

## Time for Manufacturers to Take Stock of Machine-to-Machine (M2M) Strategies

### Companies Need to Take an Expansive View of Opportunities, IDC's Benjamin Friedman Says

SCDigest Editorial Staff

As the number of networked pieces of equipment continues to explode, is it time for most manufacturers to develop a comprehensive machine-to-machine (M2M) strategy?

What is M2M?

There seems to be a number of definitions, and different opportunities across different industry sectors, but in general M2M leverages connectivity to enable machines—including manufacturing and telecommunications equipment, data centers, storage tanks, property-security products, industry-specific assets such as public-utility systems, and even vending machines—to communicate directly with one another.

Inherently appealing, M2M technology may be coming to the fore at an opportune time for many manufacturing equipment providers facing aging work forces and high costs for on-site repair and service.

**Benjamin Friedman**, an analyst at IDC/Manufacturing Insights recently noted in a research report that M2M is not just a new type of technology, but also offers “a significant shift to not only current IT practice but also legacy operational and support processes, as well as long-standing corporate habits.”

In other words, M2M carries the potential to serve as a “game changer” that can dramatically reshape a company and how it goes to market, and how customers interact with their suppliers, taking the Internet to machines, and not just people.

“If manufacturers fail to consider the process

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changes resultant from the inclusion of M2M, opportunities will be missed for additional uses and applications of this framework,” Friedman says.

#### **Faster, Better Decisions**

One key goal of M2M technology will be to enable companies and their customers to make faster, better decisions. Key to that better decision-making and value is that M2M should enable companies to gain intelligence faster, in near real-time. There is generally a direct correlation between the speed of information and its value.

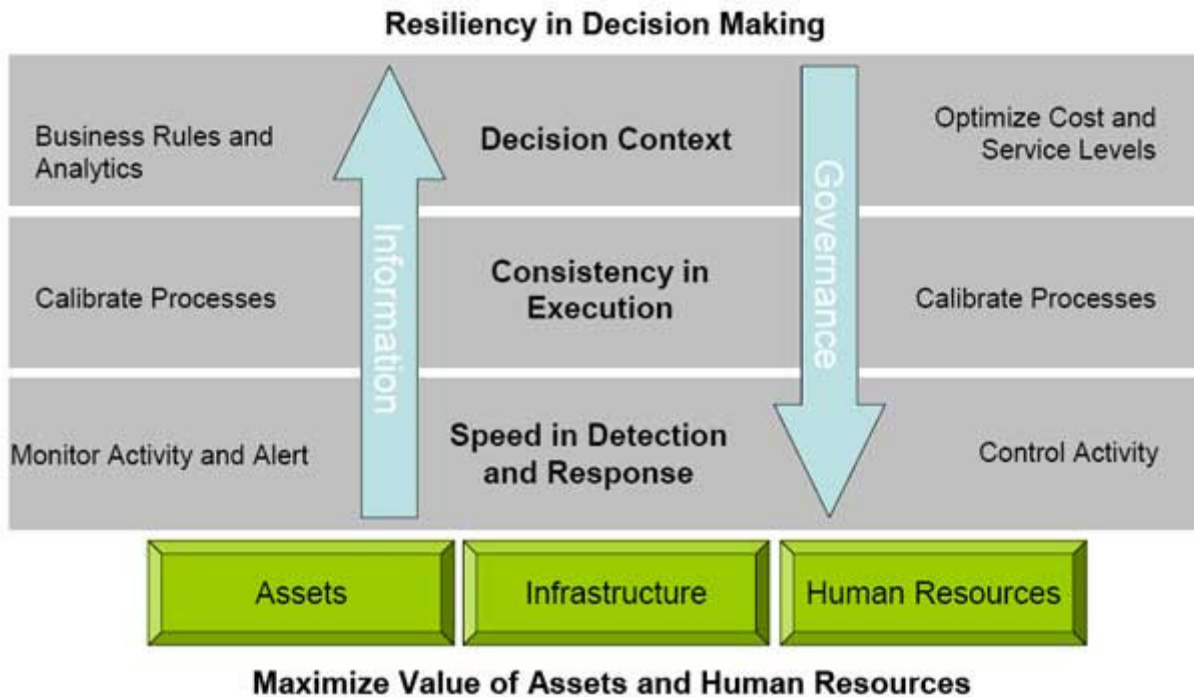
M2M should also enable development of more truly closed loop applications and processes. (See graphic page 2.)

#### **Many Sources of M2M ROI**

Friedman believes that companies need to look broadly at the many sources of potential ROI from M2M adoption beyond the most immediate cost reductions from adoption of M2M technology to other sources of reduced costs or increased reve-

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Machine to Machine: Faster, Better Decisions



Source: Manufacturing Insights, 2009

nues.

“Perhaps alternative and more expedient ways of looking at the investment in M2M may be measured in terms such as reduction of service costs, warranty claim reductions, and savings related to cost reductions, such as fuel expenses associated with maintaining traditional service fleets,” Friedman says, as well as the potential for manufacturers to add new service revenues.

To achieve M2M project success, Friedman says end users should:

- Define business objectives across long- and short-term milestones
- Socialize a schedule of milestone M2M events with assigned milestones
- Publish goals and metrics that define the M2M