The Future of the Digital Experience:
IoT Edition

Executive Summary

The Internet of Things (IoT) is poised to enable an age where connected devices are prolific, everyday items with embedded sensors are exchanging data, and that data is applied to enhance the human experience.

WEARABLES ARE THE MOST COMMONLY USED IOT DEVICE BY CONSUMERS AT 45%.

Through The Future of the Digital Experience: IoT Edition survey, CSG polled more than 2,000 consumers between the ages of 18 and 64, across the U.S., U.K., Australia and Canada to evaluate consumer understanding, usage and sentiment about current and future IoT applications.

Key findings include:

1 Wearables are the most commonly used IoT device by consumers at 45%.
- 34% of consumers used digital assistants and just under 23% use smart home devices.
- 10% of consumers don't use any IoT devices.

DIGITAL ASSISTANTS AND SMART HOME TECHNOLOGY ARE A CLOSE SECOND AT 27% AND 24% RESPECTIVELY.

2 Consumers see wearables as the most important IoT device at 40%.
- Digital assistants and smart home technology are a close second at 27% and 24% respectively.

3 Consumers see almost equal benefit to using IoT devices to simplify tasks in the home (40%) and to manage things around them using apps (39%).

4 In the next three years, half of consumers (49%) would like to see IoT devices help them simplify tasks in the home.

5 More than a third (36%) of consumers who don't already use it are most interested in exploring smart home technology.

MORE THAN A THIRD (36%) OF CONSUMERS WHO DON'T ALREADY USE IT ARE MOST INTERESTED IN EXPLORING SMART HOME TECHNOLOGY.

6 A strong majority (60%) of consumers feel the most valuable attribute of IoT devices is to make life easier.

7 More than a third of consumers today (36%) characterize the IoT as providing daily conveniences that make life easier.
- Nearly a quarter (24%) of consumers see an exciting future of possibilities for the IoT today.

8 Consumers globally are almost equally split in seeing the IoT in the next five years as an exciting future of possibilities (28%) and providing daily conveniences (32%).
- 20% of consumers believe the IoT will be seen as essential to one's lifestyle in five years.

What's Next for Companies Competing in the IoT?

The IoT will continue to grow, and with it grows an opportunity to monetize the current of information and services flowing through it. To create new revenues from IoT services requires rethinking the very bedrock of the way that organizational business models are aligned to serve today's digitally connected and mobile consumer.

What do organizations need to do now to capitalize on the connected-everything world? **CSG has identified 4 pillars to success in transforming business for digital services, including the IoT:**

The Right Business Model

Changing a business model to better take advantage of the IoT opportunity isn't as simple as putting new technologies in place - business models must support the customer experience internationally and across market segments. Organizations will align toward ecosystems and partnerships to offer new digital services and re-align their best people toward delivering a competitive customer experience, and leave IT systems management to outside experts.

The Right Partners

Supporting the devices, people and services that are, and will be, connected by the IoT requires an increasingly complex web of partners and connected ecosystems. From sharing knowledge and unique experiences to developing new applications, products and services, the right partners create an ecosystem of connected services that create loyal customer relationships, reduce churn and drive higher ARPU (Average Revenue Per User).

The Right Technology

To drive revenue from the IoT requires a back-end infrastructure that can support a labyrinth of B2B2X relationships, provide a simplified way to deliver any IoT business model, and put into place the processes and systems needed to seize revenue opportunities — and do it all extremely fast. The cloud is the enabling platform of speed and agility – moving Business Support Systems (BSS) to the cloud in particular can provide a lift in speed, scale and reduced operational cost as well as improved ability to white label solutions, bill-on-behalf-of, manage a value chain and settle revenues with multiple parties in the ecosystem. Benefits range from a significant overhauling of operating costs, to vastly improved time to market, and the agility to adapt to whatever the IoT World of tomorrow may look like.

The Right Mindset

An organization's entire mindset must focus on delivering an evolved customer experience, regardless of who those customers are in the digital ecosystem...from consumers, to vendors, to partners, to enterprises. An essential part of the evolved customer experience is the ability to understand consumers at a truly individual level, and enable a customized, seamless experience that is available anywhere, anytime, on any device. While businesses are innovating new digital services, they must also innovate within their own organizational culture to be able to deliver the experience that consumers expect. A digitally focused culture needs to be integrated throughout all levels of the organization and instill a mentality of agility and continuous learning the digital economy demands to keep pace.

Building new revenue opportunities from the emerging IoT isn't just a technology strategy; it's a business strategy. With every connected device comes significant new opportunities to extract revenue through managing complex platform and service ecosystems, data and analytic offerings, and much more. For more of CSG's views on the opportunities of the IoT, visit our website.

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