

# The Internet of Things Revolution

**indxx**

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## Executive Summary

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This report examines why the 'Internet of Things' (IoT) is considered by many to be the next step in the information age, along with and how it has the potential to alter not only our everyday lives and jobs, but society as well.

Some key points of the report are as follows:

1. IoT is regarded a significant disruptor on a societal scale that offers a wealth of opportunities in the coming years.
2. Global technology spending on IoT is estimated to reach \$1.2 trillion in 2022, a compound annual growth rate (CAGR) of 13.6% from 2017-2022<sup>i</sup>.
3. The global IoT market, which was valued at \$190.0 billion in 2018, is expected to reach \$1111.3 billion by 2026, growing at a CAGR of 24.7%<sup>ii</sup>.
4. It is anticipated that the number of cellular IoT connections will reach 3.5 billion in 2023, rising at a CAGR of 30% from 2018 to 2023<sup>iii</sup>.

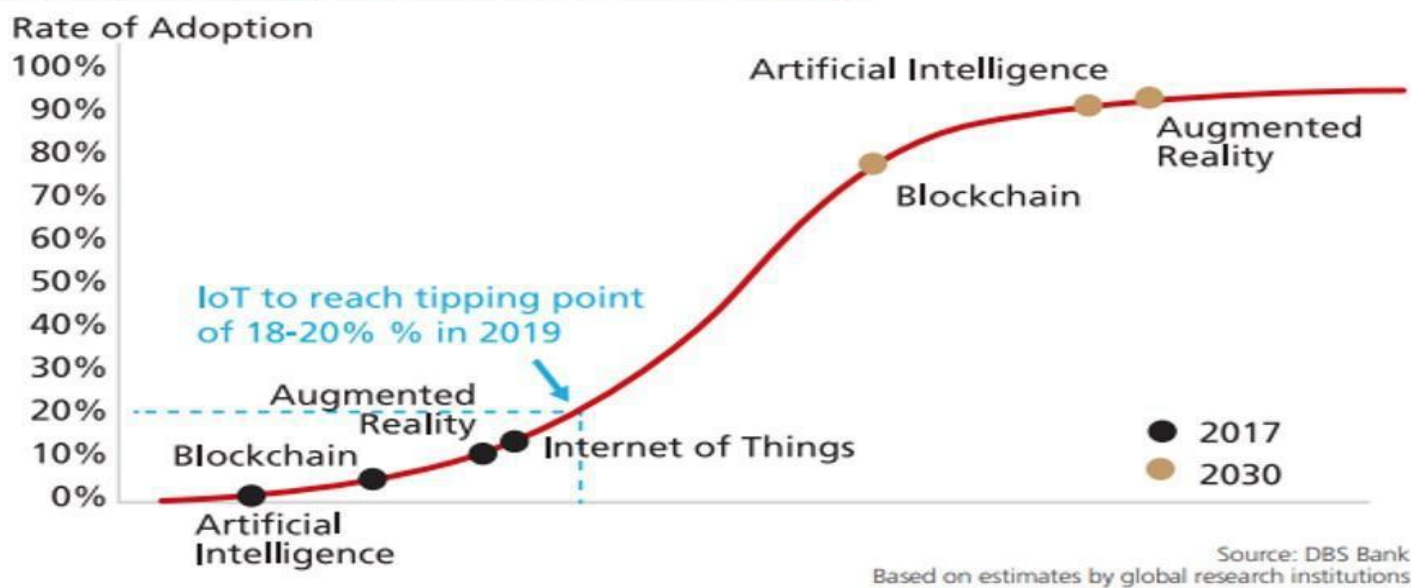


## Outlook of the Global Internet of Things Market

The IoT and IoT applications are expected to develop very quickly in the coming years. Global technology spending on the IoT is estimated to reach \$1.2 trillion in 2022, a CAGR of 13.6% from 2017-2022. The global IoT market, valued at \$190.0 billion in 2018, is anticipated to reach \$1,111.3 billion by 2026, thereby expanding at a CAGR of 24.7%. In addition, the number of cellular IoT connections is expected to reach 3.5 billion in 2023, increasing at a CAGR of 30% from 2018 to 2023. The combination of AI, machine learning and contextually rich, real-time data streams provided by IoT sensors and networks will make IoT's business cases compelling in the coming years.

The IoT is delivering new business value and advantages to individuals around the globe in an increasingly integrated world. The data generated and exchanged are at the heart of everything, which provides new insights into better ways of working and living. But in order to take complete advantage of this new world, one needs to trust that the connected objects and the data they generate are only accessible by authorized people and machines that are deploying them securely. That said, IoT has made our lives more productive, convenient and comfortable while also providing the opportunity for a massive market with a lot of growth potential.

### IoT adoption to approach 100% over the next 10 years



### IoT Adoption gaining momentum

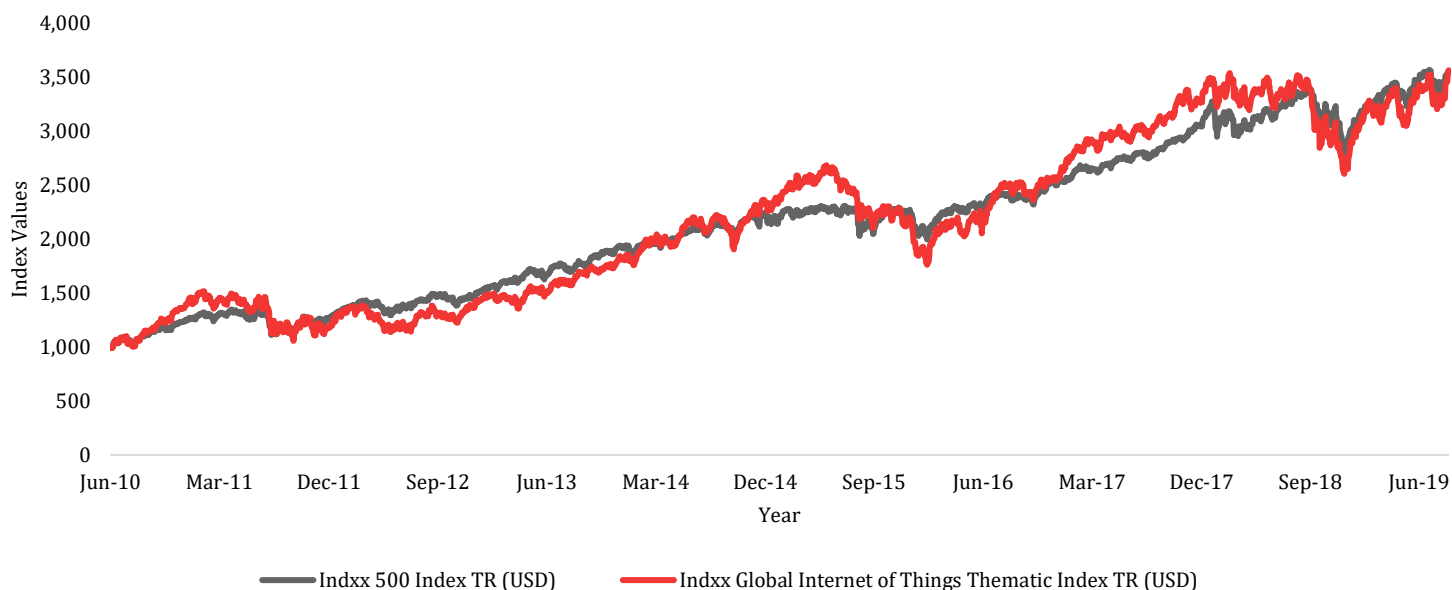
	2016	2017	2018	2030
IoT units installed base – total (Mn.)	6,382	8,381	11,197	125,000
Consumer devices (Mn.)	3,963	5,244	7,036	75,000
Consumer devices as a % of total devices	62%	63%	63%	60%
Connected devices per person	5	5	5	5
World population (Mn.)	7,400	7,600	7,700	8,500
<b>IoT adoption rate</b>	11%	14%	18%	176%

## Indxx Global Internet of Things Thematic Index

The Indxx Global Internet of Things Thematic Index is designed to track the performance of companies listed in developed markets that are expected to benefit from the increased adoption of the Internet of Things (IoT), including companies involved in the development and manufacturing of semiconductors and sensors for IoT applications, customized end-to-end integrated IoT products and solutions, and standardized IoT applications across a diverse set of segments including but not limited to smart grids, smart homes, smart cities, connected cars and the industrial internet.

The index has been licensed by US-based ETF provider Global X Funds as the underlying benchmark for the 'Global X Internet of Things ETF' (Ticker: SNSR).

**Figure 1 Index Performance: Indxx Global Internet of Things Thematic Index v/s Indxx 500**



**Table 1 Index Risk and Key Statistics: Indxx Global Internet of Things Thematic Index\***

Statistic	QTD	YTD	1 Year	3 Year	Since Base Date
Beta	1.39	1.51	1.53	0.09	0.37
Correlation*	0.87	0.82	0.82	0.19	0.44
Returns	5.02%	29.59%	4.02%	13.80%	14.81%
Deviation	18.20%	18.19%	20.54%	15.91%	16.68%

\*(Base date : 06/30/2010, Data as of 09/13/2019, Correlation is calculated with respect to the Indxx 500 Index)

**Table 2 Indxx 500 Index (TR) Risk & Key Statistics\***

Statistic	QTD	YTD	1 Year	3 Year	Since Base Date
Returns	2.71%	22.16%	5.88%	14.63%	9.27%
Deviation	15.76%	13.38%	16.43%	12.55%	18.17%

\*(Base date : 04/29/2005, Data as of 09/13/2019)

**Table 3 Top 5 "Indxx Global Internet of Things Thematic Index" Constituents\***

S.No.	Name	Market Capitalization (\$ Bn)
1.	Stmicroelectronics Nv	16.64
2.	Skyworks Solutions Inc	14.10
3.	Sensata Technologies Holding Plc	8.40
4.	Cypress Semiconductor Corp	8.62
5.	Garmin Ltd.	16.22

\*(Data as of 09/13/2019)

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### **References:**

<sup>i</sup> IDC- 'IDC Forecasts Worldwide Technology Spending on the Internet of Things to Reach \$1.2 Trillion in 2022' article dated June 18,2018

<sup>ii</sup> Fortune Business Insights- 'Global Internet of Things (IoT) market: Global market analysis, insights and forecast, 2019-2026' report dated June, 2019

<sup>iii</sup> Ericsson-' Ericsson Capital Markets Day 2018' report dated November 8, 2018