

‘Internet of Things’ — An Opportunity For Intelligent Device Manufacturers

Steve Schmidt, Vice President of Corporate Development & Strategy, Flexera Software



The “Internet of Things”

is a phrase used to describe how the internet will link traditional smart devices, and a wide range of additional physical assets to allow these endpoints to generate and share data. Nearly every product will have an IP address and communication capability — not just networking and telecommunications devices, but also industrial equipment such as buildings, medical devices, test and measurement systems, construction equipment, and oil and gas machinery, to name a few — that will link to other devices and services via the web. Gartner forecasts there will be more than 30 billion permanently connected devices by 2020 and more than 200 billion intermittently connected devices by that time.

Opportunity beckons intelligent device manufacturers. They must evolve their products from fixed function and disconnected systems to flexible and seamlessly connected devices. Making products smarter will provide a wide array of benefits.

1. Product Life Extension. First, it will extend the life of the manufactured device itself. Much of the functionality of those devices will be managed and controlled via

embedded software rather than hard-coded onto the physical components. As a result, product upgrades and enhancements can be delivered via software commands communicated to the device via the Internet. This is good for the buyer, because it enables the customer to derive more value, over a longer period of time, from a given product with minimal disruption. It's good for the manufacturer, because it enables more upsell opportunities to put new functionality in the hands of customers at minimal expense and effort. Finally, it's good for the environment, as less physical machinery needs to be manufactured and disposed.

2. Automated Support. The Internet of Things will also provide significantly enhanced support experience to customers, at significantly reduced costs to device manufacturers. Manufactured goods will have the ability to monitor operations and report back malfunctions and their causes — thus drastically streamlining the troubleshooting process. Potential problems can also be flagged by monitoring for trouble signs and patterns, and then resolved by the system anticipating malfunctions before they occur and suggesting preventative remedies. Many of these problems will be addressable remotely through software commands, fixes and upgrades, thus eliminating the need to send personnel onsite to fix the problem.

3. Reduced Manufacturing and Distribution Costs. Moreover, connected devices controlled by embedded software will significantly reduce manufacturing costs. Companies will be able to reduce the number of models they must manufacture by controlling features, functions, capacity and throughput via software and software entitlements — allowing them to build once and “package” functionality in any number of formats. Configuration of the products can be postponed until the exact requirements of the customer are determined. As a result of this manufacturing flexibility, producers, distributors and resellers will require less inventory, greatly streamlining the supply chain.

4. New Markets & Revenue Streams. Finally, the Internet of Things enables the creation of entirely new revenue streams as well as opportunities to grow the customer base. Using a software licensing model, manufacturers can easily offer product enhancements through software updates, and charge for the enhanced functionality based on a software maintenance and update model. Moreover, there are opportunities to charge for new levels of software support while simultaneously delivering a better customer experience. And because embedded software allows for flexible product configurations — manufacturers can quickly, easily and inexpensively package and price their devices to uniquely address new, emerging or niche markets that would previously have been impractical or cost prohibitive. The additional data generated by intelligent, connected devices can also be turned into intelligence and used to identify new potential markets and market opportunity.

Continue reading at www.manufacturing.net.

Source URL (retrieved on 03/31/2015 - 8:58am):

<http://www.wirelessdesignmag.com/blogs/2013/04/%E2%80%98internet-things%E2%80%99-%E2%80%94-opportunity-intelligent-device-manufacturers?qt-blogs=0>

