Iot Professional Services Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 126 pages | Mordor Intelligence

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Report description:

The IoT professional services market was estimated at USD 113.82 billion in 2021, and it is projected to reach USD 321.11 billion by 2027, registering a CAGR of 19.51% during the forecast period (2022-2027).

Key Highlights
Smart city initiatives are expected to spearhead IoT growth over the coming years. IoT devices and systems are expected to increase as part of transportation, utilities, and infrastructure. Government initiatives are expected to boost the adoption rates of IoT devices, leading to more organizations relying on professional services for deployment and further management.
For instance, the European Union's directive required all EU member states to roll out smart electricity meters to 80% of consumers by 2020. Due to such developments, countries are increasingly adopting smart metering solutions. For instance, according to the Department for Business, Energy & Industrial Strategy, at the end of Q3 2021, 26.4 million smart and advanced meters were operating in homes and small businesses across Great Britain, with 21.6 million of all meters operating in smart mode. This factor indicates the increasing dependency on deployment services for IoT devices.
Global connectivity initiatives by various governments are pushing the adoption rates of IoT. For instance, Horizon 2020, one of the most significant EU research and innovation programs, with EUR 80 billion in funding between 2014 and 2020, significantly impacted technological developments in Europe. As part of the project launch of e-sim, developing interoperability with technologies such as Sigfox, LoRa, NB-IoT, and LTE-M was undertaken. Government initiatives positively influence the IoT market, creating an ancillary demand for professional services.
With the advent of 5G, the global number of IoT in consumer and industrial space is expected to increase significantly, creating new avenues of growth for IoT professional services. According to Ericsson, in 2020, the 5G device volumes are expected to reach 160 million. By 2025, the 5G subscription base will reach 2.6 billion and cover up to 65% of the population, generating 45% of global mobile data traffic.

Adding several devices, like IoT, increases the surface area of a network, thereby creating more potential attack vectors in the process. Even a single unsecured device connected to a network may serve as a point of entry for an active attack on the web. Data security concern has, thus, presented themselves as a significant challenge as players navigate to strengthen their security offering to gain customer confidence and prevent breaches.
During the COVID-19 outbreak, the global supply chain and demand for electronics were disrupted. Thus, the IoT market's hardware adoption was severely influenced by 2020, directly impacting the demand for deployment services connected to the installation of IoT devices. Due to the production shutdown in countries like China, the electronics industry observed a shortage of electronics supply during February and March of 2020.

IoT Professional Services Market Trends

The Proliferation of Connected Devices Across the World is Driving the Growth of the Market

The growing trend of adopting connected devices in the industrial sectors positively influences the market studied. According to Ericsson, the number of massive IoT connections is expected to have doubled, reaching nearly 200 million contacts. According to the same source, by the end of 2027, 40% of cellular IoT connections will be broadband IoT, with 4G connecting the majority. However, with the introduction of 5G New Radio (NR) in the old and new spectrum, this segment's throughput data rates are expected to increase substantially.
Emerging applications, business models, and falling device costs have been instrumental in driving IoT adoption, consequently increasing the number of connected devices and endpoints globally. The massive IoT technologies NB-IoT and Cat-M1 continue to be rolled out globally. The massive IoT technologies are anticipated to comprise 51% of all cellular IoT connections overtaking broadband IoT cellular connections.
In the industrial sector, the adoption has penetrated across industries. For instance, according to Aruba Networks, IoT devices have become increasingly pervasive, with 85% of businesses expected to have implemented the technology.
Moreover, the benefits offered by IoT in reducing cost, predictive maintenance, and data analytics are driving the adoption rates in the industrial segment. According to a recent Forbes study, almost 94% of the executives surveyed mentioned that IoT has helped or will help boost their annual profits by at least 5-15%.
The survey mentions that 60% of enterprises are expanding their business through IoT, 36% of enterprises are considering potential new business directions, and 63% of enterprises are already delivering new or updated services through IoT. The demand for IoT solutions is expected to increase further over the forecast period due to the growing adoption rate of connected devices across industries.

North America is Expected to Hold the Largest Market Share

The region is home to some of the major players in the telecom industry, such as AT&T, IBM, and General Electric, which are continuously investing in building up and advancing their infrastructure to keep pace with technological advancements. This is expected to boost the adoption of IoT professional services over the forecast period.
Fast and secure 5G connectivity is expected to accelerate the adoption of IoT devices, allowing agile operations and flexible production. This technology is anticipated to facilitate automated assembly, warehouses, connected logistics, packing, product handling, and autonomous carts. Moreover, awareness about IoT and digital solutions in industries is significantly higher in North America. According to a study by Mendix in March 2021, 78% of US manufacturing workers welcome digitalization. In addition, eight in 10 manufacturing workers are interested in learning new digital skills.
Additionally, with smart grids planning to take over the entire energy industry in the country, IoT utilities are expected to gain

traction over the forecast period. For instance, Landis+Gyr, which specializes in smart meter deployments, and Cisco's Catalyst routers for IoT are helping companies manage their grids and collect and make sense of large volumes of data. The latest 5G industrial routers will give utilities an offering that can support the next 15-20 years of an endpoint's life.
The popularity of IoT devices, combined with tax incentives and home insurance discounts, has encouraged consumers and utility companies to make their services intelligent and suitable for the new age of home builders and owners and remain competitive in such an evolving market. According to the Institute for Electric Efficiency, 115 million smart meters were to be deployed by the end of 2021 in the United States, an increase of 108 million units compared to 2007. With the increasing installation of smart meters, the tendency for IoT services adoption might increase significantly during the forecast period.
According to Rogers Telecommunication, ReadWrite, and the Manifest, in 2020, 81% of Canadian businesses were using some form of IoT system. Up to 55% of Canadian companies planned to increase their IoT investments in a year and had 20 million IoT devices shipped. With the growing digitalization and usage of connected devices in business and industry, it is anticipated that IoT applications and sales will increase in the region. As the company moves toward digitalization and IoT-based products, professional services such as deployment and consulting will increase in the region.

IoT Professional Services Market Competitor Analysis

The competitive rivalry in the IoT professional services market remains high due to some key players, such as Vodafone, At&T, and GE. Their ability to innovate offerings through extensive research and development activities has given them a competitive advantage. Through strategic partnerships and mergers and acquisitions, the players in the market have gained a more substantial footprint.

October 2021 - Tata Consultancy Services announced a partnership with AIS, Thailand's largest telecom operator, to enable manufacturers to adopt IoT solutions based on 5G smart network technology. The collaboration integrates AIS' leadership in telecommunications services in Thailand and TCS' extensive intellectual property portfolio and IT consulting expertise to help Thai enterprises accelerate their growth and transformation using TCS' 5G-enabled IoT offerings.
September 2021 - Telstra and Cisco announced a five-year partnership to improve connectivity management for IoT services through the Telstra Control Center powered by Cisco. Telstra has been using Cisco's IoT Control Center SaaS solution for more than ten years, and it has helped the company achieve its business objectives and generate new revenue streams. Thousands of customers, including Australia's leading financial institutions, retailers, and government, benefit from the company's increased visibility and flexibility in managing their companies and turning IoT data into choices.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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