ARtillry

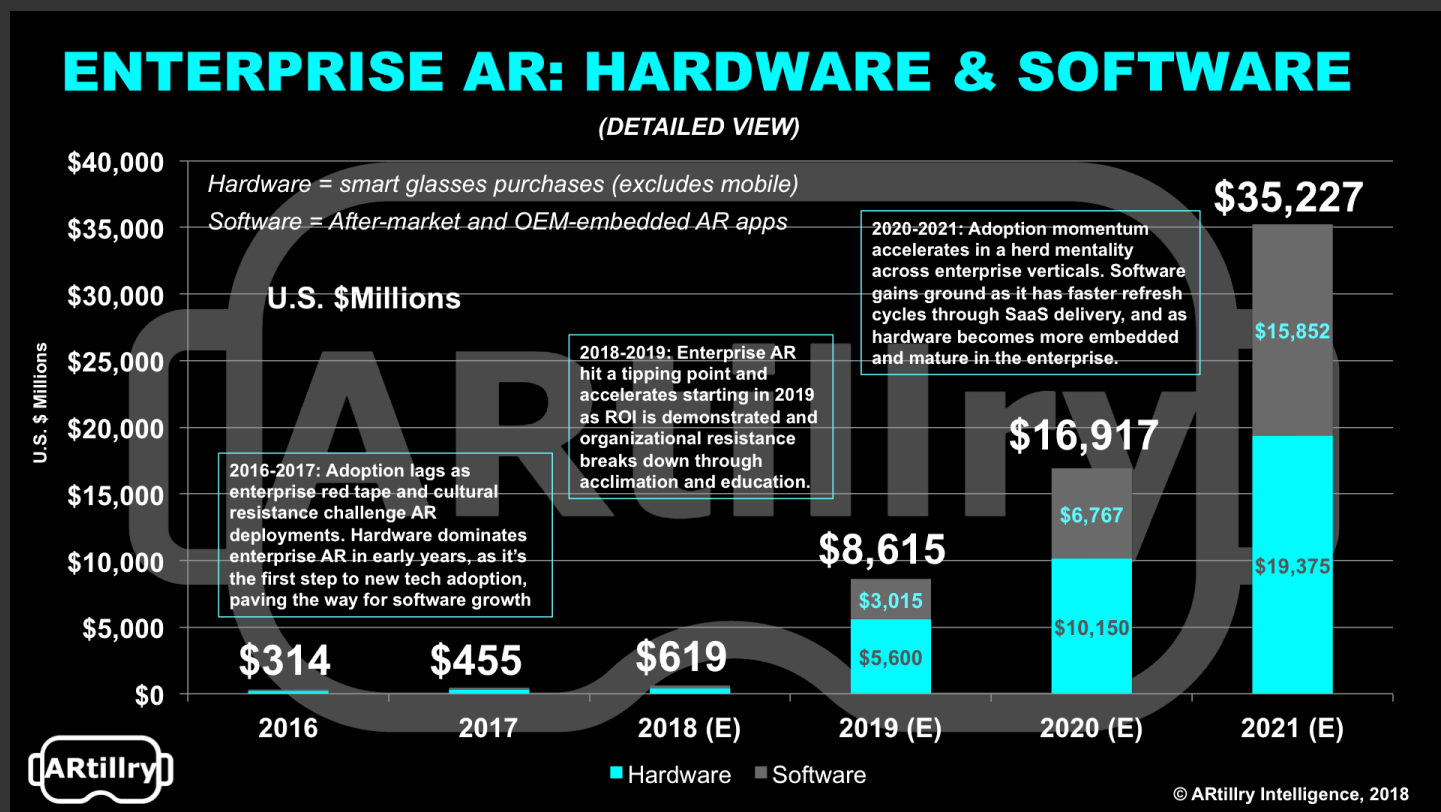## ARTILLRY DATA BRIEFS
ENTERPRISE AR MARKET SIZE
1/29/18

Enterprise AR hardware and software are projected to grow from $314 million in 2016 to $35 billion in 2021. This is according to the latest data from ARtillry Intelligence, and takes the place of enterprise AR figures previously released.

One big takeaway is 2019's inflection point. As often happens in tech revolutions, demand builds while organizational resistance -- currently its biggest barrier -- recedes. We saw this with enterprise smartphone adoption, and AR is on a similar path to ubiquity in some verticals.

When that tipping point comes -- we believe in '19 -- market size will be significant. Meanwhile, enterprise adoption has been slow. Though there are clear ROI gains in functions like assembly and maintenance, organizational inertia is a powerful counterbalance that will take time to recede.

As for the revenue breakdown, hardware will dominate in early years, as an installed base is established (as is often the first step for new tech). That hardware base will pave the way for enterprise software, which will slowly gain share of overall enterprise AR revenues in outer years.

That software share is one of the sector's long-term revenue drivers. As seen in historical comps such as enterprise Saas, it can have highly scalable and recurring revenue. This, plus enterprise AR's wide applicability in enterprise functions, makes its market size huge. The question is when.

ENTERPRISE AR: HARDWARE & SOFTWARE
(DETAILED VIEW)

Hardware = smart glasses purchases (excludes mobile)
Software = After-market and OEM-embedded AR apps

U.S. $Millions

2016-2017: Adoption lags as enterprise red tape and cultural resistance challenge AR deployments. Hardware dominates enterprise AR in early years, as it's the first step to new tech adoption, paving the way for software growth

2018-2019: Enterprise AR hit a tipping point and accelerates starting in 2019 as ROI is demonstrated and organizational resistance breaks down through acclimation and education.

2020-2021: Adoption momentum accelerates in a herd mentality across enterprise verticals. Software gains ground as it has faster refresh cycles through SaaS delivery, and as hardware becomes more embedded and mature in the enterprise.

Year	Total	Software	Hardware
2016	$314		
2017	$455		
2018 (E)	$619		
2019 (E)	$8,615	$3,015	$5,600
2020 (E)	$16,917	$6,767	$10,150
2021 (E)	$35,227	$15,852	$19,375

■ Hardware　■ Software

As for the data refresh, like many analyst firms, ARtillry Intelligence performs bi-annual forecast rounds. And in embryonic sectors, it sometimes compels mid-cycle updates. Now that 2017 is over and the full-year sales numbers are coming in, they compelled an update to previous figures.

Enterprise XR, including a deeper dive on these figures, is also the topic of the next ARtillry Intelligence Briefing which will be available to subscribers this week, and previewed here next week. Meanwhile, more about our market sizing methodology can be seen here. Stay tuned.

Video Companion: Enterprise AR Dynamics
(Click URL to Open)

https://youtu.be/4_gY7CsRRYo

About ARtillry Intelligence

ARtillry is a publication and intelligence firm that examines augmented reality and virtual reality, collectively known as XR. Through writings, data and multimedia, it provides deep and analytical views into the industry's biggest players and opportunities. It's about insights, not cheerleading.

Run by career analyst and journalist Mike Boland, coverage is grounded in a disciplined and journalistic approach. It also maintains a business angle: Though fun and games permeate VR and AR (especially the former) long-term cultural, technological and financial implications are primary.

Learn more at **https://artillry.co/about**

About the Author

Mike Boland was one of Silicon Valley's first tech reporters of the Internet age, as a staff reporter for *Forbes* (print) starting in 2000. He has been an industry analyst covering mobile and social media since 2005, and is now Chief Analyst of *ARtillry Intelligence*, covering emerging tech.

Mike is a frequent speaker at industry conferences such as VRLA, ad:tech and LeadsCon. He has authored in-depth reports and market-sizing forecasts on the changing tech & media landscape. He contributes regularly to highly read online news sources such as *TechCrunch*, *Business Insider* and the *Huffington Post*.

A trusted source for tech journalists, his comments have appeared in A-list publications, including *The New Yorker*, *The Wall Street Journal* and *The New York Times*.

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