

IoT Scorecard 2018: deploying LoRa has provided operators with valuable early LPWA experience

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Analysys Mason's [IoT Scorecard 2018: evaluating operators' LPWA strategies](#) identifies AT&T, KPN, Orange and Verizon as the leaders in the LPWA market. They have gained valuable experience by adopting LoRa and LTE-M technologies early, which has enabled them to adapt their strategies to meet market requirements. These early learnings have not only enabled these operators to gain an advantage over their competitors now, but have also put them in a good position for the future.

These pioneers are being pursued by a group of other operators that are deploying NB-IoT, including Deutsche Telekom, Telefónica and Vodafone. This second group of operators will make use of their scale and international presence to present formidable competition. Other operators, most of which are implementing NB-IoT, will need to look at the lessons that they can learn from these early LPWA adopters.

This article examines the best practice in LPWA roll-out and is based on Analysys Mason's report [IoT Scorecard 2018: evaluating operators' LPWA strategies](#).

First movers have more-rounded strategies

LoRa and LTE-M technologies have allowed operators to test market demand and build the relevant skillsets for LPWA adoption. Their strategies have evolved and have been adapted to reflect early learnings and their customers' experiences.

KPN, for example, has a growing customer base, an ecosystem of suppliers and partners, a number of successful commercially deployed use cases and experience of working closely with its customers to build innovative solutions. It has made use of these learnings to adapt its strategy and is now better able to respond to customer requirements.

Ecosystem initiatives are beginning to yield results

All operators are aware of the need to build an ecosystem of support for their LPWA technology. They need to work with potential customers to help them to build solutions, source relevant components and capabilities and overcome problems. They also need to demonstrate the business case to facilitate LPWA adoption. All LPWA leaders are doing this; KPN has its IoT Academy and Deutsche Telekom and Vodafone have their IoT Labs. This approach is working well. LPWA operators that were first to enter the market (such as KPN and Orange) are beginning to launch new commercial products developed from pilot projects. Operator labs are often similar in scope (in the sense that they offer device testing, certification and support for solution development), but they serve to differentiate operator initiatives from those of other IoT players, such as IoT MVNOs, systems integrators and web-scale players in consumer/home markets. LPWA labs are also indicative of the level of investment and commitment to LPWA roll-outs.

Connectivity is not a differentiator but operators need strategies to defend its value

Most operators acknowledge that they may have to compete on price for connectivity but will develop strategies to resist pure price competition. Operators are building on other attributes and assets to defend their core connectivity business due to [increasing competition from new entrants and MVNOs](#). These assets include their brand, financial standing and longevity as well as quality and reliability, and are likely to be especially valuable for long-term contracts such as those for utilities and smart cities. Most operators are combining other capabilities with their connectivity offerings. For example, Verizon is providing services through its ThingSpace platform and Deutsche Telekom is providing cloud storage and security bundled with NB-IoT connectivity. In addition, operators are developing new approaches to pricing models. Vodafone is particularly innovative in its work in this area.

New vertical market opportunities

LPWA technology provides opportunities in new vertical markets and operators should explore new sectors. They should weigh up the technical and commercial challenges of entering new sectors and identify the best fit for LPWA technology. Operators should also use their existing competencies and assets, such as channels to market. Orange is developing new LoRa-based smart metering solutions to build on its previous experience of addressing the utilities market through the M20 City initiative. China Mobile's focus on smart cities and smart buildings aligns with its broader IoT vertical focus as well as the local municipal government-led strategies to promote the use of ICT in building smarter cities.

Successful early adopters of LPWA technology have demonstrated how it is important to be flexible in adapting LPWA strategies to reflect the lessons learned. NB-IoT operators are starting to deploy commercially and will need to be able to do the same. There is still a need to experiment in many areas where best practice is not so clear. For example, there is still uncertainty around commercial areas such as pricing models, generating value beyond connectivity and international LPWA connectivity models. LPWA networks are entering a new phase and are moving away from localised LoRa networks to global NB-IoT. Building a network is arguably the easy bit; selling the connectivity profitably is harder and will take much longer.