

Second Quarter Performance Analysis of Companies Working in IoT

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Q2 Results



The results of Q2 2019 are finally in. What follows is a broad summary of how various companies performed in the second quarter of 2019. James Brehm & Associates has the financials, KPIs, and news to keep you informed on what's happening in the world of IoT.

verizon

Verizon posted 187,000 connected net device additions (mostly wearables) for Q2 2019; that's 74,000 fewer than the total number of connected device net adds that Verizon experienced in Q1 2019—which was 261,000. In July, Verizon was selected to update Washington State's Peninsula Light Company (PenLight) power distribution system with Verizon's Grid Wide Utility Services Intelligent Energy platform. Verizon will provide cellular connectivity to electric meters, replacing end-of-life meters in the homes and businesses of over 33,000 PenLight members. The meters will then be managed using Verizon's Grid Wide platform.



AT&T closed Q2 2019 with 58.4 million connected devices, a 7.3% sequential increase and a net add of 4 million connected devices. AT&T also reported more than 700,000 FirstNet connections were now in service. In June, AT&T announced that the city of San Jose had connected their first responders and key personnel to FirstNet. This builds upon the city's public-private partnership with AT&T, which focuses on public safety and community issues, such as lighting in city parks, etc. E.g. AT&T has deployed 670 smart lighting controllers and 550 LEDs to improve lighting in 14 city parks and also installed 15 Digital Infrastructure nodes that will help support San Jose's first responders. In July, AT&T and IBM announced a multi-year strategic alliance with IBM to make AT&T Business a primary provider of software defined networking and more.

T-Mobile

T-Mobile announced in July that it had joined forces with Roambee, an IoT-based asset monitoring/tracking solutions provider, to offer Roambee's BeeAware solution nationally over its NB-IoT network.



Sprint closed their fiscal Q1 2019 with 13.4 million connected devices, down slightly from their fiscal Q4 2018's 13.5 million. In July, Sprint announced they had been selected by Dynamics Inc. to provide connectivity, over-the-air device management, and intelligent data capabilities for Dynamics' Wallet Card via Sprint's Curiosity IoT. Dynamics' Wallet Card, which the company claims is "the world's first connected, secured payment card," has already been adopted by several major, global financial institutions.



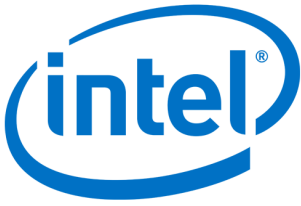
Telefonica closed this Q2 with 21.4 million M2M connections, a net add of nearly 969,000 sequentially. In May Telefonica announced a global partnership with Schindler, a provider of elevators, escalators, and related services, providing connectivity for Schindler's smart elevators and escalators labeled Schindler Ahead.



Vodafone announced in July that they had completed the acquisition of Liberty Global's operations in Germany, Hungary, Romania, and the Czech Republic for a total enterprise value of €18.4 billion. In September, the company announced their strategic partnership agreement with Oman Future Telecommunications as part of Vodafone's Partner Markets Program. This non-equity agreement will have the companies working together to roll out a new mobile network and develop new services using Vodafone's brand in Oman and drive forward the next stage in the development of the country's telecommunications market.



Comcast posted 1.36 million Security and Automation customers for Q2 2019, a 23,000 net add sequentially. In June, Comcast announced a collaboration using their enterprise IoT service, MachineQ, and Universal Parks and Resorts, to use LPWAN technology for Universal's Orlando location projects. MachineQ's integrated hardware and software platform is being fully deployed, allowing Universal's operations and IT teams to quickly test and launch IoT projects designed to increase operational efficiency at the park.



Intel's IoT Group achieved record revenue this Q2 and posted \$986 million in revenue, up 8.3% sequentially. In April, the company announced the appointment of George S Davis as Executive Vice President and Chief Financial Officer, effective April 3. In July, Intel announced that Apple is to acquire a majority of Intel's smartphone modem business. Per the deal, approximately 2,200 Intel employees will join Apple, along with intellectual property, equipment, and leases. The transaction is valued at \$1 billion and is expected to close in Q4 2019.



Sequans posted \$8.1 million in revenue for Q2 2019, an increase of 15.1% sequentially, primarily driven by higher revenue in broadband and IoT and partially offset by a decrease in other revenue streams from vertical customers. This Q2 revenue also represented a 36% decrease year-over-year, reflecting a decline in broadband revenue. Sequans's CEO Georges Karam, discussing the company's Q2 progress, commented that IoT had gained traction and that broadband business showed signs of recovery. Karam also commented that IoT business was the main growth driver and that both Cat 1 products and Cat M/NB showed positive sequential growth. The ramp-up in LTE-M and NB-IoT continued, according to Karam, would be the largest factor in the expected IoT ramp-up during the second half of 2019.



Sierra Wireless closed Q2 2019 with \$191.4 million in total revenue, representing a sequential growth of 10.1%. Of that total revenue, Sierra Wireless's IoT Solutions segment, driven by strong sales of Airlink gateway products and managed connected services, contributed \$99.2 million and experienced a sequential growth of 5.2%. In June, Sierra Wireless announced its collaboration with Microsoft to provide one of the industry's first full-stack IoT solutions. Sierra Wireless's Octave edge data orchestration solution has been connected with Microsoft Azure IoT Central, and once operational, will improve the process of getting edge data to the cloud, helping enterprises realize IoT value. Also in June, the company announced Jim Ryan would take on the role of Senior Vice President of Strategic Partner Growth, effective immediately. Ryan two decades' worth of senior leadership experience in global telecoms and technology companies, and prior to Sierra Wireless, Ryan held the position of VP of IoT Products and Partnerships at Zipit Wireless for approximately two years.



PTC closed their fiscal Q3 with \$295.5 million a 1.7% increase sequentially, and IoT revenue grew 21% year-over-year with \$38 million in revenue. In June, PTC announced Lufthansa Technik Group selected PTC's Windchill Product Lifecycle Management and ThingWorx industrial IoT platforms as a main technology piece to digitally connect its product development and engineering processes.



Inseego's total Q2 2019 revenue of \$55.9 million represented a 15.1% increase sequentially and 13.9% growth year-over-year. Of that \$55.9 million, however, Inseego's IoT & Mobile solutions segment contributed \$40 million whereas the Enterprise SaaS solutions segment contributed \$15.9 million. Although Inseego's Enterprise SaaS revenues remained relatively flat sequentially and decreased 8.1% year-over-year, their IoT Mobile solutions revenue experienced a 22% sequential increase and grew 26% increase year-over-year. In September, Inseego announced the appointment of Dr. Dan Picker as new Chief Technology Officer (CTO) for Mobile & IoT Solutions. Dr. Picker brings over 30 years of experience in wireless infrastructure, software, medical devices, application design, and mobile devices with him to the table. He also boasts over 20 wireless technology patents and publications.



CalAmp posted \$89.1 million in total revenue for their fiscal Q1 of 2019, representing a sequential growth of 5.6% due to increased subscription revenue. The company's total revenue, however, also represented 6% year-over-year decline, however, due to a drop in Telematics Systems product sales. Software and Subscriptions Services revenue for the company's fiscal Q1 increased 38% year-over-year to \$25.5 million (29% of total revenue) and was driven by recent acquisitions as well as CalAmp iOn fleet management and Lojack subscription services. Telematics Systems revenue for their fiscal Q1 was \$63.3 million, down 17% year-over-year as expected, mainly due to a decline in MRM Telematics and legacy Lojack Stolen Vehicle Recovery (SVR) product sales.

Worldwide subscribers increased to over 1.2 million with the recent acquisitions of Tracker (UK) (Tracker), Car Track (LoJack Mexico) and Synovia Solutions, further acceleration the transition to a global software and solutions provider. In July, CalAmp announced a statewide contract with the Commonwealth of Virginia's VITA (Virginia Information Technologies Agency). Virginia Department of Transportation signed a 10-year contract to use CalAmp's iOn fleet SaaS technology to manage their fleet of vehicles and snowplow assets, totaling approximately 12,000 vehicles statewide.



Trimble posted \$854.8 million in total revenue for this Q2, up 6.6% sequentially. In July, Trimble announced that they had been selected by Merchants Distributors (MDI), a privately owned wholesale grocery store distributor headquartered in North Carolina, to provide their SmartDelivery solution. Trimble's Smart Delivery solution provides MDI with electronic proof of delivery, routing, and fleet mobility technology to make delivery more cost-efficient.



Mix Telematics closed their fiscal Q1 2019 with \$37.0 million total revenue, a 5.6% increase sequentially and a 14.2% increase year-over-year. In August, Mix Telematics announced a leading integrated energy company in Australia had opted to extend their contract for 3 additional years. The contract secured 1,700 subscriptions to Mix's Premium fleet management solution as well value added services such as MiX Vision and Satcomms.



I.D. Systems posted \$16.3 million in total revenue for this Q2, representing a sequential growth of 19.6%. In July, I.D. Systems was selected by the American Intermodal Management (AIM), a leader in chassis provisioning and asset management in the US, to take their chasses beyond a piece of equipment and integrate it into the clients supply chains. AIM's entire 11,000 unit fleet will be powered by I.D. Systems PowerFleet.



Orbcomm showed a 1.6% sequential growth this Q2 with \$67.1 million in total revenue. Billable connections grew by 71,000, totaling 2.5 million. In August, Orbcomm announced they had been selected by Texas Freight Services, a Houston, TX-based dry van truckload carrier, to provide their in-cab solution across Texas Freight's entire 800+ tractor-trailer fleet. In September, the company announced they had been selected by Alan Richey, a transportation solution provider based in Valley View, TX, to provide their in-cab solution for Alan Richey's trucks and to provide their trailer monitoring solution for Alan Richey's dry van fleet. Alan Richey's dry van fleet transports mail for the U.S. Postal Service.



Iridium posted \$143.1 million in total revenue, a 7% growth sequentially. IoT Data revenue alone reached \$23.9 million in Q2, representing an increase of 6.3% sequentially. Total IoT Data subscribers reached 790,000 in Q2; representing a 6.8% increase sequentially over the previous quarter's total number of IoT Data subscribers which was 740,000. In July, Iridium announced they were chosen by the International Monohull Open Class Association (IMOCA), a boat racing association, for the 2019-2021 race season. IMOCA chose Thales as its partner and sole provider of Iridiums Certus L-band broadband equipment and will equip the IMOCA racing fleet with their VesselINK solution.



Control4 announced in August the completion of the merger with SnapAV, a provider of A/V, surveillance, networking, and remote management products. They will be unified under a single organization, with Control4 still being the smart home brand in the portfolio, available only through Control4 authorized dealers.



Alarm.com closed Q2 2019 with \$121.7 million in total revenue, representing a sequential growth of 8.3%. The company's service providers experienced continued success in the market, adding new subscribers and increasingly deploying the company's more advanced services with one particular area showing strength—video services. The first 6 months of 2019 shows the number of subscribers electing a video service plan is up about 40% over the same time period in 2018.



Vivint showed a slight sequential growth of 1.8% with \$281.1 million in total revenue for this Q2. Representing 4.3% sequential growth, Vivint also experienced a net add of 62,315 subscribers this Q2, bringing the total number of subscribers to 1,507,664 at the close of the quarter. In September Vivint announced a merger agreement with a subsidiary of Mosaic Acquisition Corp., a publicly traded special purpose acquisition company. Under the agreement Mosaic will be renamed "Vivint Smart Home, Inc."

Final Thoughts...



Q2 of 2019 was a rather good quarter for several companies such as ATT, Sierra Wireless, Telefonica, Trimble, I.D. Systems and Inseego among others that reported a healthy growth from Q1 2019. However, Sprint experienced a decline this quarter.

There has been an increase in a number of strategic partnerships in the IoT market as a strategy to increase customer base. IoT partnerships have proven to be a way to address interoperability issues and speed up time-to-market.

Telematics is an ever-present trend in IoT this quarter. Whether it's Mix Telematics expanding existing contracts to cover more vehicles, or ID Systems signing a deal with AIM to power their entire 11,000 unit fleet, telematics is ever growing in the IoT world. This shows that companies are realizing the value of connected vehicles and the benefits that connectivity brings.

This list is composed of publicly traded companies. If you are a privately held company and are interested in being featured in future issues, please contact us at info@jbrehm.com to discuss metrics, etc., used to provide this information.

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In the upcoming months, we will be present at:

Mobile World Congress Americas
October 22-24, 2019
Los Angeles Convention Center (LACC)
1201 S Figueroa St, Los Angeles, CA 90015

Modex 2020
March 9-12 2020
Atlanta's Georgia World Congress Center
285 Andrew Young International Blvd NW
Atlanta, GA

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