



Technology Flash...

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J.Gold Associates, LLC 6 Valentine Road, Northborough, MA 01532 USA
www.jgoldassociates.com +1-508-393-5294
Research, Analysis, Strategy, Insight

With Enterprise of Things, It's the Backend that Counts!

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J.GOLD
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With the popularity of IoT on the rise as the technology “du jour,” many companies are now evaluating whether or not to take the plunge.

Some, of course, have been successfully using machine to machine technologies for many years to great advantage. Sensors, meters, machines connected to monitoring systems, etc., have all been part of a number of vertical oriented industries (e.g., utilities, transportation, medical, vending). And the use of ruggedized handheld devices, many with sensors for data acquisition, have been around for decades powering early versions of the Enterprise of Things (EoT). All of these specialized (and often expensive) solutions generally served specific niche markets.

But the current trend to more generic and potentially inexpensive “things” is clearing the way for a more horizontal approach, which will ultimately affect nearly all businesses no matter what market they serve. In the next 3-5 years, I estimate that 75%-80% of enterprises will have some form of EoT installed and utilized to improve and/or expand their business capabilities.

EoT is changing to more mainstream uses. The wholesale adoption of EoT will further be accelerated by a growing (although nascent) move to wearables and consumer-oriented “things” that will drive a new wave of BYOD and end user demands.

However, the corporate requirements of EoT are different than in typical consumer markets. EoT requires a heavy focus on security, integration, connectivity, cost of operations, manageability, reliability, etc. As we move to the era of EoT where many different devices and sensors are connected to the corporate infrastructure, companies must focus on strategy, not just reacting to trends. And those that don't will find it even more difficult to adapt than when mobile was the technology chasm they were crossing.

From my experience interacting with both IT and line of business users, I find that many organizations are too focused on the things and not enough on the glue that makes it all work. The real benefit will not come only from deploying the things -- it will come from the ability to obtain actionable data that allows a company to run better, more efficiently or to be more focused on their customers, and that requires an integrated solution.

The hard part of making EoT attractive in organizations is the secured networks, cloud based data services and analytics that empower it. This is where the 80/20 rule kicks in. I estimate that 80% or more of the effort to deploy EoT will be here. Yet relatively few enterprises have focused on the needed components for success.

Will organizations have to go it alone when deploying EoT? Many enterprise

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vendors know that the future will require such integrated capability and have started to position themselves to take advantage of the EoT infrastructure investment wave coming over the next 2-3 years. As examples of some recent initiatives:

- IBM is making a big investment (\$3B over 4 years) to power the part of “EoT iceberg” that’s below the water line. Along with several partnerships, its sees its BlueMix as a key entry ramp for developing EoT solutions.
- Analytics is also key component, with IBM (Watson), SAP, Microsoft, Oracle, Google, etc. all making big bets and investments in analyzing large data sets produced by EoT and creating actionable insights for organizations to act upon. And all of these companies, along with Amazon, EMC, etc., believe the cloud will be a key component of any EoT deployment, and are posturing to be the dominant provider.
- It’s no longer enough to just sell IoT chips. Intel knows chips aren’t where the majority of the investment needs to be spent, and is investing heavily in connected areas like security, management, big data and analytics. And Qualcomm is even putting together vertical teams to attack specific markets (e.g, healthcare) with an overall systems integration strategy that complements its role as component (e.g., modem, chipsets) supplier.
- Cisco knows the old adage “in networks it’s about the speed that matters,” is changing to “in networks it’s about the scalability and added value in data that matters,” and is making major investments, including recently acquiring Jasper. And it fully understands that in the next wave, one of its primary missions will be as a security vendor, and is structuring offerings accordingly.
- The carriers see managed services as a way to add value to their “pipes” and keep them from just being dumb transports. They offer full deployment and management solutions (e.g., AT&T , Verizon).
- Traditional server vendors (e.g., HP, Dell) now offer specific edge server products to power EoT, and there are many more specialized devices coming.
- EMM vendors (e.g., VMWare, IBM, BlackBerry/Good) are beginning to extend their products to include the coming wave of BYOD “gadgets” soon to be prevalent among the workforce. But without compelling apps to power these devices, its unclear how many and what types will having staying power. Nevertheless, EoT will stretch the meaning of what end point management and security mean.

This is just a small sample, not a comprehensive list, of the kinds of things vendors are doing to position for the coming wave of EoT.

I expect a great many more investments to be made in the coming 1-2 years as major infrastructure vendors position themselves for this market, both by acquiring additional technology vendors and through organic product creation and positioning.

So what does this mean to the enterprise? Clearly infrastructure investments are required. Organizations that focus only on the “things” will fail to achieve the needed return on investments that can revolutionize the ways enterprises conduct business.

Over the next 1-2 years, your organization must create a strategy focused on business needs, and invest in extending technologies that can make such strategies work. While gadgets will be critical elements of EoT, focusing on gadgets without complimentary infrastructure will lead to failure.

Jack Gold is the founder and principal analyst at J.Gold Associates, LLC., an information technology analyst firm based in Northborough, MA., covering the many aspects of business and consumer computing and emerging technologies. Follow him on Twitter @jckgld or LinkedIn at <https://www.linkedin.com/in/jckgld>.

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