

JAMES BREHM  ASSOCIATES

A Deeper Connected Conversation

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Mid-Year 2017 IoT Results & News Round-Up



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The first half of 2017 is complete and James Brehm & Associates have the financials, KPIs, and news to keep you informed on what's happening around the world of IoT.

verizon✓

Verizon's IoT revenues increased to \$365 million in the second quarter. Telematics revenues—driven by Fleetmatics and Telogis—topped \$220 million. To date, Verizon's two fleet management acquisitions have generated approximately \$335 million in total revenue. In June, Verizon announced the successful completion of a live, over-the-air Cat-M1 VoLTE call which could enable new use IoT use cases that include voice services.



AT&T added nearly 2.3 million connections in three months to end Q2 with nearly 34.7 million connections. Approximately two-third's of the company's additions in the quarter were attributable to connected cars. At the end of Q2, AT&T had 14.6 million connected cars on its network.



CalAmp posted quarterly revenues of \$88.1 million, an increase of 2.3% sequentially. In June, Autobrain, a plug and play smart car platform provider, announced the selection of CalAmp's OBD devices and telematics systems for its latest offering.



Intel's IoT revenues of \$720 million were relatively flat sequentially and have leveled out since the Q4. In June, reports emerged that Intel discontinued its Joule, Galileo, and Edison product lines which had failed to gain meaningful traction among IoT solution developers. In August, Intel completed the \$15.3 billion acquisition of Mobileye, a technology supplier to many auto manufactures. The acquisition positions Intel as a player in the development of autonomous vehicles.



Digi International posted revenues in the current quarter of \$45.7 million which were flat sequentially but down more than 12% year-over-year. Digi’s hardware business – notably its RF and Embedded products – continues to decline with revenues down nearly 20% in the past year. A bright spot for the company is within cold chain and the recently announced Digi SafeTemps solutions which generated approximately \$2.9 million in revenue in the current quarter.



Sprint added 310,000 connections to end the quarter with nearly 13.2 million total connections. In the past year, the company has grown its base of connections by more than 2.1 million.



Sierra Wireless ended Q2 with revenues of \$173.5 million, an increase of more than 7% sequentially and 11% year-over-year. In August, Sierra Wireless announced a deal to acquire Numerex in an all stock deal valued at \$107 million. The proposed acquisition increases Sierra’s mix of recurring revenues and accelerates the company’s IoT Device-To-Cloud strategy. Sierra Wireless expects the acquisition to close in January 2018.



Control4 posted strong Q2 revenues of \$61.4 million, an increase of 22% sequentially. Revenues from the recently acquired Triad Speakers was \$3.4 million in the current quarter—demonstrating Control4’s ability to grow revenues organically and through acquisition. The company shipped more than 26,000 controllers in the quarter, an increase of 6.6% year-over-year.



Vodafone reported IoT revenues of €183 million in the current quarter and approximately €700 million in the last fiscal year. IoT SIMs grew 43% over the last 12 months to €59 million. The company provides connected car services in 18 markets.



Sequans had a solid Q2 boasting a 33% increase in year-over-year revenues at \$13.2 million. In June, the company announced that Verizon had selected Sequans’ Colibri Cat-4 chips to power its SmartHub home gateway solution. SmartHub provides home management of all of Verizon’s smart home accessories.



PTC closed the current quarter with \$27.8 million in IoT revenue—a figure which represents a 24% year-over-year increase. Allowing for future recurring revenue streams, IoT subscription and support revenues accounted for approximately 65% of total IoT revenues. In April, PTC and ServiceMax announced that they had partnered on a solution for Varian Medical who deployed a connected field service solution that provides remote diagnostics and contextual repair procedures for service technicians along with a solution that automates dispatching and work order processes.



Trimble posted strong results in Q2 with \$661.9 million in revenue growing 7.8% sequentially. The company continues to expand its portfolio of solutions and expertise through acquisition and recently completed deals for BOS Forestry, NM Group, and Innovative Software Engineering and currently has a deal to acquire Müller Elektronik which is expected to close in Q3.



Orbcomm ended Q2 with revenues of nearly \$57.9 million. Total revenues grew 13.8% year-over-year with gains in both services and hardware. The company ended Q2 with 1.828 million subscribers which includes approximately 35,000 subscribers from the acquisition of Inthinc, a fleet management and safety solution provider. Orbcomm was selected by JLG Industries (which is owned by OskKosh Corporation) to provide end-to-end telematics solutions for their telehandlers and aerial work platforms.



ALARM.COM™

Alarm.com reported revenues of nearly \$86 million in Q2, an increase of 33% year-over-year. The current quarter's results reflect a full three months of revenue from the recently acquired Piper and Connect business lines from Icontrol. During the quarter, Alarm.com expanded its smart home offerings by partnering with SkyBell Technologies, a provider of video doorbells, Legrand, a home audio control provider, and irrigation control providers Rachio and Rain Bird.



Numerex™

Numerex reported a 14.7% decrease in sequential revenues for Q2 that was driven by significantly lower hardware revenues and a nearly 6% decline in subscription and support revenues. Total revenue for the quarter was \$13.98 million. Prior to reporting Q2 results, Numerex announced that Sierra Wireless would acquire the company in a deal valued at approximately \$107 million.

vivint.

Vivint posted revenues of \$212.1 million, a 17% increase year-over-year. The alarm and home automation company's subscriber base grew to 1.2 million. Vivint's offering in partnership with Best Buy is on track to roll out in approximately 400 Best Buy stores for this year's holiday season. The partnership includes a dedicated in-store area featuring smart home products including outdoor and indoor cameras, door locks, and alarm panels, and motion sensors.

Telefonica

Telefonica reported quarterly revenues of €70 million in Q2 and ended the quarter with more than 15 million total connections. In June, Telefonica and Huawei announced the opening of an Open IoT Lab in Chile focused on development of applications and products in relations to Narrowband IoT.

iridium®

Iridium's commercial M2M revenue grew 15% year-over-year to \$18.9 million in Q2. The company's M2M subscribers grew to 505,000, an increase of 6.7% sequentially. In June, Iridium doubled the size of its satellite constellation with the successful launch of 10 Iridium NEXT satellites. There are now 20 Iridium NEXT satellites in low orbit, supporting the company's aircraft tracking and surveillance service.

I.D. Systems®

ID Systems posted revenues of \$10.7 million in Q2, an increase of 20% year-over-year. In August, ID Systems completed the acquisition of Keytroller, a manufacturer and marketer of a wide range of electronic products for monitoring and managing construction vehicles and other industrial equipment.

COMCAST

Comcast reported that it had nearly 1.03 million security and automation customers at the end of Q2, an increase of more than 39% year-over-year. The company announced the expansion of its LoRa service footprint to 12 additional markets: Atlanta, Baltimore, Boston, Denver, Detroit, Indianapolis, Miami, Minneapolis, Oakland, Pittsburgh, Seattle, and Washington DC.



Telit reported half-year revenues of \$177.6 million, an increase of 6.9% year-over-year. IoT services revenue increased by more than 25% to \$17.2 million. The company's Cat-4 modules will start shipping to Tesla to enable the automotive OEM's connected car service in Model 3 cars. In August, Telit's CEO hastily resigned following news reports alleging that he had been indicted for fraud in the US long before his association with Telit.



China Mobile ended the first half of 2017 with more than 150 million IoT connections, an increase of approximately 47 million in the last 6 months. Revenues associated with IoT increased 94.8%. The company is targeting 200 million connections by the end of 2017.



Inseego (Novatel Wireless) reported revenues of \$59.9 million in the last quarter, a decrease of approximately 4.5% year-over-year. The company's base of subscribers, which includes Ctrack and Inseego North America (formerly FW), increased by 4.9% to 664,000. Inseego recently announced a restructuring plan under a new CEO and backed out of the proposed \$50 million sale of its MiFi business to the Hong Kong-based T.C.L. Industries Holdings and to Jade Ocean Global Limited.



USA Technologies closed the current quarter with revenues of \$34.3 million, an increase of 56% year-over-year. The company added a best ever 64,000 net new ePort connections in the past 3 months and ended the quarter with a base of 568,000 total connections. Over the past year, machines enabled with USA Technologies payment systems handled nearly 415 million transaction valued at more than \$803 million.

James Brehm & Associates is a consulting and marketing intelligence firm that provides project-based and retained strategic advisory services to technology companies worldwide. With a firm focus on the Internet of Things (IoT), Machine-to-Machine (M2M) Communications, and Big Data Analytics, James Brehm & Associates provides actionable insight and direction to a wide range of organizations including Communications Service Providers, Hardware Manufacturers, Software Vendors, OEMs, Private Equity, and venture Capital Firms. Through projects on market size and share, competitive intelligence, product development, go-to-market strategy, and client-specific consulting services, we help companies reach their maximum potential. <http://www.jbrehm.com>

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