

IoT the new buzzword

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KUALA LUMPUR: Despite rising interest in the Internet of things (IoT) with more companies announcing ventures into IoT, an explosive growth in the sector is only expected in two to three years along with the anticipated increase in Internet speed to fifth generation or 5G, and the drop in global cost of IoT sensor.

A tech sector analyst with a local bank, who declined to be named, said IoT is the buzzword among both semiconductor players and those not in the sector due to the rising global demand for technology applications.

“They are mostly driven by the efficiency of the system as well as the cost of sensor which is coming down. Currently, there are many companies looking at start-ups [to discuss the potential],” he told *The Edge Financial Daily*.

According to semiconductor research analyst IC Insights Inc, IoT sensors, which are integral components, might see average selling price fall over the next five years to settle at around 29 US cent (RM1.30).

Yesterday, APM Automotive Holdings Bhd announced its venture into IoT via the acquisition of a 52% stake in tech start-up Omnimatics Sdn Bhd for RM625,000.

Omnimatics developed its flagship product, CARdio — an IoT telematics platform that connects cars to the cloud — with the intent of making day-to-day driving a better and safer experience through information awareness.

The platform comprises a purpose-specific hardware that transmits vehicular information to the cloud, and a software platform generating actionable data for commercialisation.

“The CARdio hardware device, which touts easy Plug n Play installation and compatibility for most cars manufactured after 2008, will allow users to keep track of their car’s location, trip logs and fuel economy, driver behaviour, maintenance scheduling, performance analytics and various other metrics, as well as receive alerts under certain conditions, such as overspeeding or possible collision, all from the convenience of their smartphone or browser,” APM said.

Last year, consumer electronics product maker Pensonic Holdings Bhd invested RM1 million in developing IoT products such as a bluetooth device for smartphones to enable users to talk safely on the phone while the device is charging.

Of late, news of IoT market entrance by Yen Global Bhd, Sedania Innovator Bhd and APM sent their share prices higher, indicating favourable response from investors.

In September, jeans wear manufacturer Yen Global saw its stock hit an all-time high, up 98% to RM1.33, around the time two new shareholders emerged in the company, in line with its interest to diversify into IoT business.

Gemtek Technology Co Ltd, a Taiwanese wireless broadband solutions provider, bought into Yen Global in mid-July, making it the single largest shareholder owning a 30% equity stake.

Yen Global will be the listed vehicle for Gemtek to expand its IoT business in Malaysia and grow across the Asean region.

It said the Malaysian government was supportive of the deployment of high-end technology like LoRa network and IoT.

APM rose 1.46% to close at RM3.47 yesterday, with a market capitalisation of RM668.7 million after its acquisition announcement.

Mobile service provider Sedania, which said on Wednesday that it would partner with Iscada Net Sdn Bhd (Is.Net) to provide IoT to the Fire and Rescue Department of Malaysia (Bomba) for five years, however, dipped 1.69% to 29 sen after paring gains, valuing it at RM58 million.

Under the deal, Is.Net will be the contracting party with Bomba, while IDOTTV will be responsible for designing, developing, procuring and supplying IoT solutions in the form of iSNET Fire Safety Portal (iFSP) devices to Is.Net.

The analyst said as Internet speed and capacity improve from 4G to 5G (probably by 2020), there would be an increase in IoT providers, most likely among smartphone chip, radio frequency identity card and sensor makers.

“They would eventually look into the IoT segment. For now, due to the low base, we will see a 100% to 200% growth in numbers entering the IoT market,” he said.

A recent survey by mobile operator Telenor Group revealed that IoT spending in the Asia-Pacific will reach S\$79 billion by 2020, while the enterprise mobile app market will reach almost US\$74 billion in 2016 and grow to US\$128 billion by 2022.

In Malaysia, the National IoT Strategic Roadmap published in 2015 said the initial IoT economic potential for Malaysia will be RM9.5 billion gross national income creation by 2020 and is expected to experience exponential growth beyond 2020 and reach RM42.5 billion.

Technology opportunities can be created by IoT in Malaysia with forecast technology opportunities for application and services amounting to RM34 billion in 2025 compared with RM7.5 billion for 2020, and device producers at RM1 billion and RM4.3 billion for years 2020 and 2025, respectively.

“Besides delivering financial impact on the nation, IoT can serve as a good platform for the research community to commercialise R&D (research and development) outputs. As of 2012, there were 146 potential patents from Malaysia inventors, which could be licensed to investors to enhance the competitiveness of their IoT applications and services.

“Furthermore, the growth of IoT in the Malaysian market is projected to generate a total of 14,270 high-skilled employment opportunities by 2020,” said the report, prepared by the science, technology and innovation ministry and national research and development centre in information, communication and technology Mimos Bhd.