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## The IoT – Harbinger of Change

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In a 2013 [white paper](#) about the Internet of Things (IoT) **Cisco** estimated that there were 10 billion connected devices at that time and that there will be 50 billion by 2022. The paper cites Smart Grids, Smart Buildings and Connected Healthcare among the areas where most value will be gained from the IoT.

As *Anton Hofland* writes, it also states that business leaders need to start transforming their businesses based on key learnings from use cases.

Personally, I believe we need to go further than just transforming businesses. For the IoT to realise its true benefits, we, as a globally connected community, need to completely re-think the way in which we do things. To make this case let's take a closer look at one of the most cited IoT success stories, namely Energy Smart Metering.

Energy Smart Metering requires the installation of a connected metering device at every end-user location. The technology is supposed to bring a whole raft of benefits, including improved energy efficiency, enhanced energy management, improved supply and demand management and even improved integration of renewable resources. Smart metering installation programs have been common place in the United States (US) for several years and they are mandated by law in the European Union (EU).

However, a [study](#) about the US smart metering program suggests that it is all but a total waste of tax payers money and that to date none of the promised benefits have been realised. European smart meter insiders confirmed the same at the recent *M2M Forum*, held in Vienna in June 2015. They implied that the EU smart metering initiative is a success only because smart meter installation is EU law and because it is heavily subsidised.

Why have the promised benefits of smart metering not been realised? Simply put, the smart meters installed today support the energy industry's current business model. Smart meter information flows from the end-user location to the energy provider at short intervals. The current model gives little in return to the consumers in terms of either significant financial savings or convenience. With the installation of smart meters nothing has changed apart from the energy industry saving on staff reading meters.

In my view, achieving the touted benefits will require the smart meter information to flow in the opposite direction, from the meter to the end-user. This would enable end-users to optimise their energy usage profile in line with personal circumstances, values and beliefs. Instant choice of source of supply seems a logical pre-requisite for the realisation of the envisioned smart metering benefits. This is contrary to the prevailing energy industry business model and against the interest of the large, monolithic energy suppliers. It may even be totally incompatible with the way in which the energy industry is run today. An early example of the kind of business model re-think which may re-shape the industry is the Energy Services Program running in [Boulder, Colorado](#).

With the smart metering example in mind, I believe that dropping lots of new technology into existing businesses without reviewing, re-inventing or even scrapping the underlying business model will not realise the promised gains and benefits. The IoT triggered change facing the energy industry today is just a harbinger of the change all businesses and the global community will be facing over the next few years.

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