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Intelligence

IoT connections forecast: the impact of Covid-19

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Executive summary

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Overall market environment

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Effects of Covid-19 on IoT

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The vertical view

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Appendix: definitions

- 1 Macroeconomic forces at play** – Forecasting the impact of the Covid-19 pandemic on IoT is difficult due to the unknowns around the extent of the crisis. Our forecast is based on the views held by most macroeconomic analysts, who see a contraction of the global economy in 2020 and a recovery in 2021.
- 2 The overall IoT market impact varies by vertical and geography** – Asia Pacific will be the least affected due to strong government support. The overall impact will be a mix of a short-term decline in demand and a longer term move towards the digital transformation of enterprises. We forecast total IoT connections to reach 24.0 billion in 2025, compared to our previous forecast of 24.6 billion. Net additions will contract by 45% in 2020.
- 3 The consumer IoT market looks relatively resilient in the long term** – We do not foresee consumers giving up their connected devices, but we do forecast a lengthening of upgrade cycles across several device categories. Connected vehicles will be the most impacted vertical in consumer IoT, due to a slowdown in new car sales and stronger moves towards the sharing economy.
- 4 Upside for the enterprise IoT market** – The current crisis has shown that agility and business continuity are key. Enterprises will continue their digital transformation journeys but at a slower pace. Smart city and smart building adoption will be the most negatively affected, followed by utilities. The current crisis will also reshape retail, manufacturing and health.
- 5 Licenced cellular IoT continues to support devices requiring mobility** – Licenced LPWA (NB-IoT and LTE-M) technologies are still overcoming the challenges that have slowed adoption so far.