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Winnik Forum: Key Insights on the Internet of Things



At the [2014 Winnik International Telecoms & Internet Forum](#): the Internet of Things, a wide range of policymakers, companies and other experts spoke on a variety of issues relating to the growing ability of everyday devices to wirelessly communicate with people and with each other.

In particular, speakers suggested five main insights into the future impact of the [Internet of Things](#) on the global telecommunications industry: “big data” will challenge international regulators to alter their thinking on data privacy regulations; the Internet of Things will

fundamentally change the nature of the relationship between companies and customers; the shift in technologies will lead to a convergence between traditionally separate industries and a collapsing of industry silos; the days of service-specific spectrum allocations may be over as we move to an increasingly flexible regulatory regime; and all of these developments will give rise to new challenges and opportunities for competition.

Big Data Will Challenge Regulators to Think Differently About Data Privacy

Many speakers agreed that the potential to use “big data” gathered from Internet of Things applications for unexpected activities benefitting the public will challenge regulators on both sides of the Atlantic to think differently about data privacy rules.

As the keynote speaker for the event, [U.S. FTC Commissioner Maureen Ohlhausen](#) offered her views on a flexible approach to protecting consumer data privacy as connected devices continue to evolve. As opportunities arise for additional potential uses of collected data, organizations and policymakers should consider a “[harm-based approach](#)” in which new uses of data would be allowed as long as they did not cause consumer harm, and remained consistent with the earlier promises. The key for Commissioner Ohlhausen is that companies should disclose what data is being collected by the devices and keep the promises that they make to consumers about the collection and uses of that data.

A separate panel of industry experts and privacy advocates also discussed current and emerging data privacy, cybersecurity, and law enforcement issues arising from the Internet of Things. In particular, panelists described the value of industry codes of conduct and other self-regulatory efforts to address connected device privacy issues, as well as the role of technological solutions. In addition, the speakers discussed how a variety of organizations have responded to the [National Institute of Standards and Technology’s Framework for Improving Critical Infrastructure Cybersecurity](#), and debated the continuing impact of last year’s Snowden headlines on government access to data.

The Internet of Things Will Change the Relationship between Customers and Companies

Everyday devices are increasingly integrating connectivity to the Internet and to each other, and representatives of various industries discussed the trend of integrating embedded connectivity in

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products and services. The auto industry reported on its deployment of connected car solutions and [vehicle-to-vehicle communications systems](#); an electric utility described its rollouts of smart grid and smart meter technologies; while a wireless carrier representative discussed its global machine-to-machine communications platform, which includes cloud services and embedded connectivity solutions. Representatives of all three industry sectors noted that their businesses' relationships with customers will shift and evolve to deliver connected solutions to customers, creating opportunities for disruption and risk in the customer relationship along with the potential for growth.

The discussion stimulated several important questions, including whether the Internet of Things would commodify providers' existing customer relationships as connectivity opens up access to third parties' service and solutions, and if this shift would open the way for traditional providers to be replaced with new ones, or allow providers to deepen and broaden their customer relationships into new areas and services. Panelists also asked if providers might increasingly share the customer relationship with one another in delivering connected solutions for the Internet of Things, and if the Internet of Things could create new opportunities for partnership between different types of providers, along with new opportunities for them to compete for the customer relationship.

Traditionally Siloed Industries Are Converging

Several speakers discussed how the broader trends of [machine-to-machine communications](#) and connectivity on the Internet of Things increasingly blur the lines between traditionally siloed industries. Through connectivity, ordinary devices are becoming more multifunctional and interact collaboratively with devices in their surroundings to deliver customer-facing solutions. For example, vehicles offer connected applications, televisions offer Internet streaming, smartphones double as home automation controllers, and wearable devices and sensors measure health data.

Panelists also noted that pre-competitive research efforts could promote the deployment of connected devices on the Internet of Things. For example, research efforts between automakers, regulators, academics and non-profit institutions have contributed to the standardization of vehicle-to-vehicle communications systems, leading to improvements in vehicle connectivity and safety.

As these different types of devices and services converge with connectivity in different settings, panellists raised several important questions. What models for research collaboration between converging sets of providers and services will succeed on the Internet of Things? How will vertical and horizontal research partnerships be established between converging types of providers, and will those terms – horizontal vs. vertical – continue to have meaning between converged providers on the Internet of Things? Several speakers also questioned how the Internet of Things might implicate public policy responsibilities and regulatory requirements for new converged devices, such as health regulators' oversight of wearable sensors used to measure health data, or transportation safety regulators' oversight of consumer electronics interacting with vehicles. How will convergence create disruptive threats to existing business models or opportunities for innovation and growth on the Internet of Things, and will convergence mean the end of certain traditional siloed industries and their products and services, and their replacement or absorption into new converged categories?

The Days of Service-Specific Spectrum Allocations May Be Over

The Internet already connects roughly 10 billion devices, and the number of connected devices is expected to [nearly triple](#) by 2020. Despite the explosion of devices – and traffic – for the Internet of Things, the United States has no plans to allocate dedicated spectrum for devices, according to Julie Knapp, [Chief Engineer of the U.S. Federal Communications Commission](#).

Knapp said dedicating spectrum for smart devices, tracking utilities, and machine-to-machine communications would waste limited resources. He acknowledged that as recently as 2012 the FCC identified bands for specific types of machine-to-machine communications, when the FCC authorized [expanded access](#) to the 2.36 GHz band for Medical Body Area Networks, which are low-power wideband networks for body-worn sensors used in medicine. But Knapp said the days of service-specific spectrum allocations are over. The FCC's "flexible use" rules for licensed and unlicensed spectrum "negates the need for a dedicated Internet of things allocation," Knapp said. "We don't expect right now that there's going to be an [Internet of Things] band."

Knapp noted that the Internet of Things has the potential to disrupt many industries, from education to health care to energy. Rather than focus on custom-purpose spectrum assignments, Knapp encouraged the leaders assembled at the Winnik Forum to focus on matching the needs and application to the right spectrum band.

"Part of [our mission] is sending the message to the [business] community, and a lot of the drive toward greater efficiency happens in the standards activities," Knapp said. By fully exploiting the multiple blocks of both licensed and unlicensed spectrum for new use and then efficiently using that spectrum, new and emerging businesses can usher in the generation of new device communications that benefit consumers, governments, and businesses.

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The Impact on Competition Is Uncertain

The Internet of Things may also raise novel antitrust issues that competition authorities will need to assess. Regulators will need to respond to the increasing power which Internet of Things-based insights into individual customers will give established companies. Panelists asked important questions about the impact of the Internet of Things on competition, including whether the collection of large amounts of new kinds of user data will lead to the entrenchment of incumbent firms, and if the new types of user data generated by connected devices would create barriers to new competitors' entry. Alternatively, panelists noted that it is possible that the Internet of Things will prove to be pro-competitive, providing enhanced user experiences and encouraging paradigm-changing innovation by new entrants.

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