

RESEARCH BULLETIN

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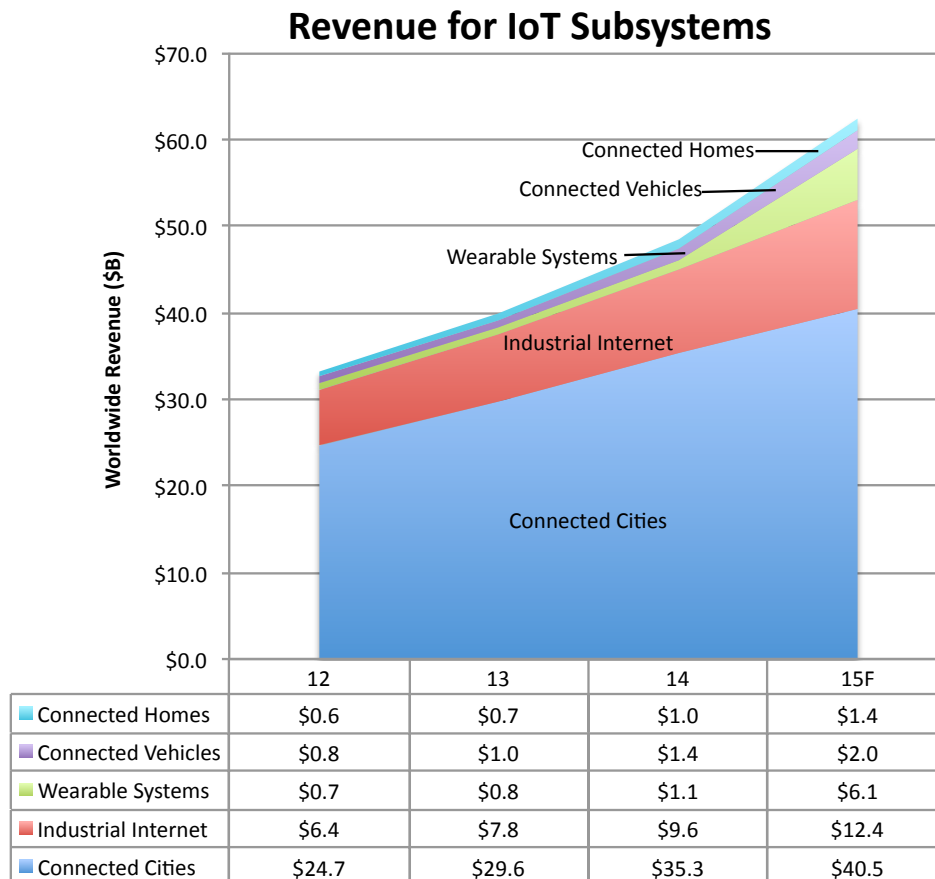
Wearable Systems Give Major Boost to Total IoT Sales in 2015

New IoT connections growing quickly; Apple Watch boosts growth of wearable systems, but will these be merely a passing fad?

Market revenues associated with network communications, sensing, and control functions in subsystems and objects attached to the Internet of Things (IoT) are forecast to grow 29% in 2015 to \$62.4 billion after increasing 21% in 2014 to about \$48.4 billion, according to data in IC Insights' recently released *Update* to its 2015 *IC Market Drivers Report*. Figure 1 provides a breakout of sales growth in five IoT market categories, based on IC Insights' updated forecast.

MORE INFORMATION CONTACT

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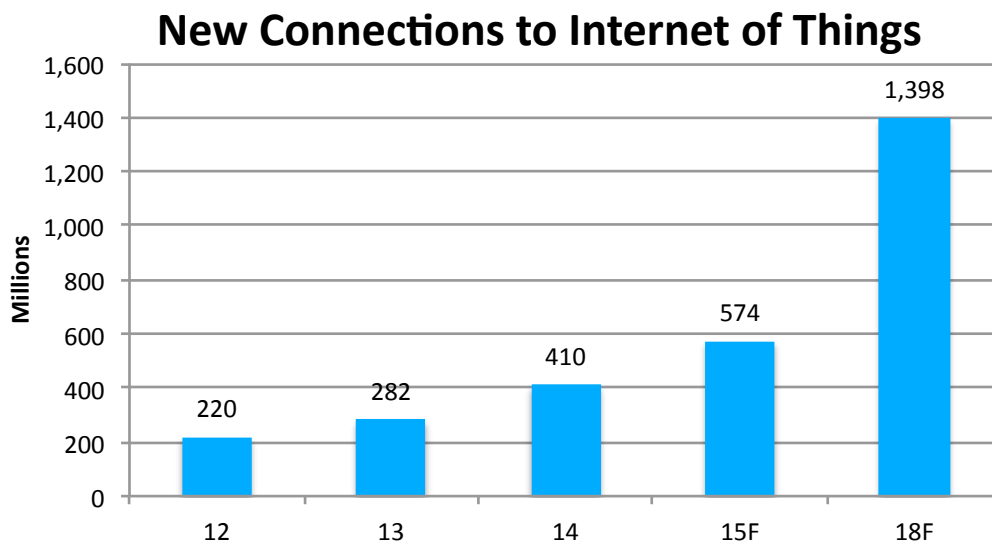
Source: IC Market Drivers 2015 Update

Figure 1

IC Insights raised its projection for IoT-related revenues in 2015 to show much stronger growth in wearable systems after the formal launch of Apple’s first smartwatches in April 2015. The long-term fate of smartwatches continues to be debated. Whether these wearable systems evolve into a major end-use market category or simply become a niche with a short lifecycle remains to be seen. In the short-term, however, the launch of the Apple Watch—jam-packed with ICs, sensors, and other components—has provided a major boost to semiconductor unit shipments and sales to the wearable IoT category.

Total IoT-related revenues (excluding Internet servers, network infrastructure, and cloud-computing systems) are now expected to rise by a compound annual growth rate (CAGR) of 21.1% from 2013 to 2018, reaching \$104.1 billion at the end of the forecast period.

Worldwide growth of “things” connected to the Internet continues to significantly outpace the addition of human users to the World Wide Web, according to the *IC Market Drivers Update*. New connections to the “Internet of Things” (IoT) are forecast to increase 40% in 2015 with 574 million new Internet connections expected to be attached to embedded systems, sensors, instruments, vehicles, controllers, cameras, wearable electronics, and other objects. IoT connections grew to 410 million in 2014, which was a 45% increase from 282 million in 2013 (Figure 2). The total installed base of connected things on the IoT is forecast to reach 13.2 billion units worldwide in 2015 versus about 3.1 billion humans using computers, cellphones, and other system applications over the Internet this year, based on IC Insights’ updated projections. By the end of this decade, more than 25 billion systems and objects are expected to be attached to the Internet versus about 4.4 billion human users.



Source: IC Market Drivers 2015 Update

Figure 2

Report Details: *The 2015 IC Market Drivers Report*

Additional details on the Internet of Things is included in the 2015 edition of IC Insights' *IC Market Drivers—A Study of Emerging and Major End-Use Applications Fueling Demand for Integrated Circuits*. This report examines the largest, existing system opportunities for ICs and evaluates the potential for new applications that are expected to help fuel the market for ICs.

IC Market Drivers is divided into two parts. Part 1 provides a detailed forecast of the IC industry by system type, by region, and by IC product type through 2018. In Part 2, *IC Market Drivers* examines and evaluates key existing and emerging end-use applications that will support and propel the IC industry through 2018. Some of these applications include the Internet of Things, automotive electronics, smartphones, personal/mobile computing (including tablets), and a review of many applications to watch—those that may potentially provide significant opportunity for IC suppliers later this decade. *IC Market Drivers 2015* is priced at \$3,390 for an individual-user license and \$6,490 for a multi-user corporate license.

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About IC Insights

IC Insights, Inc., based in Scottsdale, Arizona USA, is dedicated to providing high-quality, cost-effective market research for the semiconductor industry. Founded in 1997, IC Insights offers coverage of global economic trends, the semiconductor market forecast, capital spending and fab capacity trends, product market details, and technology trends, as well as complete IC company profiles and evaluations of end-use applications driving demand for ICs.

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