A/NZ Internet of Things (IoT) Spending Resilient in 2021

IDC PRESS Release

A/NZ Internet of Things (IoT) Spending Resilient in 2021, to Reach US$20 Billion by 2025, IDC Reports

SYDNEY, AUSTRALIA, 26th July 2021 - Internet of Things (IoT) spending in Australia and New Zealand (A/NZ) is forecast to surpass US$14.3 billion in 2021, delivering an annual growth rate of 10.4%. The latest release of IDC’s Worldwide Semiannual Internet of Things Spending Guide indicates a gradual and steady recovery of the A/NZ IoT market in 2021. IoT spending across A/NZ will achieve a compound annual growth rate (CAGR) of 9.5% over the forecast period through to 2025. Rising demand for smart devices, digital infrastructure, automation, and growing government initiatives drives this growth.

“2020 was a volatile year around the globe. Organisations and individuals adapted to COVID-19 and adjusted course relative to how they worked and lived despite restrictions and constantly changing protocols. Such events have highlighted the need for accelerated digital transformation and IoT based use cases can assist in delivering remote and distributed operations across the enterprise” notes Hugh Ujhazy, VP of Telecom & IoT in APEJ. “Though the pandemic caused temporary slowdown in IoT investments, we expect transformation initiatives to pick up pace as enterprises look to become more resilient and thrive despite the pandemic”, he added.

Industries that are asset-rich, device-rich, and physically intense such as manufacturing, utilities, and transportation, have been the largest source of IoT spending in A/NZ. Together these industries account for more than 50% of the overall IoT spending. IoT spending by the construction and utilities sector is growing the fastest in 2021. The lifting of
restrictions on construction sites and increased digitisation of utility transmission and distribution networks drives this growth.

Figure 1

Source: IDC Worldwide Internet of Things Spending Guide, May (V1 2021)

"Other than Cloud and AI/ML, IoT or Industrial IoT is one of the top three technologies which will enable remote operations for enterprises thereby improving productivity during these challenging times," said Sharad Kotagi, Market Analyst at IDC Asia/Pacific. "As per IDC’s Future Enterprise Resiliency and Spending Survey (Wave 4), a large majority of A/NZ enterprises indicated growing inclination to invest in IoT related projects in next 12 months, pointing towards a healthy growth in future", he added.
IoT use cases that see the highest spending in 2021 are related to host industries such as manufacturing operations, production asset management, smart grid (electricity), and freight monitoring. Together these use-cases will make more than one-third of the overall IoT spending in A/NZ. The use cases that will see the fastest spending growth in 2021 are healthcare use-cases such as bedside telemetry and use-cases, reducing human interactions like advanced payment/shopping and maintenance & field Service.

The IoT services market will be the most significant technology group in 2021 and through to the end of the forecast. Industrial implementation and other ongoing services dominate IoT services spending. Together, these two categories account for roughly a third of all IoT spending. Software will be the second-largest technology group in 2021 and the fastest growing technology category with a five-year CAGR of 11.3%, focusing on application and analytics software purchases. Software spending is followed by hardware spending in 2021, primarily driven by purchases of module and sensors.

The *Worldwide Internet of Things Spending Guide* forecasts IoT spending for 9 regions and 53 countries at 19 technology categories and 81 named use
cases across 20 industries. Starting with this release of IDC Worldwide IoT Spending Guide, the IoT services forecast will be split into Industrial Implementation, Ongoing IT Services (IT Outsourcing & Support), Other Ongoing Services, Project Oriented and Strategy and System Design at the maximum level of detail, across regions, industries, and use cases. This provides tech buyers and providers with an effective new tool to understand how the plethora of IoT use cases call for multiple connectivity types, driven by different expectations in terms of latency, bandwidth, and data frequency.

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