

I'd like to start by echoing the comments of Daniel Castro from the 2015 IOT event: Congress must avoid heavy-handed regulations that could stifle innovation. This is an area where innovation is happening at a breakneck pace. Just as with the early Internet, there's a lot of chaos. The potential benefits are enormous. It's important that we allow the evolution of this technology to proceed with as few barriers and impediments as possible.

As a small business owner, I'm acutely aware of the challenges that small businesses face. According to the Bureau of Labor Statistics, the percentage of people employed by small businesses in this country has been in decline for decades and the rate of small business startups has been in decline for more than ten years. This is a problem in the IOT space because small businesses are much better able to move quickly and embrace new ideas.

Every regulation, however well-intentioned, adds to the costs and risks of starting a business. Even more critically, it distracts the entrepreneur from focusing on the purpose of the business. You can't be innovating while you're filling out regulatory compliance paperwork. This is an expense for a big company, but it can be lethal for a small business.

Just a simple example from this month. We wanted to hire a part-time college intern this summer. In Vermont, we have to have worker's compensation insurance. For a big company in our industry, that might add one or two percent to your payroll costs. For us, it was almost two days of my time, and over 10% of our payroll.

As we launch our IOT products, we have plenty of challenges on the technical side. It's important that regulatory compliance does not add another layer of costs, delays, and uncertainty.

A second issue is radio frequency spectrum. We're particularly interested in lower frequencies. They don't support high data rates, but they work better through walls and trees. In the US, there's only a small band available, and those frequencies are different from what's in use in the rest of the world. It would be helpful to free up additional low-frequency spectrum for low-power devices. It would be crippling to sell rights to more specific bands at auction. Bandwidth is a finite public resource, and selling it to the highest bidder effectively shuts out small businesses.

Finally, I'd like to touch on security. A significant breach was accomplished recently through a compromised building management system. As a manufacturer in that space, we're very sensitive to this issue. Every connected device is a risk - if you can connect to it, so can an intruder. Physically, I live in a very safe area. On the Internet, I live in a high-crime district. We see literally hundreds of probes and connection attempts every day. It's exactly like having masked men coming around my house and trying to open the doors and windows. We're doing all we can to make sure the doors and windows are locked, but it's obvious to me that there's no way we can continue to have new and innovative products without also introducing new vulnerabilities. We need to figure out a more effective strategy for protective measures, deterrents, and law enforcement in this area.