from its OnStar telematics system, which delivers an array of concierge services in enabled vehicles. John Deere's JDLink service lets farmers track their machines and program exactly where to plant, fertilize, spray and harvest to optimize crop yields. And Michelin has begun using data collected from sensors in tires to develop and sell new services to fleet managers

Companies are starting to build business models where they sell packages that include hardware, software and maintenance for a monthly fee. In the end, the customer pays for the usage of the service and not the hardware asset. This allows for a more accurate cost to value comparison by transforming an upfront capital expenditure into an ongoing operating expense.

LOGISENSE'S APPROACH
TO MONETIZING THE IOT

The ability to accommodate and monetize in this rapidly growing market will depend on a service provider's ability to support dynamic pricing models and a digital subscriber experience with the right back-office support system.

The LogiSense subscription billing, usage rating, and revenue management platform delivers the tools and methodologies required to generate recurring revenues in the IoT.

IT OFFERS:

AGILITY
to manage a multitude of pricing models.

FLEXIBILITY
to keep pace with today's digital services and quickly launch products to market.

SCALABILITY
to handle millions of transactions from numerous devices today, and the ability to grow to manage even more in the future.

The internet of things is unleashing a revolution that will certainly be disruptive, but it doesn't have to be painful.

Organizations that are proactive and adaptable will find themselves on the threshold of a new golden age of industry.

CONCLUSION

As the internet of things matures, it will drive new operational strategies that are focused on generating recurring revenue where the product itself becomes a vehicle to continuous service delivery.

Winning firms will employ next generation operations and business support systems (OSS/ BSS) that are adaptable to the new realities of the IoT and outcome economy.

These will help IoT operators automate and prioritize key operational tasks, reduce downtime through faster resolution of infrastructure issues, improve service quality, and enhance human and financial resources needed for daily operations.

This includes billing solutions that are compatible with a service-based, results driven economy that measures value incrementally over time.

"OUTPERFORM THE COMPETITION WITH FLEXIBLE BILLING. NO STRINGS."

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ADAM HOWATSON
CEO

ABOUT

In today's digital world, flat rate or subscription billing systems can leave customers feeling cheated and frustrated - either because they've paid for more than they need, or because they want better or more specialized services than what a simple flat rate system can provide.

Many companies are leaving money on the table by not having the usage rating and billing flexibility necessary to maximize their business.

LogiSense believes we've entered the Usage Economy®, a dynamic convergence of subscription based and usage-based billing models, in which service providers who can monetize in real time any triggered event in the connected world will gain significant competitive advantages.

LogiSense billing provides the flexibility to be service, medium and provider agnostic, allowing it to grow with customers as they evolve their business operations and end user offerings.

LogiSense billing system provides the flexibility and scalability to address.

To learn more, visit www.logisense.com