

The Internet of Things Is Fueling Embedded Processor Growth in Choice Markets, According to New Research by VDC

Microcontroller and system-on-chip markets are thriving with growing requirements for M2M connectivity across device classes.

“IoT is paving the way for new market opportunities for embedded processor suppliers. Vendors who can mitigate the increasingly pervasive issues of efficiently implementing communications protocols within OEM systems will see the greatest success.”

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A recent study by VDC Research shows that increasing demand for pervasive connectivity in a growing array of devices and applications will drive the market for embedded processors in several industries through 2018 ([click here](#) to learn more about this research). Results from VDC's annual embedded engineer survey further corroborate this trend as respondents have indicated that the influence of IoT/M2M requirements is driving increased spending on processors.

The market for wearable products will see robust growth during the next several years and will require system-on-chips (SoCs) featuring low-power envelopes and flexible connectivity. OEMs are leveraging the small footprint of comprehensive SoCs from vendors such as Freescale and Intel to realize new form factors for consumer electronics like augmented reality glasses, fitness bands, and smart watches. The advent of in-home health care has also spurred growth for remote monitoring devices requiring similar processor specifications. Further, the automotive market continues to require more processing power to accommodate sophisticated infotainment systems that often support rich media content on multiple displays, in-vehicle services such as OnStar, and a variety of connectivity options to interface with consumers' devices. “Connected vehicles enable OEMs to provide more upfront value while also extending the customer relationship with complementary products and services, which is similar to most IoT-based business models used in a variety of other device classes,” says VDC analyst Dan Mandell.

The embedded microcontroller (MCU) space will continue to see strong growth enabling low-power connectivity and ADC/DAC functionality for energy/power and industrial automation applications. Smart grid deployments, which can feature potentially thousands of disparate sensor endpoints, require low-cost MCUs able to accommodate a variety of potential networking topologies. “The energy and industrial sectors will see huge unit growth to enable new smart metering or smart factory deployments over the next five years,” says Mandell. “MCU vendors will need to differentiate through their middleware stacks and available tooling as pricing pressures continue to progressively squeeze selling prices lower than they already are.”

About VDC Research

VDC Research is a leading technology market analyst firm with a longstanding practice covering M2M and embedded computing technologies. Founded in 1971, the firm provides critical market intelligence to the world's leading technology vendors, who rely on its analysts for the data, ideas, and insights they need to make impactful strategic decisions with confidence.

