



## These Jaw-Dropping Facts Will Change Your Mind About the Internet of Things

### Description

Almost everywhere we go these days, most of us can easily access the internet on our smartphones thanks to the nationwide network of cellular towers. Those smartphones have changed communication, entertainment, shopping, how we conduct business, and more — but they aren't the only devices that can benefit by being connected into the Internet.

When objects from doorbells to manufacturing equipment are connected to the Internet, they become part of a fast-growing tech trend: [the Internet of Things](#), or IoT. Here are five facts that prove just how important the IoT is and how it's growing.

### 1. IoT devices will soon account for more than two-thirds of the AI chip market

Recent data shows that the IoT is likely to be a key driver of demand for [artificial intelligence](#) chips over the next few years. A report published in December by Research and Markets asserted that 83% of all AI chips will be in IoT devices (like smartwatches, driverless cars, etc.) by 2023. Additionally, the global market for IoT devices with embedded AI chips will reach \$26 billion just four years from now.

Research firm **Gartner** says that “AI will be applied to a wide range of IoT information, including video, still images, speech, network traffic activity and sensor data.” In short, AI and the IoT will be tethered together, creating huge opportunities for some tech companies.

For example, **NVIDIA** ([NASDAQ: NVDA](#)) is already moving in this direction, with the company creating graphics processing chip units (GPUs) that can be used in AI applications for [driverless cars](#). NVIDIA is also going beyond simple chips to create entire systems that have the capacity to deliver supercomputer-like performance.

### 2. 5G is accelerating IoT innovation

While the development of the IoT is already in full swing, it's going to be accelerated by the faster cellular internet connections made possible by the imminent arrival of 5G cellular networks. 5G is the [next evolution in cellular connectivity](#) and will bring wireless internet connection speeds that are up 100 times faster than 4G, with lower latency (i.e., devices will have less lag when sending and receiving data from cellular towers).

**AT&T** ([NYSE: T](#)) and **Verizon** ([NYSE: VZ](#)) have already moved into high gear on their 5G deployments, and both expect their networks to cover most people in the U.S. within the next couple of years.

Those networks will allow the telecoms to launch [profitable new 5G services](#) for connecting IoT devices, among them cars and industrial equipment. Some estimates suggest the global 5G services market will reach \$619 billion in annual revenue by 2026.

### 3. Companies are using new IoT devices to boost existing their existing businesses

The IoT isn't just about creating entirely new businesses from new tech. Companies, including **Amazon** ([NASDAQ: AMZN](#)), are [using the IoT to boost their core businesses](#) as well. Amazon's Echo [smart speakers](#) allow users to order products from the company's e-commerce platform easily, and research shows that Echo owners spend \$400 more per year than the company's lucrative Prime members and \$700 more than the average Amazon user.

This shows how the IoT can benefit companies' existing businesses, simply by introducing a new device to the market. Amazon may never break out its IoT sales on their own revenue line, but it will quietly benefit from the IoT by integrating smart speakers and other tech into its e-commerce business.

### Look beyond the headlines

For investors trying to figure out how to benefit from the IoT, it's best to look beyond the devices themselves, and instead look at how they fit into a company's broader revenue picture. Amazon's Echo smart speakers are one example of how a company can use an IoT device to drive additional sales to its core business. Internet of Things devices garner consumer attention for all of their tech bells and whistles, but investors should focus instead of how these devices convince users to spend more through a company's core platform and services.

#### CATEGORY

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#### TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. NASDAQ:NVDA (NVIDIA Corporation)
3. NYSE:VZ (Verizon Communications Inc.)

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