

Machine-to-machine telematics: Ready to grow, part I

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With incomes from traditional voice and data flattening, telecommunications players are looking at the machine-to-machine (M2M) space for the next wave of growth. Jan Stojaspal reports

Three major announcements in recent months underscore just how serious the big telecommunications companies have become about machine-to-machine (M2M) telematics.

In May, Deutsche Telekom announced the launch of M2M Marketplace, its attempt to create the world's first global platform for companies to offer M2M-related hardware, software and apps, either individually or integrated into full end-to-end solutions. In June, Verizon Communications said it was acquiring the M2M specialist Hughes Telematics (HTI) for \$612 million.

Finally, in July, seven world mobile operators—KPN, NTT DOCOMO, Rogers, SingTel, Telefónica, Telstra and Vimpelcom—announced an alliance to offer a seamless communication solution for multinational customers requiring global M2M connectivity. The connectivity is provided via a unique SIM card and includes centralized status and usage management of all connected M2M devices.

“Even though every person in the world is connected, every thing in the world isn’t, and there is a great opportunity here for mobile operators and also fixed-line operators,” says Steve Hilton, principal analyst at Analysys Mason. Exactly how great this opportunity is continues to be debated.

Strategy Analytics comes in on the conservative side with a forecast of 4.3 billion M2M connections worldwide by 2020. These include not only fleet and cargo telematics but also consumer devices, automation, mHealth devices and maintenance. The most optimistic forecasts exceed 50 billion connected devices by the end of the decade. (For more on cargo and fleet applications of M2M, see [How telematics keeps cargo management on track](#) ^[2] and [Telematics and cargo: Cracking down on theft](#) ^[3].)

Although the coming of the M2M era, where machines of all kinds talk to each other over a variety of wireless and fixed connections, has been forecast before, the general consensus now is that it is finally starting to happen. Deutsche Telekom and Verizon highlight two very different approaches to M2M. The mobile-operator alliance is noteworthy for its size and ambition to provide centralized management of M2M devices globally.

Deutsche Telekom and M2M

Deutsche Telekom says it wants to act as an M2M facilitator that encourages companies to come together through its Marketplace and create well-integrated end-to-end solutions on a global scale. Its obvious payoff is having an excellent shot at providing the SIM cards and SIM chips for any such solution.

But with more than ten years of experience designing and operating M2M solutions and an ambition to provide more than just the underlying connectivity, Deutsche Telekom also hopes to profit from consulting, IT services and selling its own M2M solutions.

Some of the biggest M2M projects Deutsche Telekom has undertaken to date are Toll Collect, a highway tolling system operator in Germany, an online bike rental project with Deutsche Bahn called Call a Bike, and in-car navigation with BMW.

The Marketplace launched in May and already has more than 300 partners from 44 countries. "What is clear is that M2M offers a global opportunity," says Jürgen Hase, vice president M2M Competence Center, Deutsche Telekom. And to take advantage of that opportunity, one has to build the right partnerships on a global basis, he adds: "That's what we are working on to achieve with the M2M Marketplace."

Verizon and M2M

Unlike Deutsche Telekom, Verizon has chosen to acquire an established M2M player, a strategy Hilton expects to see much more of as the traditionally fragmented M2M space consolidates in the years to come. "I think this Verizon thing is just the tip of the iceberg," he says. "I think you are going to see a lot more acquisitions."

By buying Hughes Telematics, Verizon will be able to not only offer its own suite of M2M applications for the car industry but also expand beyond it into mHealth, asset tracking and home automation. The merger, which is pending regulatory approval, is expected to close in the third quarter of 2012.

"We expect M2M and telematics to drive significant growth for Verizon and we're taking an important step forward to accelerate solutions that will unlock more opportunities for existing and new HTI and Verizon customers," said John Stratton, president of Verizon Enterprise Solutions, in a company statement. "Joining Hughes Telematics' robust service-delivery platform and suite of applications with our existing assets will create a premier set of capabilities."

Telefónica and M2M

Another example of a major telecommunications company making inroads into the M2M space is Spain's Telefónica, which last September partnered with Masternaut, one of Europe's largest providers of fleet and resource management solutions, to jointly market fleet management services. According to the agreement, Telefónica will contribute its distribution network, sales support and customer service while Masternaut will provide fleet management services, applications, platforms and technical support.

"With this agreement, Telefónica demonstrates the capacity for responding to customer's needs in the growing M2M market," said Carlos Morales, Telefónica's global M2M director, in when the deal was announced. "We are convinced that Masternaut's leading products will enable us to offer top quality and comprehensive solutions covering all elements of the value-chain."

Next week: Machine-to-machine telematics: Ready to grow, part II.

Jan Stojaspalis a regular contributor to TU.

For more on M2M telematics, see [Special report: Telematics and machine-to-machine communications](#) [4].

For more all the latest telematics trends, check out [Insurance Telematics USA 2012](#) [5] in September in Chicago, [Telematics Brazil & LATAM 2012](#) [6] on Sept 12-13 in Sao Paulo, [Telematics Japan 2012](#) [7] in October in Tokyo, [Telematics Munich 2012](#) [8] on October 29-30, [Telematics for Fleet Management USA 2012](#) [9] in November in Atlanta, and [Content and Apps for Automotive USA 2012](#) [10] on Dec. 4-5 in San Diego.

For exclusive telematics business analysis and insight, check out TU's reports on [In-Vehicle Smartphone Integration Report](#) [11], [Human Machine Interface Technologies](#) [12] and [Smart Vehicle Technology: The Future of Insurance Telematics](#) [13].

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