

TAPPING INTO THE INTERNET OF THINGS

IoT offers marketers the opportunity to access customer data while consumers can benefit from lower prices.

60%

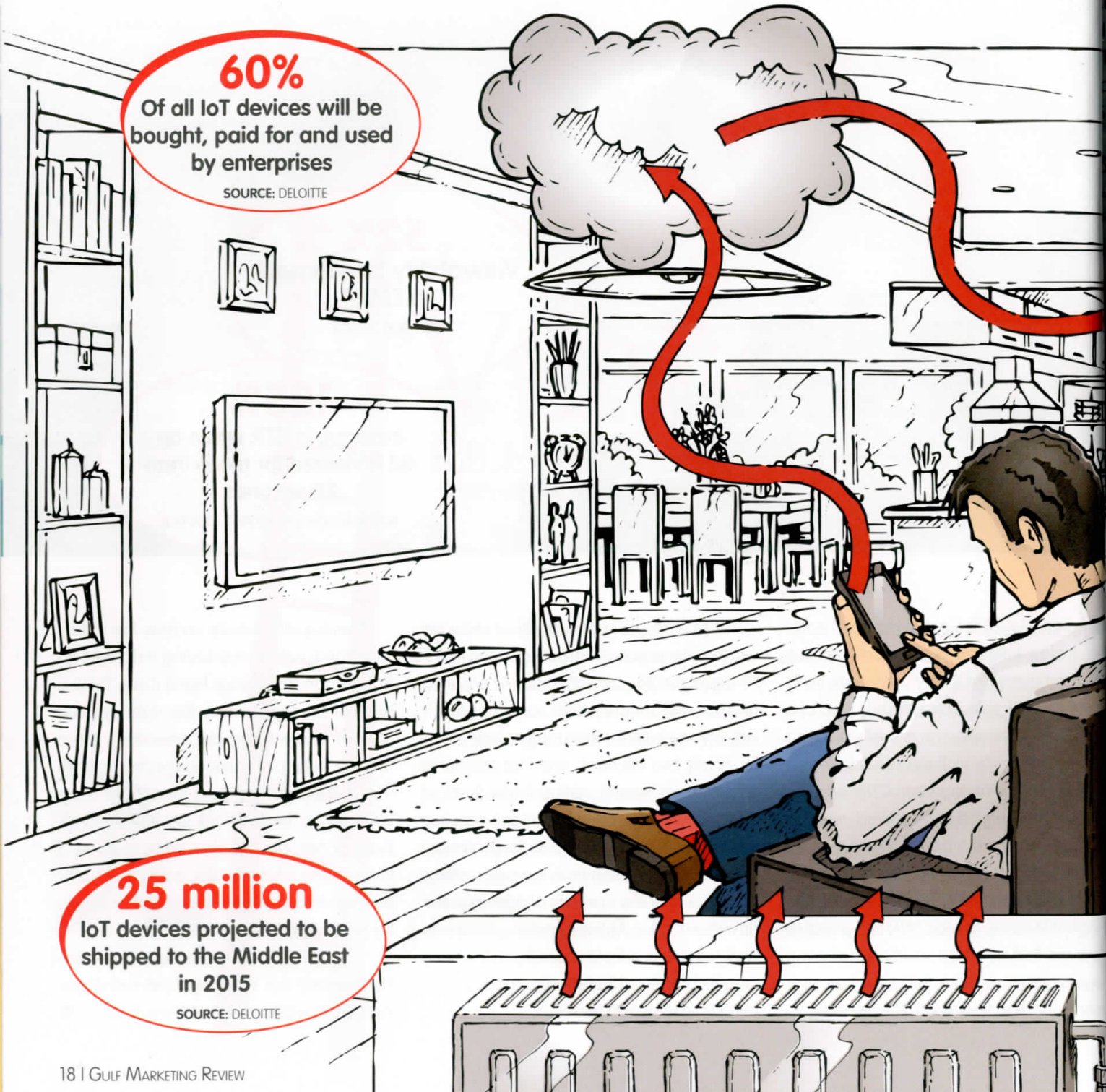
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SOURCE: DELOITTE

25 million

IoT devices projected to be shipped to the Middle East in 2015

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Tweeting plants, notifications from your pet and Instagram-enabled cookers are now possible through the Internet of Things (IoT). The vision of ubiquitous computing, with embedded sensors and connected objects, is finally here.

The global IoT enterprise market is moving fast and the Middle East is currently estimated to represent roughly two to three per cent. As such, Deloitte expects nearly 25 million IoT devices to be shipped to the region in 2015. This could be worth roughly \$250 million in IoT-specific hardware, with revenues of almost \$1.7 billion in associated services.

Although 60 per cent of all IoT devices will be bought, paid for and used by enterprises

(according to Deloitte's "Technology, Media & Telecommunications Predictions 2015 Middle East" report), a major reason for marketers and agencies to invest long-term in IoT is to acquire the data generated through these sensors and devices. These additional data sets can be aggregated and layered onto existing customer profiles in clients' CRMs and agencies' DMP (Data Management Platform) technologies, leading to enhanced audience planning.

At this time, marketers in the region can gain early access to IoT innovations by partnering with local entrepreneurs. Examples include Saudi telco STC, which has invested in the chauffeur-driven service Careem. Oasis500 is another seed fund that invested in Hajj Guider, a technology start-up that promises to simplify the Hajj pilgrimage with wearable technology. Hajj Guider's wrist band allows wearers to monitor friends or family without the Internet or any cellular signals.

Another option for organisations in the region is to develop IoT as a loss leader for more valuable data collection, as services are built on top of this new information. In the US, insurance companies are leading the charge with a monitoring device embedded in the car that tracks driving behaviour, rewarding safer driving with lower premiums.

IoT-connected homes present another opportunity for savings. For example, if household appliances are running during off-peak hours, benefits can be passed on with Smart meter dashboards and a rewards-based system for more efficient use.

Surfacing this data will be key to creating a shift in consumer behaviour and demonstrating overall value, as demonstrated in a social experiment in the UK. Residents of Tidy Street, Brighton, were asked to publicly share their daily energy usage. Every night, the data would be written on the street for each house to see, which led to a 15 per cent reduction over three weeks.

Mobile will continue to play a central role as applications become the dashboards for IoT automation and feedback. The app IF by IFTTT allows consumers to design "recipes" that link devices and sensors. Popular recipes have been created around the connected lightbulb Hue from Philips. For example, the lights turn on with an alarm clock, automatically turn off when a person leaves their house, or flash every time a favourite football team scores. Marketers could look to provide branded recipes to enhance the experience with their products.

With 79 per cent Smartphone penetration in Saudi Arabia and 72 per cent in the UAE (according to data releases by Ipsos MediaCT in March 2014), certain markets in the region are ripe for IoT acceleration.

However, the main challenge for MENA marketers will be to figure out where to deliver value in this complex supply chain. Should the focus be on hardware, or on building services on top of existing open data platforms?

There could be a localisation of platforms and services, built on international software like Apple's Home Kit or Android Auto. For example, music platform Anghami could be integrated into a car's operating system. Online retailer souq.com has already taken the open data approach with the development of their API (Application Programming Interface), so services can be created around Souq listings.

The key for marketers will be in creating product lock-in, with IoT acting as a value-add for customer acquisition and new revenue streams to the core business.



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