

Vodafone IoT Barometer 2017/18: China



Organisations throughout China are being transformed by the Internet of Things (IoT), as the country strives to be a global leader in digital technology and innovation. The Vodafone IoT Barometer 2017/18 shows that companies in China are already reaping the benefits of IoT — and they're understandably optimistic about the future.

 **68%**

of organisations in China say IoT applications are mission-critical.

Committed to digital transformation

There's no doubt that China is committed to becoming a global leader in IoT. In 2015, the "Made in China 2025" initiative was announced — a blueprint for upgrading China's manufacturing sector, similar to Germany's "Industrie 4.0" movement.¹ In the same year, the government launched its "Internet Plus" initiative — a plan to revitalise China's economy through advanced digitalisation.² This will enhance internet connectivity throughout China, and speed up the deployment of mobile, cloud computing, big data and IoT across its major industries — including the agricultural, manufacturing, utilities and automotive sectors. The country was predicted to have over 500 smart cities by the end of 2017.³

These digital initiatives signal China's intention to become a world leader in IoT, sooner rather than later. Our IoT Barometer has found that organisations in China share this vision of a connected future.

IoT is vital to change

Of all the countries we surveyed, organisations in China were the most likely to say they have a comprehensive digital vision and strategy (92%). This reflects the nation's growing emphasis on digital innovation. 81% of respondents in China say their core business strategy has changed as a result of adopting new technologies, substantially above the global average of 69%.

79% of organisations in China agree that digital transformation is impossible without IoT.

There's a growing acceptance that IoT will shape the future. 92% of China respondents say IoT is an essential part of the "Gigabit Society", in which business decisions are made faster and smarter due to widespread connectivity of 1 gigabit per second, low latency and robust mobile technologies.

IoT is already delivering

This commitment to digital advancement is already creating positive outcomes. 88% of China respondents say their digital strategy is generating measurable business value. This is compared to 77% of organisations in the whole Asia-Pacific region.

Of companies in China that have adopted IoT, almost half (48%) are reporting significant returns or benefits. And all of them are reporting at least some tangible benefits from introducing IoT products and services.

These benefits aren't just coming from cost savings and more efficient processes. IoT is also helping companies increase revenue — 42% report increased revenue as a direct result of their IoT implementation.

IoT adopters are achieving benefits:

Improved employee productivity

China **60%**

Global **45%**

Increased competitiveness

China **65%**

Global **40%**

New revenue streams

China **42%**

Global **32%**

1. [csis.org/analysis/made-china-2025](https://www.csis.org/analysis/made-china-2025)
2. english.gov.cn/policies/latest_releases/2015/07/04/content_281475140165588.htm
3. china.org.cn/china/2017-04/21/content_40665652.htm

IoT will be business as usual

Looking toward the future, companies in China expect to benefit from a highly connected world. 97% agree that IoT isn't a standalone technology — it's intrinsically linked to analytics, AI and other critical digital initiatives.

For some organisations, IoT is already a core part of their business operations. 68% of respondents in China say that IoT applications are mission-critical to their business. And 58% of adopters in China say IoT is integrated with their core business systems (e.g. ERP).

To drive their IoT strategies forward, companies in China recognise the need to work together. 96% of China respondents agree that the most successful IoT projects will involve collaboration between multiple organisations.

Connectivity is crucial

Reliable, secure connectivity with reach is vital to the wider adoption of IoT. Organisations are already familiar with GSM technology and the evolution from 3G to 4G. That could explain why 35% of China respondents are already considering the use of next-gen mobile technologies like 5G.

12% are already considering the use of Low Power Wide Area Network (LPWAN) technologies, such as Narrowband-IoT (NB-IoT). This is a strong start for this new technology, which promises greater coverage and cost-efficiency. As these technologies become mainstream, we believe they'll help drive the next wave of IoT adoption in China.



The future of transportation

China-based Mobike is one of the world's largest bike-sharing providers. A Vodafone IoT SIM is embedded in the smart lock of each bike, enabling users to locate and hire bikes using a smartphone app. With the vast amount of user data generated by its smart bicycles, this information could be used to help improve transport systems worldwide.

"The Vodafone IoT Managed Connectivity Platform allows us to grow city by city, user by user."

Florian Bohnert, Head of International, Mobike

From manufacturing to leasing

International Cleaning Equipment (ICE) is a China-based manufacturer of commercial cleaning equipment. Using Vodafone's IoT Managed Connectivity Platform, it monitors the usage and performance of leased cleaning equipment remotely. IoT has transformed ICE into an ongoing service provider, and established it as a global pioneer in the Chinese manufacturing sector.

"...I think China is just starting to see the possibilities of M2M and how M2M technology can impact its businesses. It's a conservative country but the more people understand, the more common it will become."

Michael Pang, Vice President, ICE

IoT Barometer

Now in its fifth year, the Vodafone IoT Barometer 2017/18 paints a fascinating picture of the rapidly maturing IoT market worldwide, based on responses from 1,278 enterprises and public sector executives across 8 industries in 13 countries.

iot-mktg.vodafone.com/barometer2017

vodafone.com/business/iot/world-leading-solutions

The future of IoT in China is exciting. Ready?

The IoT market in China is full of potential, and the time is ripe for investment. Are you ready to offer your product or services in this region? Vodafone is in a unique position to support your expansion, due to our strong presence in China and our partnership with leading telecommunications provider China Mobile.

Contact us to learn more.

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