Retail IoT Market

An IHL Retail Executive Advisory Program Research Study

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May, 2018

IHL GROUP insight market view

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CONTENTS

Introduction – Background & Objectives

This paper represents IHL's most recent attempt to coalesce a vast amount of data and commentary concerning the Internet of Things (IoT) into a reasonably concise guide that can help retailers and retail technology providers identify appropriate places for the adoption of the technology within their enterprises and product portfolios.

IoT can rightly trace its history back to a Coke machine located in the Computer Science Department at Carnegie-Mellon University in Pittsburgh PA. Since around 1970, the Coke machine supplied the programmers with much needed caffeine. Through its early years, on their visits to the machine, students would sometimes experience an empty machine, and in worse situations would pay good money for a bottle of Coke that was not yet chilled. At some point around 1982, students decided to do something to help solve these problems. Microswitches were installed in the Coke machine, and they were wired back to the main departmental computer (a PDP-10). A server program was written to access the data from the switches (how many bottles were in the machine, how long each had been in the machine) and a couple of status inquiry programs were written to allow anyone inside or outside (via ARPANET) Carnegie-Mellon's network to determine the status of the Coke machine.

Simply, IoT has to do with the ability to connect any device to the Internet, and by extension, to any other device. This includes top-level systems (automobiles, cellphones, refrigerators, HVAC systems, wearable devices, etc.) as well as sub-systems and components (an automobile's tire pressure sensor, a jet engine, a golf course irrigation system, an oil rig drill, etc.). Estimates for the number of connected devices/systems range from 26 billion (Gartner) to 50 billion (Software.org/BSA) and maybe even up to 200 billion (IDC/UN/Intel) by 2020. IoT is a giant network of connected "things" (which also includes people). The relationship will be between people-people, people-things, and things-things.

This paper is a combination of numerous IHL research studies throughout the last 12 months as well as retail and vendor discussions. It is just the beginning of the discussion, one that traditional vendors should take note of and retailers of all sizes should at least review. We are neither advocating for it or against it. Only the retailer can determine if it is right for him/her or not.

Pricing

We offer three different types of licenses ranging from a single user license to a license that allows for vendors to share the study as part of lead generation activities. The files is an electronic PDF. The report can be purchased for immediate download from the website, as part of an advisory subscription or through PO process.

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Methodology

Here we describe how we arrived at he figures included herein.

How We Got Here

The IHL Insight Market View series is part of the IHL Retail Executive Advisory Program. This is the first of several research studies to be released and it is only available as part of an advisory relationship. The IHL Insight Market View research studies combine several of IHL's best-in-class research components into a single industry view meant for retailer and vendor executives.

Step 1 – We leverage our ***WorldView IT Sizing Forecast Model***, a sizing and forecast tool for over 300 retail Hardware, Software, SaaS and Services categories. IHL has been sizing and forecasting the retail/hospitality market worldwide by solutions for over 10 years. This provides the upper bounds of the market data and total market size.

Step 2 – We combine this with our ***Sophia Data Service*** that tracks over 4,500 enterprise retailers and hospitality providers (with a minimum of 50 locations) in terms of which vendor's technology a given retailer/hospitality provider has installed, the total lanes/licenses, the timing of those installations and when they are due to be replaced.

Step 3 – We validate the installs and business sizing for each vendor through public records and vendor/channel interviews. Customer service/traction is validated through existing customer interviews and surveys.

Step 4 – We merge all of this together into a singular view that not only provides total market size, but also market share and scale of difference between vendors.

This study represents the overall worldwide Retail and Hospitality Software and Software-as-a-Service market. For more information on the additional studies being released as part of the ***Retail Executive Advisory Program***, please see our website or contact us at +1.615.591.2955.

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Thank You

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