



Top 5 Internet of Things predictions for 2018

Technology Sector Alert

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What will change in 2018? What should companies do to exploit it? What new legal issues will arise and how shall they be tackled?

Below are my personal top 5 predictions on the legal issues that will affect the Internet of Things (IoT) in 2018.

1. Data will exponentially become a business asset and force companies to change their business model

I am noticing that companies are increasing the level of awareness of data as a business asset and of the advantages that they can gain from them. This results in business models being oriented at collecting as much data as possible and switching:

- From a business model based on the sale of products where there is a one-off relationship with customers
- To a business model based on the sale of services where a long-term relationship is established and a continuous flow of data is exchanged with customers

This shift is the backbone of the IoT unveils new legal issues in terms of privacy compliance, cybersecurity, product and contractual liability as well as tax and antitrust. Many companies are not prepared to address these issues, which are completely new to them.

2. The IoT will be fueled by FinTech-led innovation and regulation

Traditional banks are in a key stage in their evolution as their business models, which been successful for the last few centuries, are themselves transforming to meet changing consumer demands. Such change has, since its 2016 rollout, also been influenced by the implementation of the Payment Services Directive 2 that has, among other things, obliged banks to open their application programming interfaces (APIs) to FinTech companies in order to enable them to provide services to their customers.

In this blog post I discussed how the Internet of Things will change the financial services sector. The change that I consider more fascinating concerns how banks might become a marketplace of data, opening up an entirely new line of business.

Furthermore, in the UK, the January 2018 Open Banking services launch is set to force UK banks to open up their data via a set of secure APIs.

3. Only those that properly manage privacy compliance will be able to exploit IoT data

The EU General Data Protection Regulation will become binding with effect from May 25, 2018 with significant sanctions and burdensome obligations that will force companies to make changes to organizational and technical infrastructure. Companies that will not invest in their privacy compliance, risk creating infrastructure that may not endure. And, because it could well happen that the EU would require inappropriately gathered data to be destroyed, an infrastructure failure could well mean the collapse of the company itself. In contrast, the privacy by design approach enables companies to quickly adapt their internal privacy compliance to changes required by new technologies, including those of the IoT.

4. The value of data will lead to fights for its ownership

In the early stage of the IoT, companies were quite willing to grant their suppliers the ability to exploit customers' data that was generated, by means of IoT technologies, in an anonymous format, for the development of suppliers' products and to provide services to the benefit of other suppliers' customers.

But the increase in the awareness of data as a business asset is changing companies' approach to data ownership. The opportunities for suppliers to use customers' data for other purposes will increasingly require that customers get something in return – for example, considerable price savings or even profit sharing.

5. Blockchain might be the key to ensure security of the IoT

Cybersecurity has traditionally been considered one of the main weaknesses of IoT technologies. If IoT devices, coupled with artificial intelligence elements, are to influence more and more of our lives, any potential malfunction may have major negative consequences.

One of the main strengths of the blockchain is its high level of security and this is why I believe that the exploitation of blockchain by IoT technologies may become a major resource, which will also help to create a higher level of trust around these technologies.

These are my top 5 Internet of Things predictions for 2018. What are yours?

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Articles relating to IoT and AI / machine intelligence from the DLA Piper Tech Sector thought leadership programme

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