Solid advice for you IoT gunslingers and quacksters out there: Time to change your business model

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The [ThingsCon](#) report [The State of Responsible IoT](#) is an annual collection of essays by experts from the ThingsCon community. With the Riot Report 2018 we want to investigate the current state of responsible IoT. In this report we explore observations, questions, concerns and hopes from practitioners and researchers alike. The authors share the challenges and opportunities they perceive right now for the development of an IoT that serves us all, based on their experiences in the field. The report presents a variety of differing opinions and experiences across the technological, regional, social, philosophical domains the IoT touches upon. You can [read all essays as a Medium publication](#) and [learn more at thingscon.com](#).

Imagine yourself being in some place called Tombstone Creek or Deadwood Gorge, Wyoming or Colorado, around 1858 or so — or any other frontier town in the wild west around that time, the way they are often shown in Western movies: Gunslingers, quack doctors, prostitutes, gold diggers, fraudsters and racketeers in this place are feeding on all the fortune seekers rushing in from the old world out east. At the height of the gold rush, the American 18th century frontier of the heartland and west coast outback presented ample opportunity for short-term small racketeering business success with its vague and hastily crafted laws and only a few easily corruptable sheriffs to keep some degree of order. Shady entrepreneurs had their heyday back then, no doubt about that.

In many ways this scenario — the good ol' Wild West, which of course really wasn't all that good — resembles that of the global landscape of the IoT industry today. Quick bucks are made by hasty entrepreneurs and nimble hardware startups, whose ship-now-and-deal-with-trouble-later strategies makes up for a very fragmented and perplexing market with little to no regulation and the Internet to easily propel all kinds of shady products to every corner of the world. Will it stay this way? If not, what comes next? History and capitalism will tell us.

Let's start out by looking at the business model of one of those opportunistic merry men and women of the wild west — the quack doctor: Upfront payment for a product such as a balm or wonder liquid which, according to the sales pitch given impromptu from the back of the prairie wagon, could [insert some amazing and unique benefit], but which most likely didn't yield anything, and in worse cases might have left the gullible customer with a rash. By the time the lack of quality became apparent, the quack would have hauled their prairie wagon off to the next town and maybe taken a new business name. It was quick money for sure, and maybe good short term business for the seller. For the customer? Not so much.

Does this sound vaguely familiar in today's settings? Well, buy an IoT product nowadays from one of the present day digital prairie wagons and you might miss the days when a wasting a little money was all that happened to you. More likely the damage done by the IoT-balm these days would be some horrible privacy violation, lacking cybersecurity, or no interoperability with the other cheap IoT-balms you've acquired. You might end up not just having wasted money, but potentially gotten hacked, had your credit card misused, or find your new acquisiton has become part of an evil bot army without your consent or knowledge. Worst case scenarios include you having your identity stolen or house burned down from a short-circuiting connected toaster that went haywire. It's a wild west out there in IoT-land these days.

Historically in America, at some point there was no longer any outlawed frontier land to flee to for the quacks, and society started to become more and more organized. The shanty gold digger towns turned into cities, the prairie turned into farmland and business became organized and taxed. The arm of the law became longer, and the offering of pharmaceuticals became more restricted and regulated. (I am not sure they

got rid of *all* the quacks, but you get the picture.)

Will this happen in the global IoT space? I am sure it will, although maybe not only through the same kind of regulatory processes as we saw helped shape modern American society. There will be no cavalry coming to the rescue in the darkest hour on the global Internet: We don't have one, and that is probably for the best. Instead I would argue that the IoT industry actors will start to clean up their act to stay competitive and to be able to build business in the 2020s and beyond. Offering responsible tech will simply be the best business model. Customers will flock to the suppliers of trustworthy, secure, interoperable and open products and services.

Why? The IoT global market will not remain an industry driven mainly by selling hardware, if it even ever was. Once most homes, workplaces, cars, watches and implants become fully connected, the market for hardware — while still large — will be much more saturated, and entry will be harder. As will scaling and growth. The real driver of good and scalable IoT-business will be data. Data and subscription models, where businesses try to get the customer to obtain the actual hardware as easily and cheaply as possible (maybe even freely) in order to then establish the foundation for real business: A mutually beneficial relationship to ensure a long-term and much more profitable business opportunity.

All this will be based on trust, which as a business you will have to earn from your customer. This will not happen if you cut corners on hardware that violates users rights, or is easy to hack, or does not give customers the freedom to own their own data or move it elsewhere in a click or two. You will simply not be able to build the foundation for good long-term business that way.

That is not to say that we will not need some form of regulation. Countries will have to instate their own protections to shelter citizens from predatory IoT quacks. We need some international standards that customers can use to navigate the field and to help them distinguish between proper businesses and the quacks. A good example is the IoT Trustmark, which has the potential to create a bar that it will be hard for businesses to refrain from staying above in order to stay profitable.

Moving from where we are now to a future global market dominated by a more credible

IoT-industry will not happen overnight. I think it's fair to say that in comparison with the timeline of the American frontier (as it moved from east to west) we are maybe somewhere around Utah. California is still some way out on the horizon, but if there is anything we've learned from modern capitalism it is that it is often not the best strategy to hang on to the old cash cows for too long instead of adapting towards what comes next. The industry needs to start changing their business models now if they want to save their hides (pun intended) and stay relevant. Let's learn from history. Yeehaw!

Christian Villum

Driven by a keen interest in exploring new boundaries for strategic design, **Christian Villum**'s work as Director of Digital & Future Thinking at the Danish Design Centre examines new ideas in the span between technology and design thinking.

With a background in maker technology, new business models, sharing cultures, open data and open design, internet culture and hacktivism, he enjoys developing communities and bringing people together to share new ideas and generate change. His work explores future currents in technology from a design perspective, and includes, among other things, programs for new open source business models for manufacturing, establishment of global Fab Cities and human-centric approaches to technology. He is a frequent public speaker, blogger and was the editor and co-writer of the book 'Open Source City' (2016).

Christian's previous work includes co-founding and heading the experimental Platform4 Art & Technology hub, being a frontrunner in the use of Creative Commons content licenses, building global communities for the UK-based non-profit organisation Open Knowledge Foundation and initiating a wide range of companies and projects.

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