

Battle Between Traditional Suppliers And Third-Party I/O Suppliers Continues

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09 April 2008 Â IMS Research forecasts that the worldwide market for I/O modules will grow steadily to be worth nearly \$8 billion by 2011, growing at around 5.6% per year. The worldwide market for I/O modules is addressed by a large number of manufacturers from a diverse range of backgrounds. Although traditional suppliers of I/O modules (the PLC and DCS controller suppliers) dominate market revenues, "third-party" suppliers have become more active and increased in strength, as the market for remote I/O continues to expand. The impact of "third-party" suppliers on the I/O module market is seen more in new products and technology than in their current market share. The introduction of I/O products with higher physical protection (IP67), the concept of bit-modular (slice) I/O modules, the application of wireless technology, and I/O link technology, were all introduced by "third-party" I/O suppliers. The presence of these suppliers has driven the introduction of new features and increased functionality in I/O products. Most of the "third-party" suppliers have unique technological expertise as terminal block manufacturers, or as smaller specialist suppliers of I/O products, to develop I/O products further. This is to their advantage, when selling I/O modules as components to customers. In addition, they are supported by the continuing development of open field-bus networks and distributed solutions. By contrast, established I/O suppliers are more inclined to encourage customers to purchase integrated solutions from a single source, which is then responsible for ensuring compatibility between the components in the automation system, and for solving any problems that arise. This selling strategy seems to be the most effective way for them to maintain and strengthen their share of the market. In general, increased competition between "third-party" and traditional suppliers has not only driven the introduction of new features and functionality into I/O products, but has also resulted in lower I/O module prices. Through their different strategies, both types of suppliers are predicted to operate in this market for the foreseeable future. If you would like an interview with an expert in this area, please contact Jan Zhang, Market Research Analyst, at Jan.Zhang@imsresearch.com or +86 (0) 21 6270 1823.