

Traditional IoT & Embedded Operating System Vendors Face Shifting Market and Shrinking Margins, According to VDC Research

Leading Vendors Begin to Integrate Free OS Offerings into IoT Cloud Platforms as Embedded OS Landscape Evolves

Natick, MA (PRWEB) November 19, 2015

The IoT & embedded OS market is forecasted to grow from just under \$1.5B in 2014 to \$1.7B in 2019 at a 5-year CAGR of 2.9%, according to a new report by VDC Research (click [here](#) for more info). The modest revenue growth rate is somewhat misleading: VDC forecasts a surge in worldwide unit shipments (commercial and non-commercial OSs combined) from 11.0B units to over 17.6B at a 5-year CAGR of 9.8%. VDC highlights that the discrepancy between growth in revenue and units shipped is indicative of the shrinking average sales price (ASP) in the embedded OS market due to the strength and availability of Linux and other open source and/or non-commercial alternatives for many general-purpose OS functions.

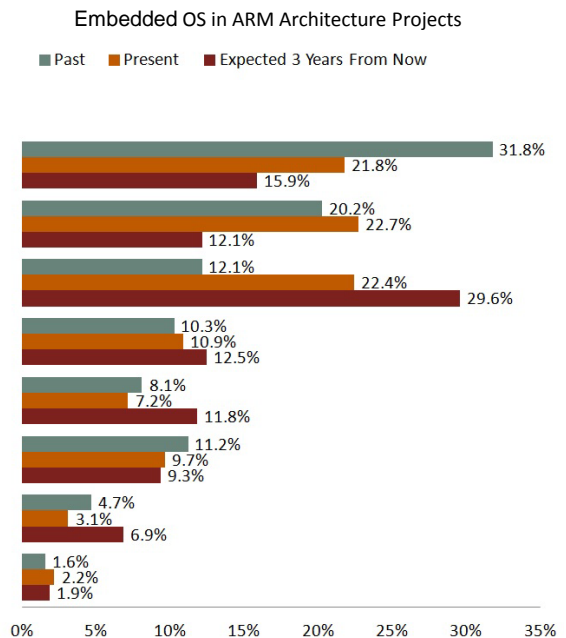
A recent VDC survey of embedded engineers reaffirms this trend, with many engineers expecting Freely/Publicly Available Open Source and Chip/Board Vendor-Supplied OSs to gain significant traction within the next three years at the expense of Commercially Licensed OSs. The migration towards free/open source solutions is forcing many vendors to shift from a traditional licensing and royalty-driven business model toward a maintenance and services model centered around the IoT cloud platform.

Leading vendors are beginning to push further down into small-footprint OSs, blurring the traditional bifurcation of the embedded OS market into the Real-Time Operating System (RTOS) and Fully-Functional Operating System (FFOS). Segments that were once too small or focused to generate significant ROI for the larger vendors are now seen as potential sources of revenue when connected to an IoT ecosystem.

“The embedded OS industry has remained relatively static over the past few years, with the RTOS and FFOS markets coexisting in parallel. The two are now intersecting and overlapping,” says Roy Murdock, a Research Associate in the IoT & Embedded Technology division at VDC. “The embedded OS market is currently experiencing a rapid paradigm shift due to the maturation of Linux and the need to rethink value creation and revenue generation within the IoT environment.”

About VDC Research

Founded in 1971, VDC Research provides in-depth insights to technology vendors, end users, and investors across the globe. As a market research and consulting firm, VDC’s coverage of AutoID, enterprise mobility, industrial automation, and IoT and embedded technologies is among the most advanced in the industry, helping our clients make critical decisions with confidence. Offering syndicated reports and custom consultation, our methodologies consistently provide accurate forecasts and unmatched thought leadership for deeply technical markets. Located in Natick, Massachusetts, VDC prides



Press Release

itself on its close personal relationships with clients, delivering an attention to detail and a unique perspective that is second to none.