



Monetize the IOT

Bringing ROI and IP Protection to the IOT

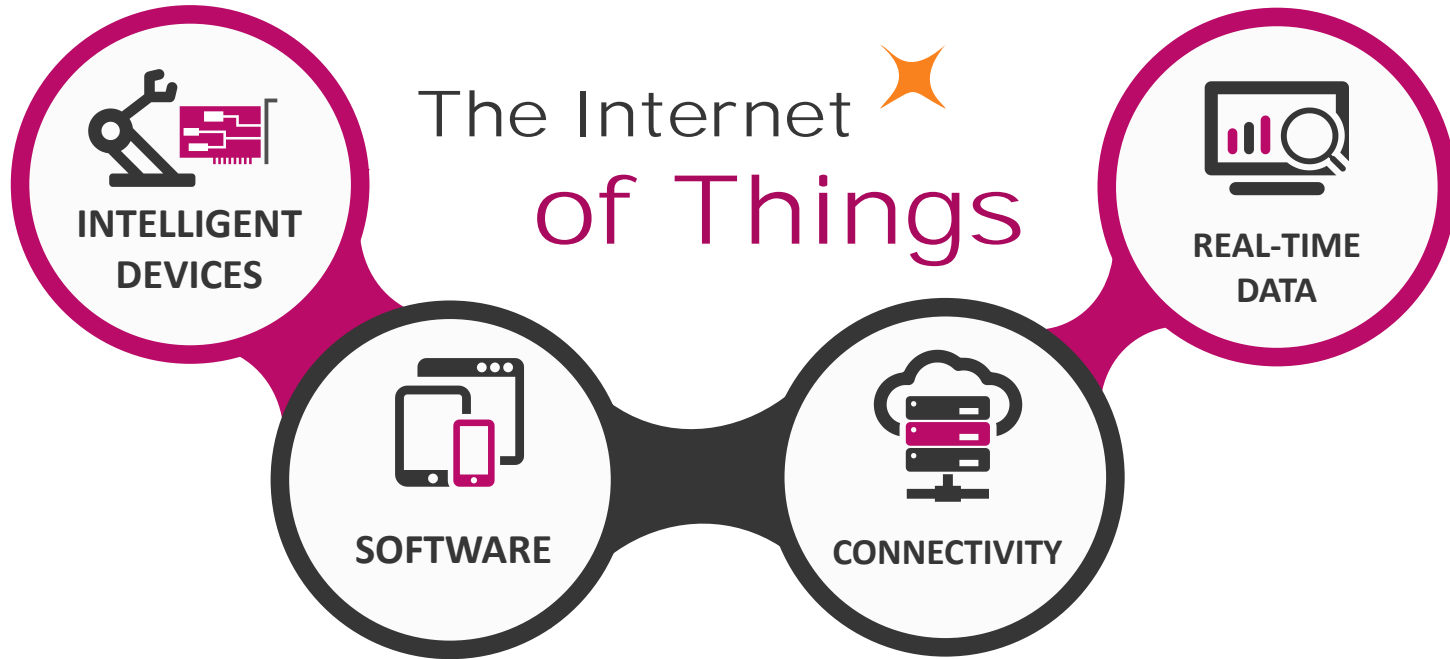
Amit Kumar

Senior sales Engineer

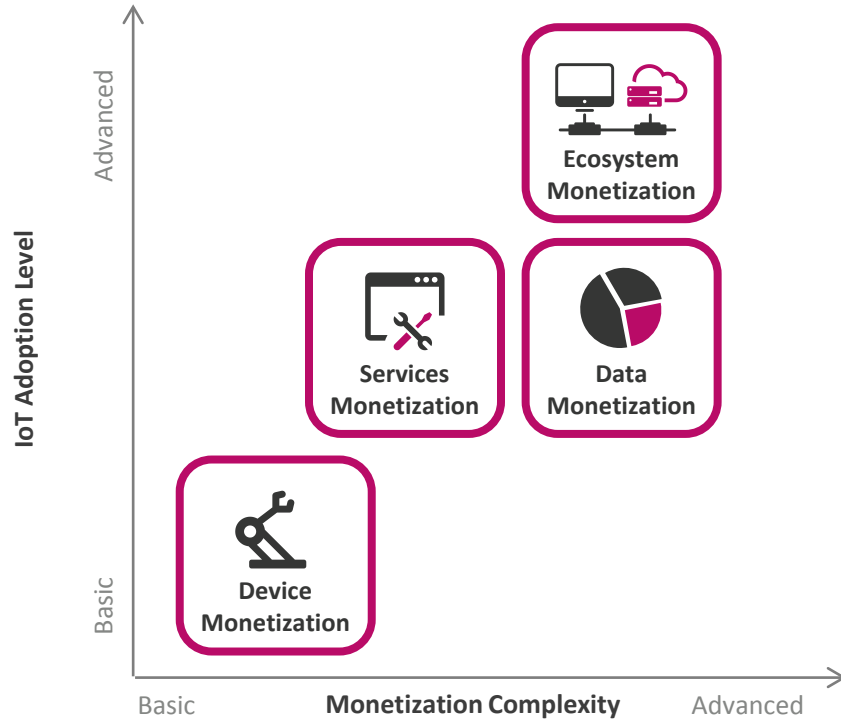
Software Monetization

Technology Evolution

The evolution of technology is driving the *Internet of Things* forward at a fast pace to make it a reality.



Business Challenges = Monetization Opportunities

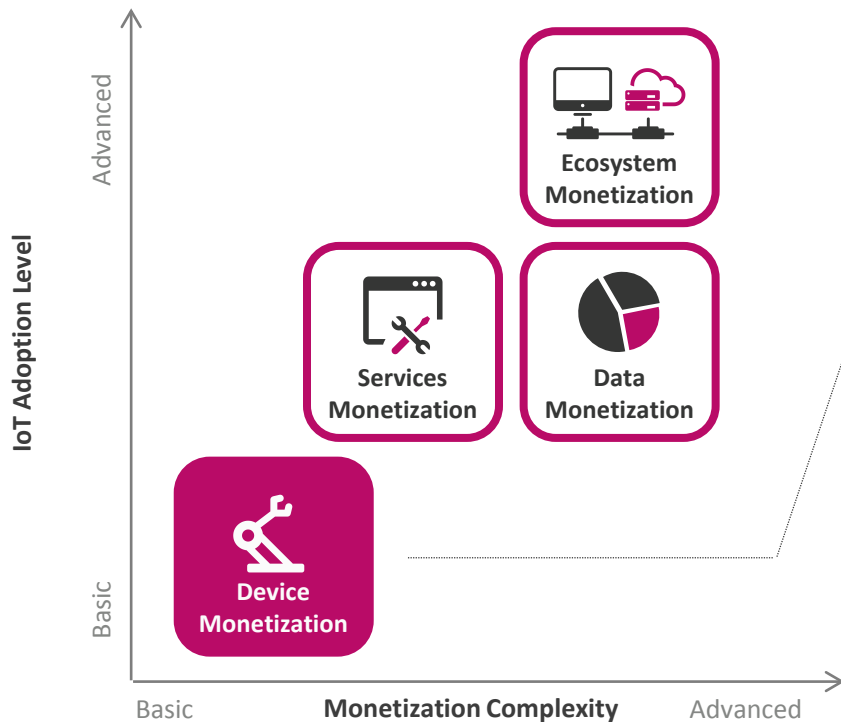


Types of IOT Monetization Models

Companies can select one or more monetization models to match level of IoT maturity, business needs and the type of customer relationship.

Device Monetization

Focus on the value of the software not the hardware



How It Works

Companies are emphasizing the value of the features on the device, not the hardware device itself. Hardware is increasingly commoditized.

Trends Affecting Device Monetization

It's about what's IN the device



Software Centric Products

- Share of software as part of total product value is increasing
- Often 70-80% of all engineers are software engineers
- Driver of innovation and competitive differentiator



Hardware is Getting cheaper

- In absolute prices
- In relation to total cost/ personnel cost



Innovation Is Everywhere

- Internet/ Industrie 4.0/ IoT/ M2M

Industry Validation: Everything is Software



“The notion that there is huge difference between the *industrial world* and the *software world* is no longer valid...those days are over.
In today’s world, everything is software”



Jeffrey Immelt
Chief Executive Officer
General Electric



Top trends in Industrial Automation Devices

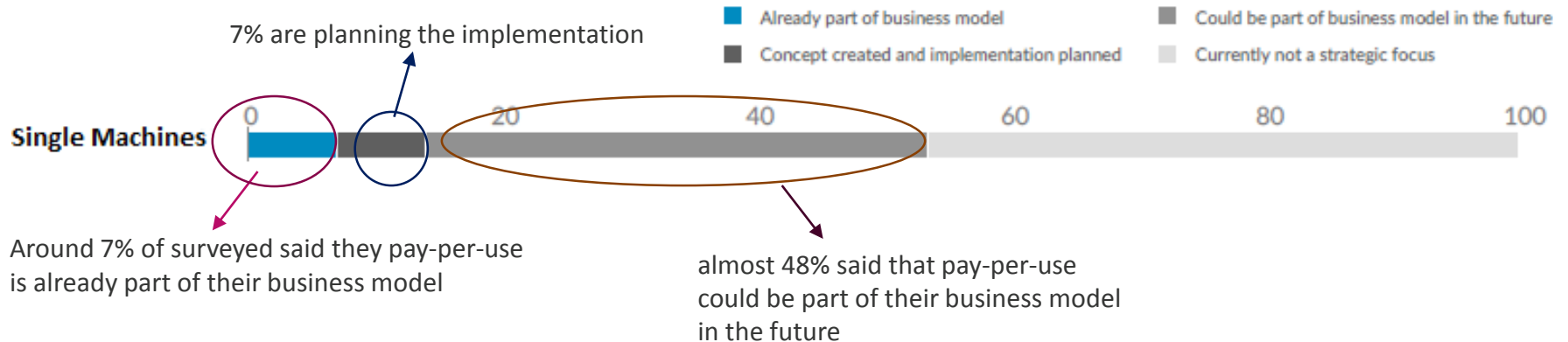
- **Servitization:**

- Robot as-a-service business model: value-based pricing, pay per use or subscription-based model for selling robots
- maintenance as a service, support as a service

- **Preventive maintenance**

- **Secondary equipment market**

Single Machine Manufacturers: Pay-Per-Use Adoption



Source: VDMA and McKinsey 2016

New Emerging Flexible Pricing Models

Emerging robot- as- a service disrupts existing direct sales models

KUKA

“It will be possible to order manufacturing processes and capacities at the click of a mouse. In “manufacturing as a service”, the systems themselves are not purchased. It is merely the performance of the machine that is paid for. What applies to complete production systems will, in the future, also hold true for individual elements within a manufacturing facility – for robots, for example. On the basis of “pay-per-use” models, it will not be the machine itself that is purchased, but its output.” *Hello Industrie 4.0 we go digital*



Manufacturer

Unmanned surface robot in the ocean. Its Wave Glider robot provides collects and communicates real-time ocean data to help solve some of the world’s greatest challenges

- **Offering:** a data subscription model. Wave Glider can provide access to an array of sensors anywhere in the ocean at a day rate of ~\$2,000; hiring an ocean-rated research vessel to collect the same data might cost 10x to 50x more.
- **Financial results:** the company reported “low double digit” revenue in 2011 when sold hardware and breakeven between \$30-\$50mm in sales in 2013 after launching the subscription model

Preventive Maintenance in Manufacturing

- **Preventive Maintenance:** scheduled, routine maintenance to keep equipment running as well as prevent downtime and expensive repair cost
 - **time based** maintenance (change your oil after three months)
 - **usage based** (change your oil after 5000 miles).
- **Predictive Maintenance :** aimed to predict when equipment failure might occur, and to prevent occurrence of the failure by performing maintenance
 - Instead of replacing the oil every 10,000 miles, oil samples are taken at regular intervals and the oil is replaced when it degrades beyond a certain point

Considerations for Device Vendors

Traditional hardware centric selling models will challenge the growth of intelligent device manufacturers business.

Copy and IP Protection

Protect products from illegal copies, reverse engineering and code tampering

System Integrity

Ensure your device is ready for the IoT ecosystem and cannot be hacked or modified.

Business Model Versatility

Adapt packaging and licensing models to meet evolving business needs and market trends

Product Usage Insight

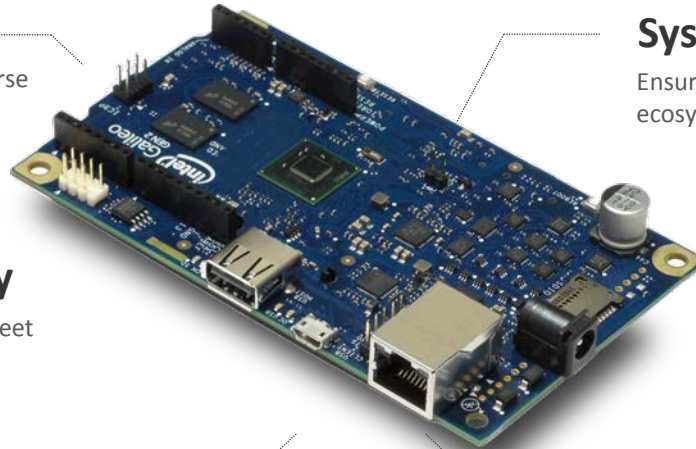
Leverage connectivity to gain full visibility into, feature usage, and consumable status.

Lifecycle Management

Centralize, automate, and manage operational and support activities across the entire licensing lifecycle

Manufacturing Control

Ensure product availability, control inventory, reduce manufacturing and certification costs.



* Image for illustration purposes only.

The Shift in Licensing Models

Customers expect to only consume (and pay) for what they need



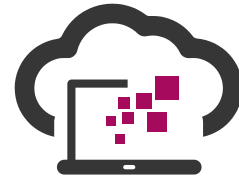
Perpetual

- Conventional method.
- Dominated market in the past. No longer effective.



Subscription

- Pay-Per-Month/Year.
- Attractive model with no up-front investment.



Usage Based

- Growing consumer demand.
- Requires cloud billing and usage feeds.

Perpetual pricing has dominated much of the software space in the past. Now there is a clear shift towards subscription and usage based licensing

Differentiation Through Software

Focus on the software experience for the customer

Basic Needs



Initial Activation
& License Extensions



Feature & Capacity
Upgrades



Software
Upgrades



Rehost/Revoke
Licenses

Additional Benefits



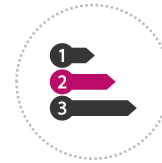
Flexible
Packaging



Trial
Evaluations



Usage
Tracking



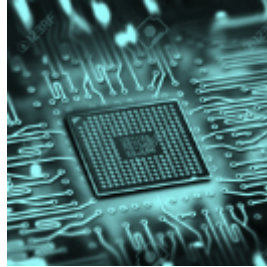
New Business
& License Models

Control The Software Experience

Active and update licenses throughout the product lifecycle

License Activation

Supports activation at production, during fulfilment, and field activation



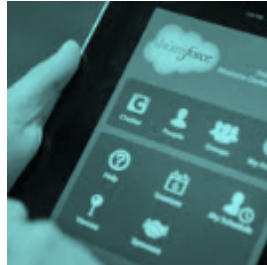
License Control & Management

Supports device personalization per channel or end user



License Updates

Send new licences or updates to devices in the field



Production Control

Enable to control low-trust contract manufacturers and still allow them to produce offline.



Versatile Consumption Models

Deploy a wide range of licensing models to cover all your business needs, now and in the future.



Feature Based Licensing

Define license terms for specific features and application modules within a single application.



Time Based Licensing

Deliver time based licenses including perpetual, pay per use and limited duration.



Version Control

Control how and when customers get software updates and features.



Custom License Models

Customize models with precise licensing attributes to meet business goals and customer needs.



Offline Licensing

Enable check-out of floating licenses for offline use for remote users..



User Based License

Licenses do not have to be tied to a device, user centric licenses follow a user.

Device Vendor **Benefits**



Flexible License Models

Deploy a wide range of licensing models for all your business needs, now and in the future.



Scalable Licensing

Implement a licensing system that scales as your business grows.



Seamless User Experience

Deliver an intuitive and consistent user experience for any type of licensing model and deployment.



Extendable Platform

Manage and Control Your Product Behavior from the Back Office

SUMMARY



- **Market Evolution**

- The market is changing and has a considerable impact on the way companies do business.

- **Impact on Device Vendors**

- Device vendors need to leverage software and adapt to the IoT revolution.

- **New Business Opportunities**

- Device vendors need to focus on new ways to create and capture value.
- Sentinel solutions enable device vendors to create new business opportunities.



This presentation brought to you by Gemalto

THANK YOU !



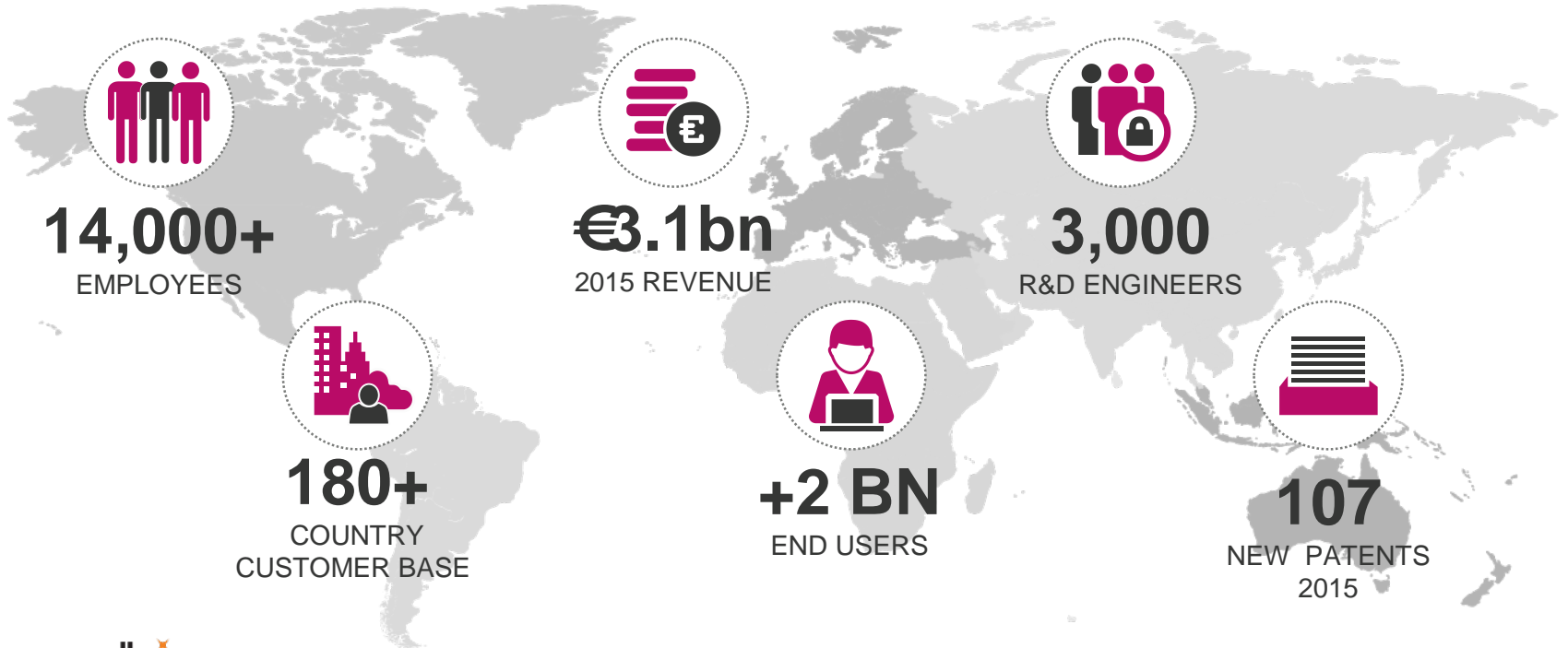


About Gemalto



Global Industry Leadership

Gemalto develops innovative data protection and software monetization solutions for customers worldwide



Leader in Software Monetization

Gemalto delivers reliable award winning technology and offers the most complete suite of solutions in the market.

10K+
CUSTOMERS

100+
COUNTRIES

32
INDUSTRIES

30+
YEARS

GLOBAL MARKET LEADERSHIP AWARD



52%

"Gemalto continues to dominate the market on the strength of traditional hardware sales and innovation in emerging use cases", *Frost & Sullivan*



Industry Expertise: Device Vendors

Gemalto is a trusted global solution provider and our customers include many of the world's leading brands.

	Machine Automation	        
	Medical Devices	          
	Telecom Networks	        
	Building Management	         
	Measurement & Vision	         
	Gaming Machines	        
	Digital Printing	         

Why Gemalto **Software Monetization**

As a Gemalto customer you gain access to over three decades of technology innovation and industry expertise.



Global Solution Provider

Gemalto is a recognized global market leader in software monetization solutions.



Seamless Integration

Full customization of our back-office connectors and integration of third party license generators.



Technology Innovation

Gemalto invests more in Software Monetization than any other company in this space.



Consulting and Services

Support of entire project life cycle including program planning, execution and control.



Complete Solution Offering

A single back office platform for traditional and connected licensing, delivered in the cloud or on premise.



Partnership Approach

We seek to create win-win situations based on close working relationships with our customers.

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QUESTIONS & ANSWERS

