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6 INTERNET OF THINGS LEGISLATION

7 TUESDAY, MAY 22, 2018

8 House of Representatives

9 Subcommittee on Digital Commerce and Consumer

10 Protection

11 Committee on Energy and Commerce

12 Washington, D.C.

13

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16 The subcommittee met, pursuant to call, at 10:15 a.m., in

17 Room 2322 Rayburn House Office Building, Hon. Robert Latta

18 [chairman of the subcommittee] presiding.

19 Members present: Representatives Latta, Burgess, Lance,

20 Guthrie, McKinley, Bilirakis, Mullin, Walters, Costello, Walden

21 (ex officio), Schakowsky, Clarke, Cardenas, Dingell, Matsui,

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22 Welch, Kennedy, and Pallone (ex officio).

23 Staff present: Mike Bloomquist, Deputy Staff Director;
24 Melissa Froelich, Chief Counsel, Digital Commerce and Consumer
25 Protection; Adam Fromm, Director of Outreach and Coalitions; Ali
26 Fulling, Legislative Clerk, Oversight & Investigations, Digital
27 Commerce and Consumer Protection; Elena Hernandez, Press
28 Secretary; Paul Jackson, Professional Staff, Digital Commerce
29 and Consumer Protection; Bijan Koochmaraie, Counsel, Digital
30 Commerce and Consumer Protection; Austin Stonebraker, Press
31 Assistant; Hamlin Wade, Special Advisor, External Affairs; Greg
32 Zerzan, Counsel, Digital Commerce and Consumer Protection;
33 Michelle Ash, Minority Chief Counsel, Digital Commerce and
34 Consumer Protection; Jeff Carroll, Minority Staff Director; Lisa
35 Goldman, Minority Counsel; Caroline Paris-Behr, Minority Policy
36 Analyst; Michelle Rusk, Minority FTC Detailee; and C.J. Young,
37 Minority Press Secretary.

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38 Mr. Latta. Well, good morning. I'd like to call the
39 Subcommittee on Digital Commerce and Consumer Protection to order
40 and the chair now recognizes himself for five minutes for an
41 opening statement.

42 And again, good morning to our witnesses and welcome to this
43 legislative hearing on the Internet of Things. Today, we will
44 discuss the bipartisan State of Modern Application, Research,
45 and Trends of IoT Act, or the SMART Act IoT discussion draft.

46 The SMART IoT Act discussion draft is the result of work
47 the Digital Commerce and Consumer Protection Subcommittee has
48 done over the past two years.

49 Last July, this subcommittee held an Internet of Things
50 Showcase. At that event, members invited companies from our
51 districts and across America to demonstrate products and services
52 in the IoT field.

53 It was a wonderful opportunity to see this revolutionary
54 work up close and interact with the inventors doing this important
55 work.

56 To accompany that Showcase, we held a hearing where
57 participants from the Showcase discussed their companies,
58 challenges they face with growing in this space, and what we,

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59 as policymakers, can do to help promote the continued development
60 of the IoT solutions.

61 This January, we held a hearing on the state of manufacturing
62 in the IoT space and over the following months we met with other
63 builders, suppliers, customers, and experts to better understand
64 IoT's enormous potential.

65 This technology is having a real-life impact for many of
66 our constituents. I've personally met with manufacturers in my
67 district that are using this cutting-edge technology to maintain
68 their machinery and keep production on track.

69 I also met with farmers in Defiance, Ohio, who are using
70 IoT for better grain management, increased planting and
71 harvesting efficiency, and improved monitoring of the temperature
72 in their storage facilities.

73 The draft legislation we discuss today is the result of
74 important bipartisan work after hearing from the experts where
75 we noticed one lingering question: What does the universe of
76 rules, regulations, guidelines, and best practices look like for
77 the IoT space?

78 While we know there are many other topics of interest in
79 this space, this legislation kicks off a process to give all

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80 stakeholders a base set of information to frame the other
81 challenges without speculating or hypothesizing about what
82 already exists.

83 The IoT is already revolutionizing the way that we organize
84 factories and supply chains, transport commodities like oil and
85 gas, make manufacturing more efficient, maximize energy
86 efficiency, and even restock our refrigerators.

87 This subcommittee has engaged in historic bipartisan work
88 with the SELF DRIVE Act this Congress and I am pleased to see
89 that cooperation continue with the SMART IoT.

90 When safely applied to autonomous vehicles, the Internet
91 of Things holds the potential to significantly reduce traffic
92 fatalities and make our roads safer while reducing costs through
93 more efficient fuel consumption.

94 In these areas and more, the IoT holds the potential to
95 greatly improve the lives of Americans. I want to thank my
96 colleague, Representative Welch, for his willingness to continue
97 our work together on this very important issue.

98 As many here know, in previous Congresses Representative
99 Welch and I started the Internet of Things Working Group. We
100 heard from industry and other stakeholders about the importance

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101 of light-touch regulation to foster innovation and jobs here in
102 the United States.

103 This bipartisan draft is a result of the lessons learned
104 in those meetings, this subcommittee's Disrupter Series hearings,
105 and lays the groundwork for constructive conversations in the
106 future.

107 The SMART IoT Act will give all stakeholders, both private
108 in industry and at the federal level, a better sense of what
109 guidelines and best practices exist or are in development.

110 As we all know, IoT issues cut across so many industries
111 and so many federal agencies. Ensuring that we know about
112 overlaps or potential duplication is important for many reasons
113 from ensuring efficient use of government resources to
114 understanding how stakeholders are addressing some of the
115 important but challenging issues of privacy and data security.

116 From the Department of Commerce's efforts to foster the
117 advancement of the IoT ecosystem to the Department of
118 Transportation's focus on advancing automated vehicle, so much
119 work is being done in this space.

120 We want to encourage our interagency collaboration and
121 foster an environment where transparency is key. Likewise, I

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122 would like to ensure that the environment for innovation in the
123 United States across all of these industries remains a priority
124 by optimizing our own efforts to promote good, consistent
125 government.

126 I believe the SMART IoT Act is an important step in doing
127 just that.

128 And again, one of the things I always like to say is that
129 one of the great things about serving on the Energy and Commerce
130 Committee is that we kind of look over the horizon five to 10
131 years.

132 When we hear from our witnesses we want to hear from you
133 to know exactly where you're going to be because we don't want
134 to have our regulators or our laws that we were thinking about
135 enacting looking in the rear view mirror or at the end of a car.
136 We need to be looking far out into the future.

137 So, again, I want to thank our witnesses for being with us
138 today and I look forward to your testimony today and, with that,
139 I recognize the gentlelady from Illinois, the ranking member of
140 the subcommittee, for five minutes for an opening statement.

141 Ms. Schakowsky. Thank you, Mr. Chairman.

142 This subcommittee frequently discusses the Internet of

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143 Things. We have hearings on IoT in manufacturing and wearable
144 devices, not mention our IoT showcase last summer.

145 Today, we transition from general discussion to discussion
146 of actual legislation. The SMART IoT Act is a first step. It
147 would require the Commerce Department to survey the use of
148 connected devices and examine the federal role in this space.

149 As the bill acknowledged, internet-connected devices
150 provide an opportunity for economic growth. But we want to ensure
151 that those devices are developed securely. My hope is that the
152 report generated by the SMART IoT Act provides the foundation
153 for further legislative efforts.

154 Our hearings on the Internet of Things have raised important
155 issues. What privacy and cybersecurity protections are going
156 to be baked into these devices?

157 Normal household items can now collect very personal data
158 that must be stored and used appropriately. Connected devices
159 present new safety concerns. The Consumer Product Safety
160 Commission just held a public hearing on IoT and safety last week
161 with stakeholders on that very subject.

162 We need the infrastructure to support the rise of connected
163 devices including affordable broadband. The Internet of Things

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164 could also disrupt the current labor market. We must ensure
165 workers are prepared for a changing economy.

166 Finally, we must make the strategic investments in research
167 to promote future innovation.

168 Last week's hearing on quantum computing made clear that
169 the United States is not providing the consistent support
170 necessary to keep groundbreaking research moving forward.

171 Standing on the sidelines is simply not an option. These
172 are big issues for Congress to tackle and we must rise to the
173 challenge.

174 We know what happens if we rely on industry self-regulation.
175 Consumer privacy goes unprotected and safety is put at risk.
176 The SMART IoT Act should provide a resource for us to better
177 understand the variety of devices on the market.

178 I plan to use this information as I continue my push for
179 comprehensive consumer privacy and data security legislation.

180 We have had bipartisan furor over misuses of consumer data.

181 It's time now for bipartisan solutions to the problem. The
182 bill before us is a natural extension of the work that members
183 of the subcommittee have been doing for the last couple of
184 sessions.

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185 In 2016, Congressmen Latta and Welch convened stakeholders
186 for several forums under their IoT Working Group to discuss this
187 -- the internet -- the Internet of Things and the issues new --
188 that new technology raise.

189 In many ways, the study and the SMART IoT Act is a
190 formalization of that very survey. In the coming weeks, I look
191 forward to working on a bipartisan basis to move this legislation
192 forward, and then I am ready to take the next step of updating
193 consumer protections and funding key investments.

194 The Internet of Things has tremendous potential. We must
195 work together to make sure that America benefits from that
196 opportunity.

197 I thank you, Chairman Latta. I yield back, unless anybody
198 wants the remaining time.

199 I yield back.

200 Mr. Latta. Thank you. The gentlelady yields back.

201 The chair now recognizes the gentleman from Oregon, the
202 chairman of the full committee for five minutes.

203 The Chairman. Good morning, Mr. Chairman, and other members
204 on the committee and to our panelists -- witnesses on the panel.

205 Thank you for being here.

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206 Today, we will hear testimony about the draft bill, the SMART
207 IoT Act, to support the development of the Internet of Things
208 here in the United States.

209 This bipartisan effort underscores one of the key goals of
210 the Energy and Commerce Committee, and that is helping American
211 entrepreneurs and established businesses expand to create jobs
212 for American workers and help improve the lives of American
213 consumers.

214 So I would like to thank Chairman Latta and Representative
215 Welch for working on this issue and finding a bipartisan path
216 forward. This is what we do at the Energy and Commerce Committee,
217 particularly on this subcommittee when faced with new technology
218 policy questions.

219 We have done that on the Self Drive Act. I would commend
220 my colleagues on both sides of the aisle for the good work there.

221 Now we just need to get the Senate to move forward, as we are
222 won't to do in many cases.

223 The Internet of Things, or IoT, does hold great promise to
224 connect workers, suppliers, products, consumers throughout
225 efficient networks that can save time, money, and bring about
226 new innovation and resources.

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227 Building this network won't be easy. We know that. It
228 requires engineers, entrepreneurs, and visionaries. It also
229 requires public policies that foresee a world designed for the
230 next-century policies that foresee a world designed for the next
231 century policies that are forward looking and that reflect a world
232 to come of self-driving cars, self-organizing materials, and
233 innovations we have yet to even think of.

234 These must replace many of our still-existing rules and
235 policies that reflect the old technologies of the last century.

236 While America has changed, many of our regulations,
237 unfortunately, have not.

238 That is one of the purposes of this legislation that's before
239 us today. It is meant to set the stage by making sure stakeholders
240 are aware of the playing field and are not creating conflicting
241 or duplicative obligations or requirements.

242 So the SMART IoT Act will create the first compendium of
243 essentially who is doing what in the IoT space. This includes
244 the efforts undertaken by private industry as well as a review
245 of what agencies are doing.

246 Removing regulatory barriers to innovation is one of the
247 most important duties of this committee. Doing so allows our

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248 economy to grow, our workers to flourish, and innovation to occur
249 here in the United States.

250 The best way to start is to know what is out there already
251 or being developed today. It's important to note that since
252 January of 2017 more than three million new jobs have been created
253 in America.

254 The U.S. unemployment rate, now at 3.9 percent, is the lowest
255 seen in this country since the year 2000, and what's more, this
256 comes as more Americans rejoin the workforce, millions once again
257 finding work after years of hardship.

258 So creating jobs and opportunity is a goal shared by all
259 of us on this committee, in fact, reflected in the bipartisan
260 work on the SMART IoT Act.

261 Chairman Latta and Representative Welch have been working
262 on these issues for several years now. Glad to see that this
263 progress has been made and we have a great opportunity, going
264 forward, to do even more.

265 So, Mr. Chairman and members of both sides of the aisle,
266 thanks for your good work on this. We have a couple hearings
267 going on simultaneously, as I am sure our witnesses and members
268 know.

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269 So some of us will be popping back and forth. But we value
270 your testimony that we have here and the good bipartisan work.

271 And with that, I yield back the remaining balance of my time.

272 Mr. Latta. Well, thank you very much. The gentleman yields
273 back, and the chair now recognizes the gentleman from New Jersey,
274 the ranking member of the full committee for five minutes.

275 Mr. Pallone. Thank you, Mr. Chairman.

276 Today's hearing on the draft SMART Internet of Things Act
277 is the next step in this subcommittee's review of new and evolving
278 technological development and I commend Chairman Latta and
279 Representative Welch for working together over the last several
280 years to explore and learn how the Internet of Things, or IoT,
281 can enrich our lives, help us be more efficient, and grow the
282 U.S. economy.

283 Today, more and more people have multiple internet-connected
284 devices in their homes, things like thermostats, vacuums, and
285 digital personal assistants, and more and more people are wearing
286 internet-connected devices such as fitness trackers.

287 But IoT is not limited to consumer products. Connected
288 devices of all kinds are used in practically every industry sector
289 like manufacturing, agriculture, and medicine.

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290 We have learned about drones that fly into dangerous areas
291 to assess hazards, sensors helping farmers understand the
292 topography acidity of their land, and doctors receiving real-time
293 data from monitors so that patients in remote areas do not have
294 to travel for daily appointments.

295 And today we are considering a bipartisan draft bill that
296 would direct the Department of Commerce to conduct a comprehensive
297 study and report on the Internet of Things.

298 Commerce will survey the industry sectors that make
299 internet-connected devices as well as all industry sectors that
300 use those devices.

301 The study will also look at how the federal government
302 oversees the use and development of connected devices, which
303 agencies deal with the Internet of Things, what expertise those
304 agencies have, and what entities those agencies interact with,
305 and the study will identify government resources available to
306 consumers and small businesses to help them evaluate connected
307 devices.

308 The report will provide a one-stop source of how businesses
309 are integrating connectivity and how the federal government is
310 helping the country adapt to this age of connectivity.

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311 Federal and local government agencies could also use the
312 report to better coordinate their work and I hope the study will
313 encourage them to do so.

314 And any report will be a snapshot in time, but given the
315 integration of IoT into all parts of our lives in the global
316 economy, the report will provide a jumping-off point for more
317 work.

318 I would certainly like to see cybersecurity issues given
319 more emphasis when we look at IoT. Throughout our review,
320 cybersecurity was the issue that came up most often. cybersecurity
321 is imperative to keeping ourselves and our country safe from
322 malicious actors.

323 And I know some stakeholders have asked that cybersecurity
324 be specifically called out in the study. I would support such
325 a change.

326 But whether it's made part of the study required by this
327 bill or not, Congress must take action to ensure that strong
328 cybersecurity and data security are fundamental to IoT.

329 So I am glad that this subcommittee is working on this
330 bipartisan legislation and I'd like to yield the balance of my
331 time to the sponsor, Congressman Welch.

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332 Mr. Welch. Thank you very much, and I want to thank Chairman
333 Latta and Ranking Member Schakowsky for this hearing. It was
334 great to work with Mr. Latta too in the IoT Working Group -- 21
335 members that had hearings in advance.

336 We are trying to get educated before we pass legislation,
337 which isn't necessarily how we usually operate. But this is a
338 huge opportunity with the Internet of Things. You know, McKinsey
339 and Company did a study and says that it can be between \$4 and
340 \$11 trillion annually by 2025. So that's really quite
341 extraordinary.

342 My colleagues have already spoken about what many of these
343 opportunities are and also, Ranking Member Schakowsky, I think
344 pointing out some of the implications that we have to contend
345 with with labor is really, really important for all of us to keep
346 in mind.

347 But I'll just give one example. In Vermont, the brutal
348 pressure on our dairy farmers right now -- the price is down,
349 the costs are up -- and technology is helping some of those farmers
350 hang on.

351 And Mangan Brothers, a dairy farm in East Fairfield, Vermont,
352 has a computerized internet-based milking system that's really

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353 been helpful to them.

354 They installed a milking parlor about two decades ago and
355 now what happens when the cow comes in they have a pedometer on
356 their leg, and as soon as the cow crosses the threshold of the
357 milking parlor the sensor picks up which cow it is and relays
358 the information to the computer and all the statistics about the
359 cow's movements and body temperature and other pertinent
360 information is sent to the computer, and it's even relevant for
361 when the breedings are done just based on activity spikes.

362 It also gives them a report at the end of every milking day
363 with respect to the salt content and that's an indicator that
364 allows the farmers to take steps to avoid diseases.

365 So it's a big deal in terms of productivity for them and
366 it is made possible by the Internet of Things. And just the last
367 point in my last few seconds, the only way we are going to have
368 the Internet of Things in rural America is to have broadband in
369 rural America, and that's another enormous challenge we have and
370 it's woefully under served.

371 So we can talk all we want about the Internet of Things,
372 but unless we have broadband it's not going to happen.

373 So I yield back and thank my colleagues for the time.

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374 Mr. Latta. The gentleman yields back, and I just want to
375 say just briefly I really appreciate all the work that you and
376 I have done on IoT and also not only chairing the working group
377 but also working together chairing the rural broadband, so I
378 appreciate all you've been doing and thank you very much.

379 That now concludes members' opening statements and the chair
380 now reminds members that pursuant to committee rules, all members
381 opening statements will be made part of the record.

382 And, again, I want to thank all of our witnesses for being
383 with us today. We greatly appreciate you taking the time to
384 testify before the subcommittee.

385 Today's witnesses will have the opportunity to give
386 five-minute statements followed by a round of questions from our
387 members.

388 Our witness panel for today's hearing will include Mr. Tim
389 Day, the senior vice president of the Chamber Technology
390 Engagement Center at the U.S. Chamber of Commerce, Ms. Michelle
391 Richardson, deputy director of the Freedom Security and
392 Technology Project at the Center for Democracy and Technology,
393 and Dipti Vachani, vice president of the Internet of Things Group
394 and general manager of the Strategy and Solutions Engineering

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395 Division at Intel.

396 And, again, I want to thank you all for being here today
397 and Mr. Day, you are recognized for five minutes. If you'd just
398 pull that mic up close and turn the mic on, the microphone is
399 yours.

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400 STATEMENTS OF TIM DAY, SENIOR VICE PRESIDENT, CHAMBER TECHNOLOGY
401 ENGAGEMENT CENTER, U.S. CHAMBER OF COMMERCE; MICHELLE RICHARDSON,
402 DEPUTY DIRECTOR, FREEDOM, SECURITY, AND TECHNOLOGY PROJECT,
403 CENTER FOR DEMOCRACY AND TECHNOLOGY; DIPTI VACHANI, VICE
404 PRESIDENT, INTERNET OF THINGS GROUP, GENERAL MANAGER, PLATFORM
405 MANAGEMENT AND CUSTOMER ENGINEERING, INTEL CORPORATION

406

407 STATEMENT OF MR. DAY

408 Mr. Day. Thank you very much.

409 Good morning, Chairman Latta, Ranking Member Schakowsky,
410 and distinguished members of the House Subcommittee of Digital
411 Commerce and Consumer Protection.

412 Thank you for the opportunity today to testify about the
413 Internet of Things. I am Tim Day, senior vice president of the
414 Chamber's Technology Engagement Center, or C_TEC.

415 The Chamber established C_TEC three years ago to tell the
416 story of how technology can empower all Americans. At C_TEC,
417 we have focused our work on autonomous vehicles, unmanned
418 aircraft, telecommunications, and the new economy.

419 All of these issues and technologies are connected and
420 supported by the Internet of Things. Everyone participating in

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421 this hearing today is in one way or another one of the nearly
422 11 billion internet-connected devices projected by Gartner to
423 be in use today worldwide.

424 Whether we are streaming this hearing on a smart phone,
425 whether or not we have asked Amazon, Alexa, or Google Home
426 directions to the Rayburn House Office Building, or a wearable
427 counted the number of steps it took to get here, we all have been
428 connected and our lives are being improved by the Internet of
429 Things.

430 Not only does IoT technology directly benefit consumers,
431 it is also making businesses smarter and more efficient. For
432 example, the agricultural sector for better crop yields, health
433 care for improved patient outcomes, and manufacturing for
434 improved operations and maintenance.

435 One study has shown that industrial manufacturing IoT
436 spending is predicted to increase to \$890 billion worldwide by
437 2020. And, of course, government also stands to benefit from
438 IoT by creating efficiencies in public services, by finding new
439 value for citizens, enhancing capabilities, and streamlining
440 processes.

441 IoT may provide a much-needed answer for agencies seeking

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442 to meet increasing citizen needs with decreasing budgets.

443 And, Chairman Latta, back home in the Buckeye State,
444 Columbus, which was awarded the DoT's 2016 Smart Cities Challenge
445 Grant, is using IoT in research and development to create smart
446 vehicle technologies.

447 Another study has shown that wireless providers will invest
448 \$275 billion towards building 5G networks, which will be part
449 of the connectivity backbone of smart cities and IoT.

450 This investment will add \$500 billion in GDP and 3 million
451 jobs to the American economy. This number pales in comparison
452 to the \$11 trillion worldwide economic impact that is predicted
453 by 2025 for IoT.

454 Needless to say, IoT is an economic game changer. The
455 Chamber's president and CEO, Tom Donohue, has stated that
456 technology must be embraced as the growth driver and game changer
457 that it is.

458 That is why it is so critical that the United States maintain
459 leadership in IoT by adopting the right regulatory framework.

460

461 I would like to suggest a couple of ideas for your
462 consideration to strike the correct regulatory balance.

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463 Congress and agencies should do more to reduce the regulatory
464 burdens, compliance costs, and overlap.

465 Government should evaluate existing regulatory activities
466 and bring together stakeholders in government industry to shape
467 IoT policy.

468 Legislation like the DIGIT Act and the draft legislation
469 today, the SMART IoT Act, are much-needed steps in the right
470 direction to achieve this goal.

471 Additionally, actions like those done by the FCC led by
472 Commissioner Carr to streamline communications siting rules are
473 also to be praised. As IoT is still in its infancy, policymakers
474 should avoid the temptation to impose prescriptive regulations
475 on IoT and single out IoT for regulation for issues such as
476 privacy.

477 Congress should continue a policy of technology neutrality
478 and, finally, a skilled workforce will also be critical to the
479 development of this new technology and investment in human capital
480 will determine which countries lead, going forward in this space.

481 We are currently witnessing a new industrial revolution led
482 by advanced technology including IoT, which is a force for good
483 that should be fostered by smart regulatory frameworks that

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484 encourage investment, promote innovation, as well as connect and
485 empower all Americans.

486 Thank you for this opportunity. I look forward to your
487 questions.

488 [The prepared statement of Mr. Day follows:]

489

490 *****INSERT 1*****

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491

Mr. Latta. Thank you very much for your testimony.

492

Ms. Richardson, you are recognized for five minutes.

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493 STATEMENT OF MS. RICHARDSON

494

495 Ms. Richardson. Chairman Latta, Ranking Member Schakowsky,
496 thank you for the opportunity to testify today on behalf of the
497 Center for Democracy and Technology.

498 CDT is a nonprofit technology policy organization dedicated
499 to protecting civil liberties and human rights in a digital world
500 including privacy, free speech, and access to information.

501 We believe the Internet of Things has the power to enrich
502 people's lives in ways both big and small. But we also recognize
503 that the Internet of Things poses unique privacy and security
504 challenges.

505 Many of these devices collect information that is intensely
506 personal yet ungoverned by U.S. policy and privacy law. It has
507 also become common to hear of serious security breaches which
508 have allowed hackers to use IoT devices to either steal
509 information or participate as part of a botnet.

510 CDT's preference for technology policy is for private
511 industry to voluntarily create and adopt standards. The
512 government plays an important role in setting standards and
513 incentivizing good behavior, especially in sectors where security

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514 failures had extreme consequences or in the consumer market when
515 users don't have a fair shot at understanding or managing
516 products.

517 Congress has the authority and the responsibility to
518 determine whether the current government and private balance is
519 the right one. We hope this bill will help collect information
520 to assess that in two ways.

521 First, we hope the SMART IoT Act will collect information
522 to determine whether voluntary standards and privacy standards
523 are not only being created whether they are being adopted by a
524 critical mass of industry players.

525 Voluntary standards are the default in the IoT space and
526 billions of devices are up and operating on the internet, and
527 more are coming.

528 The foundational question we should be asking is whether
529 this approach is working as a general matter.

530 Second, the study should tease out any overlap or gaps in
531 government oversight of these IoT devices. Cross-agency
532 coordination is crucial to sharing information and will help make
533 sure that the government is not issuing conflicting guidance or
534 requirements.

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535 Now, we recommend the bill clearly state that nothing in
536 it should be interpreted to discourage agencies from continuing
537 work in critical areas like connected cars or health devices.

538 Agencies like the FDA and NHTSA are driving standards for
539 devices or systems that have literal life or death consequences
540 and that work cannot wait.

541 While industry deserves an overarching government plan for
542 IoT, IoT is already too large and too diverse to cabin in a single
543 agency, and developing sector-specific expertise will ensure that
544 government involvement is supported by the technical and policy
545 knowledge needed to make the right decisions.

546 After you receive this report, we expect that you will find
547 that one of the largest gaps in standards and oversight is in
548 the consumer market.

549 As Ms. Vachani mentions in the IoT report for Intel, most
550 IoT devices and applications relate to industrial products, smart
551 cities, and the health industry.

552 Many of these devices are subject to practical and regulatory
553 limits already. For example, some of these devices are embedded
554 in critical infrastructure, which is already regulated writ
555 large, and some of these devices are really quite simple and do

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556 not collect personal information or offer computing power that
557 makes them attractive hacking targets. Think of sensors that
558 only measure water pressure or count the number of cars that
559 pass through an intersection.

560 The users of these sorts of devices also are often more
561 sophisticated and the corporate versus corporate relationship
562 can contractually ensure that IoT devices continue to work safely.

563 But the consumer ecosystem does not have many of these checks
564 and balances. Consumers are stuck in a take it or leave it system
565 and they will not have the option to leave it much longer, as
566 connectivity is built into everything.

567 Lay users just do not have the technical capacity to
568 understand and control the current crop of IoT devices on the
569 market. They also have few legal remedies when something does
570 go wrong.

571 If security fails, devices can be a gateway to stealing
572 personal information or subject the owner to actual spying.
573 Failures can harm a person or her property in the real world like
574 smart locks that can remotely open front doors.

575 And these devices can be taken over as part of a botnet that
576 can send scam email or, in the case of the Mirai botnet, take

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577 down websites and internet access, more generally.

578 In other words, there's a lot at stake in the consumer market
579 and the current system is just not working. We are hoping that
580 this committee finds the report to be just the jumping off point
581 for better oversight of consumer products and we look forward
582 to working with you and your staff on this bill.

583 [The prepared statement of Ms. Richardson follows:]

584

585 *****INSERT 2*****

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586

Mr. Latta. Well, thank you very much for your testimony.

587

Ms. Vachani, you are recognized for five minutes.

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588 STATEMENT OF MS. VACHANI

589

590 Ms. Vachani. Thank you.

591 Thank you, Mr. Chairman, Ranking Member Schakowsky, and
592 members of the subcommittee.

593 I appreciate the opportunity to testify today on behalf of
594 Intel Corporation and I commend you and Congressman Welch for
595 your leadership on the SMART IoT Act.

596 First, I would like to turn to the vast benefits of the IoT
597 and discuss real-life IoT use cases that are relevant to the
598 committee's jurisdiction.

599 Gartner predicts that IoT technology will be in 95 percent
600 of electronics for new product design by 2020. The
601 transformational, societal, and economic benefits that will flow
602 from this broad deployment of IoT technology is what energizes
603 Intel.

604 And the SMART IoT Act is a welcome indication that this
605 enthusiasm is matched by this subcommittee. The IoT is already
606 transforming sectors like health care, smart cities, and
607 transportation.

608 I would like to go over a few use cases. Smart health care

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609 -- less than .01 percent of patient data is available beyond the
610 bedside for health care teams to make clinical decisions.

611 To solve this problem, Medical Informatics, Intel, and Dell
612 partnered on an FDA-cleared IoT platform called Sickbay. Sickbay
613 continuously captures patient data from the bedside medical
614 devices and transforms it into actionable intelligence.

615 This enables care teams to make better and fast decisions
616 and predict patient deterioration before it occurs. In the last
617 four and a half years, Texas Children's Hospital used Sickbay
618 to improve health care for 2.1 million patients.

619 Smart cities -- 92 percent of the world's population lacks
620 access to clean air and leading to millions of deaths annually.

621 To address this, Intel and Bosch developed IoT-powered pollution
622 monitoring systems that provide intelligent data and enable
623 real-time analysis.

624 These IoT systems are used by governments to improve air
625 quality in congested cities like Pune, India, by factory owners
626 to track emissions and provide safety checks for all workers,
627 by construction site managers to provide air quality warnings
628 and improve efficiency, and by cities to provide residents with
629 recommended times for exercising outdoors.

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630 Use case number three, transportation -- as the subcommittee
631 is aware, the impact of autonomous vehicles will be life changing,
632 particularly in our disabled community and aging population.

633 The number of U.S. residents aged 78 and older will increase
634 by 53.7 million by 2030, compared to just 30.9 million in 2014.

635 Many of these residents live in communities with poor or
636 no public transportation. AVs will offer vastly improved
637 mobility benefits. Intel applauds the committee's leadership
638 on AV.

639 Next, I would like to offer Intel's strong support for the
640 SMART IoT Act and respectfully offer recommendations to enhance
641 the legislation.

642 Nations are racing to lead in this competitive IoT sector.
643 It has been Intel's strong desire that the federal government
644 be more proactive in ensuring U.S. IoT leadership in declaring
645 the U.S. the IoT a national priority for the innovation in
646 investment and competitiveness.

647 We applaud the subcommittee for its bipartisan work to set
648 America on its leadership path by ensuring an IoT study and
649 recommendations to promote IoT adoptions to grow our economy.

650 I was on the Hill last October to unveil a broadly supported

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651 industry report on IoT. Intel recommendations to the IoT -- SMART
652 IoT reflect this report.

653 First, we urge the subcommittee to include a robust
654 definition in IoT that is nonproprietary, neutral regarding
655 technologies and applications, and contemplates both the consumer
656 and the industrial IoT.

657 In fact, industrial, smart city, and connected health will
658 make up 70 percent of the use cases.

659 Second, we urge IoT -- you to seek specific recommendations
660 that would be highly impactful on laying the groundwork for the
661 national IoT strategy. This includes recommendations on
662 incentives for the federal government and agencies to adopt IoT
663 technologies to advance their federal mission including smart
664 infrastructure solutions.

665 How the federal government can best support global
666 industry-led IoT standard efforts and avoid new regulations that
667 duplicate existing industry standards and a criteria for the
668 federal government to invest in IoT public-private partnerships
669 and testbeds.

670 Thank you for the opportunity to share Intel's thoughts on
671 the SMART IoT Act. We look forward to working with you to see

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672 this bipartisan bill enacted into law -- that first step towards
673 a national IoT strategy -- and ensure U.S. leadership in this
674 transformational sector.

675 [The prepared statement of Ms. Vachani follows:]

676

677 *****INSERT 3*****

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678 Mr. Latta. Well, again, I want to thank our witnesses for
679 being with us today. We really appreciate your testimony, and
680 that will conclude our testimony from our witnesses and we'll
681 begin our questioning from our members, and I will recognize
682 myself for five minutes.

683 Mr. Day, do you believe a compendium of all current federal
684 action on IoT-related issues will help promote interagency
685 collaboration and consistent federal action?

686 Mr. Day. Thank you, Mr. Chairman, and again, I think what
687 we've heard is that the Internet of Things holds incredible
688 promise for our economy and the quality of life for citizens.

689 I do. I think the draft that we have before us today helps
690 with increased transparency and how government regulates this
691 technology in a better way.

692 We are firm believers that the government should make data
693 available and complying a list of federal policies that affect
694 IoT, I believe, would go a long way in enabling the companies
695 that we are working with at the Chamber and others and especially
696 also small and startup companies to understand the regulatory
697 environment that we are faced with today.

698 Mr. Latta. Yes, let me ask you about that right there

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699 because I know that when my friend from Vermont and I were doing
700 our Working Group meetings -- and actually we had them right here
701 in this room -- it didn't make any difference if you're from the
702 East Coast, the West Coast, the Midwest, what type you're in,
703 as Ms. Vachani was talking about, from everything from health
704 care to manufacturing to FinTech, you name it.

705 There was one thing that we heard from everyone -- that we
706 needed to make sure that we have a soft touch regulation out there
707 so people can be out there innovating and it's no -- we didn't
708 hear anybody ever say that they were against regulations but not
709 to have anything that was over burdensome that they couldn't go
710 out and regulate.

711 When you're talking about these smaller companies out there,
712 could you talk to me or talk to the committee a little bit about
713 what you have heard from them some of the major hurdles that
714 they're facing right now or things that need to be overcome?

715 Mr. Day. Absolutely, and, you know, I think what's exciting
716 about this is that this does impact middle America, the coasts.

717 Everyone, as you said, is impacted by this and I think when you're
718 a small business and a startup, and my focus at the U.S. Chamber
719 of Commerce in the emerging technology space, it is just that.

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720 It's emerging. It's changing by the day.

721 We are still learning what the technology means and so I
722 think there needs to be a structure but not too prescriptive in
723 the approach and, you know, quite frankly, business leaders and
724 new startups and entrepreneurs are looking to run the -- their
725 businesses with the support of the government but not being told
726 exactly how to do it because we are still working on the benefits
727 and how this actually applies to, you know, the companies that
728 we are working with.

729 And so I think what business leaders want to know is give
730 me the ability to invest, to be able to take my idea to the next
731 step but don't, you know, regulate me so much that I am not able
732 to produce quality results and in the end be successful as a
733 startup.

734 Mr. Latta. Thank you.

735 Ms. Vachani, again, I would like to turn a question to you
736 now. What are some of the IoT applications that Intel is focussed
737 on and can you explain how those applications benefit the economy
738 and jobs?

739 And, again, I was very interested because I know you were
740 going through the health care, the manufacturing, the

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741 transportation, and construction, but if you could get a little
742 bit more in depth with that I would appreciate it.

743 Ms. Vachani. Absolutely. So we have -- gosh, we have over
744 500 market-ready solutions that we work with the industry to
745 create because one of the things -- the common misconceptions
746 about IoT it's vertical, right.

747 You have a retail solution and you have an industrial
748 solution, and honestly, when you look across the board, our
749 customers are looking at solutions that go across multiple
750 industries.

751 And so there are multi industry solutions. They don't
752 necessarily sit in one nice little box as a vertical, and so you
753 will see an industrial environment where they're -- where they're
754 trying to do predictive maintenance at the same time as inventory
755 management, the same time as building management, and you see
756 several different vertical like solutions coming together into
757 one application.

758 And we believe that the maximum benefit is when these
759 solutions start to come together. One of the areas that I want
760 to reflect on is that the U.S. is actually a leader worldwide
761 in our innovation that we have in IoT.

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762 So you will see solutions overseas that have Intel or other
763 companies within the United States technology, our AI
764 applications, our software, that are driving innovation around
765 the world, and that's expanding our economy just the same because
766 that's created here in the United States.

767 It's built here by us and by our companies that are innovating
768 at a faster rate.

769 Mr. Latta. In my last 24 seconds follow up with that
770 because, again, it's good to hear the United States is leading
771 on this. What's happening across the globe that is making the
772 United States be the innovator out there?

773 Ms. Vachani. Well, I think that what we come down to is
774 we have some companies here that are able to look at these
775 solutions like Intel, truly, and that goes from the data center
776 all the way to the thing.

777 And so we can look at this problem holistically and that's
778 important that we do that, as well as some of the new technologies
779 that we come up with with specifically integrated circuits as
780 well as the software and artificial intelligence and the
781 leadership in artificial intelligence within this country.

782 Mr. Latta. Well, thank you very much. My time has expired

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783 and I yield back, and I recognize the gentlelady from Illinois,
784 the ranking member of the subcommittee, for five minutes.

785 Ms. Schakowsky. Thank you.

786 Connected devices can follow us through every aspect of our
787 lives, collecting data. At the same time, the committee has spent
788 a lot of time looking at how the data collected about us is used
789 by companies and by the government.

790 We heard from Facebook about how much data it collects, how
791 it shared that data with third parties, and how it used our data
792 to sell advertising.

793 As more and more devices collect data about us, that data
794 can be used to affect our decision making.

795 So, Ms. Richardson, let me ask you some questions. While
796 IoT devices provide benefits, are you concerned about their data
797 collection?

798 Ms. Richardson. Absolutely. The way the U.S. works its
799 privacy law is to do it categorically, to cover, for example,
800 communications, financial data, health information held by
801 doctors, and if you don't fall into one of these categories you're
802 just not protected and there are very few, if any, limits on how
803 the information can be collected and used.

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804 It's going to be possible that a lot of these IoT devices
805 are going to collect data that is not covered by one of these
806 categories already and that would be one of the benefits of having
807 a baseline comprehensive privacy law in the United States as we
808 would not have so many cracks and you would see the IoT data have
809 some procedural rights for Americans.

810 Ms. Schakowsky. I would like to work with you on that.

811 Five years ago, we were barely talking about location data
812 or facial recognition and now we are talking about genetic
813 information also.

814 Ms. Richardson, should we be concerned about what personal
815 information is out there and how the kinds of personal information
816 available to collect change over time?

817 Ms. Richardson. Yes. The information that is collected
818 by these devices is really unique. You only have to go back a
819 few years before we widely collected things, like you mentioned,
820 that reflect, let's say, your heartbeat, your location, the food
821 you eat, where you go, the people you know, and it can all be
822 aggregated in ways that give a very rich picture about people
823 in ways that they might be shocked to know.

824 I think one of the things you saw at your hearing with

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825 Facebook is that the surprise factor is really what upsets people
826 in many ways.

827 So this is something we need to watch more closely and,
828 hopefully, a universal privacy law would be able to protect that
829 sort of really sensitive information right now.

830 Ms. Schakowsky. So it's clear that privacy legislation is
831 absolutely necessary. I like the way you talk about it in a
832 nonsiloed way.

833 In fact, the Federal Trade Commission has recommended many
834 times that Congress enact comprehensive privacy legislation.

835 Ms. Richardson, again, the SMART IoT Act would examine how
836 different industries are using and developing IoT. Could such
837 a resource be helpful in the development of best practices for
838 privacy and IoT devices?

839 Ms. Richardson. Yes. I think that would help us get a
840 better view of where the industry is going. I think you're going
841 to find, though, that there are very few when it comes to privacy
842 and for the most part the standards are about interoperability,
843 technical standards, and cybersecurity, and you're going to find
844 a really big gap here.

845 Ms. Schakowsky. So the FTC recommended in the past that

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846 privacy legislation should not be IoT specific. Do you agree
847 with that?

848 Ms. Richardson. Absolutely. We want a forward-looking
849 tech-neutral law that will be able to cover all sorts of
850 information regardless of the type of device or entity that's
851 creating it.

852 Ms. Schakowsky. So Mr. Day said that one of the things that
853 we need to worry about is too much regulation standing in the
854 way. Don't you think there's a balance, though, of making sure
855 that we set some rules of the road, some guidelines that industry
856 needs to follow?

857 Ms. Richardson. Yes, and in a way those can drive
858 innovations themselves. You end up having requirements that
859 inspire new solutions to protect privacy and security.

860 And CDT does believe in a light touch but there are a few
861 places that government intervention -- or oversight is maybe a
862 better word -- is most urgent and that's where you look at things
863 like cars or pacemakers and devices that really have life or death
864 consequences if something goes wrong, and I think we are seeing
865 the consumer market is just an area where everyday people are
866 not able to make informed decisions about the devices they're

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867 buying, the information that's collected and then how to secure
868 the devices.

869 Mr. Latta. Thank you. The gentlelady yields back.

870 The chair now recognizes the gentleman from Pennsylvania
871 for five minutes.

872 Mr. Costello. Thank you, Mr. Chair.

873 I want to sort of continue down that path of consumer-facing
874 devices and speak a little bit more about being a small business
875 owner or a startup, and approaching the infrastructure purchase
876 questions from an adequate security measure perspective.

877 In what direction do we need to head -- and it may not be
878 necessarily government, it may just be more industry -- in what
879 direction do we have to head in order to make sure that we are
880 getting it right.

881 A rather open-ended question, but why don't I start with
882 you, Ms. Richardson?

883 Ms. Richardson. As far as security standards go, we have
884 endorsed tech-neutral cybersecurity controls. So these are
885 really top-level decisions that both the manufacturers and the
886 operators can make.

887 So, for example, when you're building a device you should

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888 always have the capacity to update the software, right, and you
889 could say that without getting a really prescriptive technology,
890 you know, description of how to do that and each company can decide
891 how to do that.

892 And there is a list of maybe a half dozen of these sorts
893 of practices that I think are reasonably set as the baseline and
894 they include other things like being able to have passwords or
895 other authenticators that can be changed and things like that.

896 Mr. Costello. Following through on that, steps or
897 approaches that small and medium enterprises can utilize to
898 overcome concerns or difficulties relating to the system
899 integration side of IoT solutions, to -- go ahead.

900 Ms. Richardson. Can you repeat the question about system
901 integration?

902 Mr. Costello. Small and medium enterprises, overcoming
903 their concerns or difficulties relating to system integration
904 of IoT solutions. If you -- look, I don't want to -- if you're
905 a really big company, integrating is very easy. If you're a small
906 --

907 Ms. Richardson. Not actually. It's actually difficult
908 either way.

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909 Honestly, the number-one challenge for IoT right now is
910 scale. Scale is very difficult, right, and even with a company
911 as large as, you would say, Intel, there -- if you look at our
912 market-ready solutions, rarely do we have a solution that only
913 involves Intel. There is others. There's Dell involved -- as
914 I mentioned, many of our solutions -- Bosch was involved.

915 And so you're talking about multiple companies coming
916 together to include a complete solution and for a small or
917 medium-sized company that gets even more difficult, right.

918 And this is where the industry standards come into play
919 because when we start to create standards that are interoperable
920 and that we know work together that a small or medium-sized company
921 can create a piece and we know that that piece will work with
922 the rest of the system.

923 And Intel and many other companies -- we were here with
924 Samsung -- are working across the industry to help those standards
925 get deployed and become more consistent interoperable.

926 Mr. Costello. So when you use the term scale there, what
927 are you saying?

928 Ms. Richardson. What I mean by scale there is we are able
929 to create -- I will give you an example. We'll create a proof

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930 of concept inside of the walls of Intel in our building and it
931 will look beautiful and work perfectly.

932 It'll have the in system, the data center. It'll have the
933 store, let's say. It'll do inventory management. As soon as
934 I take that out of my office inside of Intel and try to put into
935 a Levi store or I try to put it inside of a mall, now it's working
936 with everything else around it and that's when we struggle,
937 because there's other systems.

938 There's old data. There's new data. Maybe the
939 infrastructure is there. Maybe they have connectivity. Maybe
940 they don't.

941 And so that becomes more difficult for us to deploy and then
942 think about thousands and then add millions to that, right. And
943 that's where we struggle with being able to take that technology
944 and deploy it into multiple instances across the world.

945 Mr. Costello. That's helpful. You were speaking about
946 industry standards, and depending upon what industry we are
947 talking about -- health care, manufacturing, whatever it may be
948 -- the place that you go for that industry standard to make its
949 way into code or regulation or whatever the case may be is
950 oftentimes different.

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951 Share with me challenges or frustrations in navigating
952 federal regulatory agencies to determine IoT industry standards
953 and how we could go about improving that.

954 Ms. Richardson. Well, one, I would encourage --

955 Mr. Costello. That's a question for everyone.

956 Ms. Richardson. Yes. I can start. One, I would encourage
957 you to look at the industry standards that are already available
958 to us because the industry is starting to coalesce around a few
959 standards that go across multiple industries.

960 Again, we are not saying this is just for industrial or
961 environment or it's just for retail. This is how we collect data
962 across the board and that could be a standard.

963 So I would encourage you to look, and I think that's part
964 of the recommendations here, is to look at what the industry is
965 already doing and leverage that because we have come across
966 together in this space, and I will allow you guys some time.

967 Mr. Latta. Yes. If -- since the gentleman's time has
968 expired, if you all could just real briefly answer that would
969 be great.

970 Mr. Day. Well, I think what we are doing today in discussing
971 is the right first step. I think between the DIGIT Act and what

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972 we are doing with the legislation in draft form today is that
973 first step and it's the right approach to some of these issues
974 that we are discussing and bringing forward today.

975 Thank you.

976 Mr. Latta. Would you like to comment? Okay, thank you very
977 much.

978 Mr. Costello. Yield back.

979 Mr. Latta. The gentleman yields back. His time has
980 expired.

981 And the chair now recognizes the gentleman from California
982 for five minutes.

983 Mr. Cardenas. Thank you very much, Chairman Latta and
984 Ranking Member Schakowsky, for having his important hearing and
985 I would like to thank the witnesses for coming forward and
986 enlightening us as to what's going on out there in the real world.

987 My background is in engineering. I got my electrical
988 engineering degree from UCSB back in the days when we used punch
989 cards in our programming, your technical you lack.

990 So I think a lot has changed, but I think that many of us
991 do welcome these changes, and having said that I think that public
992 policy needs to make sure that we are mindful of this fast-moving

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993 effort of the Internet of Things and how it affects individuals'
994 privacy, how it affects industries, how it affects jobs, how it
995 affects the jobs of today and tomorrow, and how do we get American
996 workers ready and prepared to be the workers of today and tomorrow.

997 These are the kinds of things that weigh on my mind. During
998 my careers, I actually owned a small business at one time so I
999 know what it's like for a small business to be able to pull
1000 something off the shelf in a very efficient cost-effective manner
1001 and I think the Internet of Things is making that much more
1002 efficient every single day and making smaller businesses,
1003 especially mom and pops a heck of a lot more competitive.

1004 Wherein, the old days, maybe back in my days in the '80s
1005 and '90s when I was a business owner, everything was in maybe
1006 fives and tens of thousands of dollars to get an innovative device.

1007 Now, it appears that we can actually get an innovative device
1008 that changes and allows us to be more efficient and hire more
1009 individuals and grow our business to the tune of hundreds of
1010 dollars.

1011 Is that correct? Do we have devices out there that maybe
1012 20 years ago to innovate were in the thousands of dollars and
1013 today it might be only a few hundred?

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1014 Can one of you give me an example of something that you can
1015 think of that actually touches on that?

1016 Ms. Vachani. Absolutely. If you think about, for example,
1017 the building management that was in New York, the deployment that
1018 we did, those were sensors that were -- they were not very
1019 expensive.

1020 We are talking sensors that are dollars on -- as it is, and
1021 they can look into a room and save a small business on their costs
1022 -- their infrastructure costs by looking at occupancy inside of
1023 a room and deciding that the AC needs to be turned on because
1024 no one's in the room.

1025 This isn't expensive technology from that stand point but
1026 it's changing the way we live and the way we operate within our
1027 businesses and saving us cost, right.

1028 One of the major ways that this building in New York was
1029 able to save money is we found a leak in one of their pipes. Again,
1030 we are talking about a sensor that's able to determine that there's
1031 a leak in a pipe and will waste, right, and they were able to
1032 reduce that cost.

1033 And so from that standpoint, innovation isn't necessarily
1034 requiring extensive amount of investment but there is ways where

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1035 we can start to make decisions very quick when this data comes
1036 together.

1037 Mr. Cardenas. Ms. Richardson, I have a question -- thank
1038 you -- I have a question for you about consumer applications and
1039 how do you think the Internet of Things devices are being used
1040 inside manufacturing workplaces?

1041 I happen to represent a community in Los Angeles that has
1042 a big corridor of manufacturing, lots of -- tens of thousands
1043 of manufacturing jobs in my district.

1044 Ms. Richardson. Yeah, and I think it's still unknown how
1045 this is going to affect the workforce on balance, right. You're
1046 going to create new jobs of the people who actually have to create
1047 the devices, and we hope that a strong privacy and security
1048 practice will create professionals to deal with that also.

1049 I think there are questions to ask about whether they will
1050 replace human beings on the job. But there will always be
1051 decisions that human beings have to make that we can't let
1052 computers do.

1053 So I don't think it will eradicate humans altogether.

1054 Mr. Cardenas. Well, on that note, there are things such
1055 as smart helmets and smart glasses that now can be deployed in

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1056 the workplace, and do you have any comments about how these devices
1057 might to affecting somebody's privacy in the workplace?

1058 Ms. Richardson. Yes, and people's privacy in the workplace
1059 is much more limited than in their home or out in public. This
1060 is long established that employers can really control the type
1061 of information that they're collecting on their property and while
1062 they're conducting their services.

1063 I think, though, when you see a lot of these sorts of
1064 applications they don't have to necessarily collect a lot of
1065 personal information, right.

1066 This is where, again, the controls built into the products
1067 on the front end are important so that you can collect the
1068 information necessary for your work but not, let's say, what they
1069 do on their breaks or the conversations they're having or things
1070 that are really not core to doing the job.

1071 Mr. Cardenas. Thank you. I mean, Mr. Welch talked about
1072 the cow and I was thinking, wow, I hope that cow is not creeped
1073 out about the privacy --

1074 [Laughter.]

1075 -- about every time she walks into the barn.

1076 But, Ms. Vachani, I know Intel has been active on the

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1077 connected worker's front and arguing that they keep workers safe
1078 and productive. Can you give us an example of that?

1079 Ms. Vachani. Absolutely. Actually, there's a really good
1080 example with a fireman which resonates with me, right. By
1081 connecting a fireman that goes inside a building we now know --
1082 by the sensors we can tell what is the oxygen level around him,
1083 or her, if the firewoman -- the fireman is laying down or standing
1084 up, what exact location they're in within the building if they're
1085 laying down.

1086 These are -- these are opportunities for us to save lives
1087 of some of our workers that are working in critical conditions.
1088 I think it's essential.

1089 Mr. Cardenas. Thank you. I yield back.

1090 Mr. Latta. Thank you. The gentleman yields back.

1091 And I am sure they only have happy cows in Vermont.

1092 The chair now recognizes the gentlelady from California for
1093 five minutes.

1094 Mrs. Walters. Thank you, Mr. Chairman.

1095 Mr. Day, do you believe that a review of all regulations
1096 guidelines standards and other policy efforts undertaken by
1097 federal agencies is important and do you think it will assist

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1098 us in ensuring consistent policy of Internet of Things-related
1099 matters?

1100 Mr. Day. Thank you for the question, Congresswoman.

1101 Yes, I do. I think the SMART IoT Act, by studying all sectors
1102 of the IoT and how they regulate technology and current policies
1103 will go a long way in cutting down overly burdensome regulations
1104 and duplicative regulation as well.

1105 I think when you're looking at the broad spectrum of
1106 applications here it's critical when you're looking at the impact
1107 on self-driving cars to getting a patient through a hospital more
1108 efficiently, cost effectively.

1109 It's all important, and I think the legislation before us
1110 today will streamline that process and benefit by, frankly,
1111 everyone.

1112 Mrs. Walters. Okay. Thank you.

1113 And Ms. Vachani, can you please discuss the benefits to a
1114 connected world both for business like Intel as well as consumers
1115 who use Internet of Things products?

1116 Ms. Vachani. There's multiple benefits through the
1117 Internet of Things. Whether it be more efficiency inside of a
1118 factory, so predictive maintenance is a very simple use case that

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1119 we use in factories that allow us to determine if a machine is
1120 going down sooner than it actually does go down and that'll prevent
1121 the down time for the factory, right.

1122 This is a fundamental analytics that has changed how
1123 efficient our factories can be. Let's think of retail where one
1124 of the number-one determinations of success or how they lose
1125 customers is because the item you're looking for isn't there.

1126

1127 So you go in for a pair of jeans, you don't have your size,
1128 you leave, you forget. That's important that we understand what
1129 people are looking for and that we have the inventory ready for
1130 them and that we understand what inventory you have. Inventory
1131 loss is a major loss for our retail businesses, especially brick
1132 and mortar businesses.

1133 And then I would also look at cities and how cities are using
1134 technologies to do gunshot detection at intersections or
1135 monitoring the environment as far as air quality is concerned.

1136 And that data enables us to decide if the changes we are
1137 making -- let's say we have in India electric rickshaws. Are
1138 they actually having an impact on our air quality and to make
1139 wise decisions based on data rather than hypotheses that we are

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1140 making things better.

1141 Mrs. Walters. Okay. Thank you.

1142 Mr. Day, as we continue to advance toward an increasingly
1143 connected world, some have expressed concerns with protecting
1144 consumer information.

1145 These are vitally important concerns, yet we also must
1146 acknowledge that Internet of Things devices in a connected world
1147 provide substantial societal benefits.

1148 Can you speak to how we can protect consumer information
1149 without losing the upside to a more connected world?

1150 Mr. Day. You know, I think it's obvious that the Chamber
1151 believes that consumers deserve to have their personal data
1152 respected by the companies and it's important that we are mindful
1153 of that, going forward.

1154 I think the other thing that I mentioned in my opening
1155 statement was that technology is not a single all-powerful
1156 industry and that I think it's important that this is a part of
1157 every industry.

1158 And when we are looking at the Internet of Things, I think
1159 it's something that we need to be mindful of but not directly
1160 linking the privacy, you know, issue to this legislation, as we

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1161 go forward.

1162 But I think it is something, as we've all testified to, that
1163 it's important and we need to be considering what data means now,
1164 because data is being created in massive amounts and how that
1165 is handles is truly important.

1166 And I think that's one of the areas where the Chamber is
1167 doing a lot of work and you will be hearing more from us on some
1168 of the importance of privacy principles, going forward, as a
1169 result of some of the discussions that we've been hearing in
1170 Washington lately.

1171 Mrs. Walters. Okay. Thank you.

1172 Ms. Vachani, as you may know, this committee is very focused
1173 on the advancement of self-driving cars. Your testimony
1174 discusses the enormous benefit of increased mobility that
1175 autonomous vehicles will provide for aging and disabled
1176 populations.

1177 Can you expand on this and discuss the role Internet of Things
1178 plays?

1179 Ms. Vachani. Autonomous vehicles, what the connection back
1180 to an aging population is if you don't have public transportation
1181 for someone to get to the hospital or someone to get to where

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1182 they want to go for a social benefit, let's say, and having more
1183 independence for our elderly population, a vehicle that is
1184 autonomous is safer for them to get from point A to point B and
1185 that enables them the flexibility and the independence that we
1186 want for our elderly population.

1187 Mrs. Walters. Okay. Thank you.

1188 And I am out of time. Thank you.

1189 Mr. Latta. Thank you very much. The gentlelady yields
1190 back.

1191 And the chair now recognizes the gentlelady from Michigan
1192 for five minutes.

1193 Mrs. Dingell. Thank you, Mr. Chairman, and to Ranking
1194 Member Schakowsky for the leadership on this issue and to
1195 everybody for being here.

1196 I think that it's safe to say that we do have agreement on
1197 both sides of aisle about the significant and revolutionary things
1198 that the Internet of Things is bringing to industry and consumers,
1199 and you all have certainly talked today about examples where it's
1200 already making a difference.

1201 But I continue to have a reservation that's been expressed
1202 by a number of other of my colleagues.

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1203 As we compare the rise of IoT to the development of the
1204 internet that the internet thrived because of the light regulatory
1205 touch used and I think we are not paying enough attention to
1206 security and privacy.

1207 So I have to already say to you, Mr. Day, before I even ask
1208 you my questions to say that we should deal with privacy is not
1209 something that I am going to be comfortable with because I think
1210 that the technology -- that the Facebook hearings have showed
1211 people had no idea of the amount of data that was being tracked
1212 and am already -- there aren't -- there isn't security on how
1213 that information is being used and we are not protecting even
1214 the privacy of an individual.

1215 So I won't go off on that right now. But I had to respond
1216 to that comment. But I would like to ask a few questions.

1217 Ms. Richardson, in a market that's rapidly evolving, how
1218 have you seen companies balancing getting to the market first
1219 with protecting security?

1220 Ms. Richardson. Yes. We often see that privacy and
1221 security is what fall short here, and a lot of these controls
1222 that are considered to be best practices are not hard from a
1223 technical matter.

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1224 For example, a couple of years ago the BitTag -- the broadband
1225 internet technical advisory group -- put out a report with a list
1226 of maybe five to 10 things that were of utmost priority like
1227 encryption, right, making sure that the data collected was
1228 protected in transit in storage, avoiding hard-coded passwords
1229 -- this is one of the problems with the Mirai botnet, right.

1230 All of those cameras were accessible with the same password
1231 the hackers knew and they were able to get all these cameras.

1232 And if you meet some of these baseline best practices you're
1233 going to lift all boats, right. It's not going to solve every
1234 problem but it will certainly give us herd immunity as users of
1235 all these different devices.

1236 Mrs. Dingell. Thank you.

1237 Ms. Vachani, on the consumer side, have you seen privacy
1238 being designed into these products before they're hitting the
1239 market?

1240 Ms. Vachani. Yes. Actually, I will tell you and hope to
1241 give you confidence that the security and privacy is utmost
1242 imperative when we are designing a solution -- where we store
1243 data, how that data is transmitted, and we look at that as a
1244 fundamental premise as we are integrating these solutions, and

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1245 we make decisions that are different.

1246 We may store data locally because it makes it easier for
1247 us to be able to protect it. And so these criterias are absolutely
1248 in the solutions that we create and we -- if you look at the
1249 solution that we had with regards to the health care monitoring,
1250 that's FDA approved and we follow all HIPAA laws, right. We
1251 enable our silicon so that our consumers are able -- our solution
1252 developers are able to follow HIPAA laws.

1253 Mrs. Dingell. So not to be sarcastic, but as someone who
1254 has been hacked at least 15 times, every one of the major ones,
1255 and that's one of the difficulties is once that hack occurs --
1256 once that data is obtained by somebody you can't put the genie
1257 back into the bottle.

1258 Mr. Day, I know your organization has -- is concerned and
1259 apprehensive about regulations, as you expressed it. But one
1260 of my concerns is going to build right on what I just said --
1261 that down the road there will be these massive data breaches that
1262 we keep seeing or an abuse of privacy.

1263 We'll convene a hearing. The witnesses will be questioned.

1264 Everybody will express outrage and concern, but the damage will
1265 have already been done, which was one on Facebook, which I just

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1266 talked about.

1267 Do you think it would be helpful to develop some clear rules
1268 of the road for companies now so we can try to mitigate this for
1269 the future?

1270 Mr. Day. Thank you, Congresswoman, for the question.

1271 And to answer you directly, yes, I firmly believe that and
1272 I think I would like to suggest that the offer is extended to
1273 work with you and your office on these issues.

1274 In fact, the Chamber is currently going through a process
1275 right now on developing privacy principles that we will be working
1276 with Congress on.

1277 And so I think probably earlier than later, to be engaging
1278 with you and your staff would be a great opportunity.

1279 I will tell you, again, that I firmly believe consumers
1280 deserve, you know, to have their personal data respected by
1281 companies that they're working with and I think that it's critical
1282 though that we strike that proper regulatory balance that protects
1283 consumers while promoting the technology that we all use every
1284 day and appreciate.

1285 Mrs. Dingell. That's one of the biggest challenges in this
1286 committee.

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1287 I know I am out of time, Mr. Chairman, but it would be
1288 interesting for the record to get what principles they are
1289 coalescing around that you mentioned earlier in your testimony.

1290 I think it would be useful for all of us.

1291 Mr. Latta. Thank you very much. The gentlelady yields
1292 back.

1293 The chair now recognizes the gentleman from Kentucky for
1294 five minutes.

1295 Mr. Guthrie. Thank you very much. It's great to be here.

1296 Thanks, Mr. Chairman. Thanks for having all the witnesses
1297 here. We've had some really interesting hearings in this space.

1298 The other day we did quantum computing, which I am still trying
1299 to figure out.

1300 The guy said, well, I will make it simple for you -- it's
1301 like flipping a coin and getting heads or tails is normal. In
1302 the quantum world you can flip a coin and get heads and tails
1303 at the same time.

1304 So that really made it simple for me. I've been thinking
1305 about that all weekend, trying to -- trying to figure out what
1306 he actually meant. That's how he explained it.

1307 But it is good that we are getting to, like, you know, a

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1308 work product out of this so it's important. So that's kind of
1309 what I want to focus on today and hopefully things I can
1310 understand.

1311 So, Mr. Day, can you briefly explain while voluntary
1312 industry-led, globally recognized, and consensus-based processes
1313 for Internet of Things standards are so critical and could you
1314 name some examples of industry-led efforts that are currently
1315 taking place?

1316 Mr. Day. So with this legislation is, as I testified to,
1317 I think is an important first step and I think by having certain
1318 standards set and compiling information again by all industries
1319 and sectors will benefit all of us and that I think the benefits
1320 both to consumers, to industrial, and to government are very clear
1321 and, you know, it's everything from keeping a global competitive
1322 lead on other countries and that this country needs to continue
1323 to be the leader in technology and, again, I think, you know,
1324 it's a great attribution to what the subcommittee and full
1325 committee has done on a bipartisan basis on self-driving cars
1326 to, you know the health care applications that we've discussed.

1327 So there's a whole host and wide variety of areas where this
1328 is a true benefit and, again, fully support the legislation --

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1329 the draft legislation and the DIGIT Act as well. We have come
1330 out in support of that early on and work -- hope to work with
1331 the committee, going forward, on passing the legislation.

1332 Mr. Guthrie. Thanks. And so, Ms. Richardson, why do you
1333 believe compiling a list of industry standard-setting efforts
1334 under the SMART IoT Act will be a critical part of helping to
1335 inform future congressional action?

1336 Ms. Richardson. Yes, and we would go one step further to
1337 say the list should also come with an estimation of whether the
1338 standards are being estimated. We don't want you to come back
1339 or get a report back that has a thousand standards listed because
1340 the next question is going to be well, are these being implemented,
1341 right -- who's using these and are they working.

1342 That's the logical question and I think that's what Congress,
1343 advocates, industry is sort of dancing around at this moment --
1344 is that process working.

1345 So I would recommend to include that analysis top and that
1346 would help you figure out where you really want to focus your
1347 efforts, going forward.

1348 Mr. Guthrie. Okay. Thank you.

1349 And Ms. Vachani, we've heard in the past hearings about the

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1350 critical need for security and good cyber hygiene both in
1351 production lines for IoT devices within the -- and within the
1352 federal government.

1353 What are you doing at Intel to safeguard IoT devices and
1354 networks from hacking vulnerabilities and what can small to
1355 mid-size businesses do to take meaningful steps to address data
1356 security concerns?

1357 Ms. Vachani. So if I look at Intel's contribution here,
1358 we are -- our security is fundamentally written into the silicon
1359 development. So it's in hardware, its software. It's in the
1360 connectivity. So we think of silicon across the board and we
1361 think of security across the board.

1362 We are also -- one of the areas that you talked about was
1363 software defined, right. Can -- as security standards start to
1364 change or as we learn more can we reprogram our devices -- can
1365 we update those. And so that's included in our assumptions.

1366 So we enable the industry through not only hardware but
1367 software security to be able to implement the best known security
1368 that we know at this point in our space.

1369 So absolutely paramount in what we do.

1370 Mr. Guthrie. Okay. Thank you.

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1371 I know you mentioned earlier -- and I had another hearing
1372 but I heard you mention earlier -- scale. But could you name
1373 what you see as other potential impediments to deployment of IoT
1374 and what we should be aware of, going forward?

1375 Ms. Vachani. Well, one of the -- we've talked quite a bit
1376 about standards and one thing I want to make sure we make the
1377 point of is these standards are international, and so scale is
1378 just not within the United States.

1379 I would like for us to be competitive internationally and
1380 having these standards that were global allows us to provide
1381 technology to other countries and export our great experience
1382 that we have here.

1383 And so I believe the interoperability and enabling us to
1384 be competitive internationally and taking advantage of these
1385 international standards will be -- will be important for us to
1386 be successful.

1387 Mr. Guthrie. Thank you, and thank you for your testimony.
1388 I appreciate it. It's a little more understandable for someone
1389 like me. I asked the guy how could you flip a coin and get both.

1390 Ms. Vachani. I have no idea.

1391 Mr. Guthrie. He says, it's like -- it's like putting it

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1392 in a box and the box is continually spinning and that really is
1393 the clue.

1394 [Laughter.]

1395 This is -- this is coming from a guy who's never solved the
1396 golf peg game Cracker Barrel. So we'll figure it out.

1397 Thanks a lot. I appreciate it, and I yield back.

1398 Mr. Latta. The gentleman yields back.

1399 The chair recognizes the gentlelady from California for five
1400 minutes.

1401 Ms. Matsui. Thank you, Mr. Chairman. I want to thank you
1402 and the ranking member for having this hearing today and I want
1403 the witnesses -- thank you very much for being here.

1404 I've discussed the potential block chain applications with
1405 the subcommittee before including its possibility to allow
1406 spectrum sharing as next-generation broadband networks are
1407 deployed.

1408 As you all know, block chain is a decentralized accounting
1409 technology that verifies transactions through a shared ledger
1410 system.

1411 When a transaction and a block chain is completed, that
1412 transaction is verified against a ledger stored on each computer

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1413 in the network.

1414 The IoT and connected devices will facilitate a significant
1415 expansion of data transactions likely between multiple different
1416 networks and block chain could be used to verify and secure these
1417 transactions.

1418 Is there an opportunity for this legislation to more
1419 precisely explore how new technologies could facilitate the
1420 secure advancement of internet-connected devices?

1421 And anyone on the panel can answer that.

1422 Mr. Day. I will take a first attempt at answering that
1423 question. And I agree with you -- I think block chain is certainly
1424 an area where IoT will offer a lot of benefit.

1425 At the Chamber we are just now beginning to work on our
1426 FinTech work and we are calling on members of help us understand
1427 the benefits. And so I think there are a number of ways that
1428 we should be looking at this.

1429 I think the legislation as drafted, though, is the correct
1430 step. It allows for technologies like block chain and others
1431 to progress.

1432 But as we are understanding the technology and the benefits
1433 thereof we can continue to work with you and other members of

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1434 Congress on implementing certain regulations as appropriate
1435 facing the technology.

1436 Ms. Matsui. Anyone else?

1437 Ms. Vachani. Block chain is absolutely a technology that
1438 Intel is looking at and one that can be used in IoT applications,
1439 so a really good connection there.

1440 I think, though, one of the points that you made when you
1441 kicked off as you're looking five to 10 years out and you have
1442 the benefit of doing so, and so today it's block chain and tomorrow
1443 it is -- it could be something even more revolutionary and that's
1444 why it's important that we consider this not from a very
1445 technology-specific standpoint but you're more holistically as
1446 to what's necessary for us to be successful, regardless of the
1447 implementation technology.

1448 Ms. Matsui. Okay. Narrow band IoT networks are
1449 particularly useful for long-range low-power applications.
1450 Specifically, these networks improve capacity, spectrum
1451 efficiency, and power consumption levels of user devices.

1452 Narrow band IoT networks have potential both nationwide and
1453 particularly for rural and indoor coverage. These networks can
1454 coexist with commercial mobile networks and their propagation

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1455 characteristics could provide better range and reduce coverage
1456 costs for consumers in both rural areas and across the country.

1457 Anyone on the panel -- what role do narrow band networks
1458 have in the IoT ecosystem from a spectrum efficiency cost and
1459 deployment perspective?

1460 Ms. Vachani. I think narrow band is going to help with --
1461 there are several elements in narrow band that makes IoT
1462 applications you have already referred to -- it's lower cost,
1463 lower power, and a longer -- which enables longer battery life.

1464 So think about we currently have an application where we
1465 are sensing the environment for a case of strawberries, right.

1466 We want to make sure the humidity is right. We want to make
1467 sure the temperature is right. Narrow band allows for that
1468 connectivity -- the continuous connectivity while extending the
1469 battery life and not increasing the cost of something that we'd
1470 want to do with a pack of strawberries.

1471 Also understand that when you move to the world of 5G, now
1472 all of this comes together. So now we have a narrow band spectrum.

1473 5G includes all of those spectrums -- will enable us to be able
1474 to pull this together as a complete solution.

1475 It revolutionizes how we think of connectivity and our

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1476 spectrums because narrow band is included as well as low latency
1477 as well as high bandwidth.

1478 Ms. Matsui. Okay. Great.

1479 Anyone else want to comment on that?

1480 Okay. Spectrum is the invisible infrastructure and
1481 Congressman Guthrie and I are working on this. In the -- it
1482 underpins our communications infrastructure and adequate supply
1483 is necessary to realize the potential on next-generation
1484 broadband networks and the IoT.

1485 Specifically, agencies should have access to funds made
1486 available for engineering research that could lead to the
1487 repurposing of spectrum for commercial use.

1488 What role will next-generation networks play in our IoT
1489 strategy and how would delivering more spectrum to commercial
1490 users help?

1491 Ms. Vachani. I would summarize it into one word, which is
1492 interoperability. If you think about a wider spectrum analysis,
1493 so 5G enables low spectrum as well as high -- low latency high
1494 bandwidth, and now you have that on one network.

1495 And so you're able to include all of those. Remember I said
1496 that it's not very much a vertical solution. We have all kinds

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1497 of pieces that are coming together into an IoT solution, which
1498 can vary in spectrum and once we have a solution that encompasses
1499 all those spectrums now it makes deployments easier for our
1500 customers, thus enabling scale, which we --

1501 Ms. Matsui. Okay. I've run out of time, so thank you very
1502 much.

1503 Ms. Vachani. Thank you.

1504 Ms. Matsui. Yield back.

1505 Mr. Latta. Thank you very much. The gentlelady's time has
1506 expired and the chair now recognizes the gentleman from West
1507 Virginia for five minutes.

1508 Mr. McKinley. Thank you, Mr. Chairman, and I apologize to
1509 the panel -- that we've got a hearing going on downstairs so we
1510 are back and forth in between them, and perhaps I've missed some
1511 of your testimony that targeted what my questions were.

1512 But I want to begin with saying that I am going to start
1513 by assuming you have all read Case's book, "The Third Wave." Two
1514 out of three have.

1515 I was fascinated with that book -- that the possibilities
1516 of where we might go long term, things like the -- it was mentioned
1517 about the refrigerator that could speak to you, your clothing

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1518 could tell you how your -- whether your wellness.

1519 Those were all in the long terms. I am somewhat interested
1520 in the short term, however, and that is, is there anyone -- can
1521 you tell me from your -- the three experiences we have up here,
1522 is there something in the pipeline of the IoT that might indicate
1523 the propensity of an area to have a problem with opioid abuse?

1524 I know some people have -- or they've talked about doing
1525 it, to be able to develop where that might be. But is there anyone
1526 that you know of that's actually got something close to fruition
1527 that we could do this?

1528 Because we are getting, as we all know, nationally getting
1529 hit pretty hard with this and we don't know where the next problem
1530 is going to crop up until after. We are reacting rather than
1531 being proactive.

1532 So I am curious to see with the Internet of Things in a short
1533 term is there someone developing software that might be able to
1534 identify where the next problem could crop up?

1535 Ms. Vachani. Yes. Actually, Intel is working on a --
1536 exactly on that problem, concerning the monitoring of medicine
1537 and the ability to know exactly where that medicine is going --
1538 is it going to the right person, monitoring how many tablets are

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1539 there and knowing exactly who's taking those -- having some facial
1540 detection -- who's picking up those tablets.

1541 And so absolutely. I believe that there is a connection
1542 -- you have made a very relevant connection, and thank you for
1543 that.

1544 Mr. McKinley. What's the time -- do you have a sense of
1545 --

1546 Ms. Vachani. We are seeing an implementation immediately,
1547 and it's an evolution over time. I mean, we are not going to
1548 have facial detection immediately at all of our pharmacies but
1549 it'd be interesting.

1550 It's an evolution over time but we are seeing implementations
1551 right away in which we can start to monitor medicine better.
1552 It's just -- it's just a matter of is it getting to the right
1553 person, how many, and are the right people taking it.

1554 So you think about in the opiate but you can also think about
1555 it with elderly patients as well, right, or making sure they are
1556 taking their medicines on time.

1557 Mr. McKinley. That may be a worry but, again, the propensity
1558 -- what -- this area, this community may be hit hard next. That's
1559 what I am looking for as well.

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1560 Where -- the fact that there could be some software that
1561 says the drugs -- 20 million pills are going to one pharmacy that
1562 ought to trigger something.

1563 Ms. Vachani. Right.

1564 Mr. McKinley. But in the meantime, is there socioeconomic
1565 barriers that we need to break down?

1566 So, Mr. Day, you look like you had -- you were going to
1567 contribute to this conversation.

1568 Mr. Day. So yes, at the Chamber, Congressman, we have been
1569 looking at economic situations across the country and that impact
1570 of joblessness and how communities have been impacted by this
1571 plight and looking at ways that we can start to examine the linkage
1572 between the two.

1573 And I think to the point on monitoring pill bottles and
1574 knowing times of when they're taken and monitoring, you know,
1575 who are getting their prescriptions, et cetera, those are things
1576 that are happening now but there is a lot more to be done.

1577 Mr. McKinley. Well, if I could on that, that just -- because
1578 you touched on something I am kind of sensitive to is the
1579 socioeconomic -- household income, education level.

1580 West Virginia has -- some will use that as the excuse for

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1581 why West Virginia is being in that -- leading the nation in opioid
1582 overdose but number two, until last year, was New Hampshire, and
1583 New Hampshire has polar opposites on that.

1584 It has one of the highest household income. It has the
1585 highest education level, and on and on and on, with good
1586 socioeconomics.

1587 So think there's something separating the two between us.
1588 So I am just curious if someone's developing something more
1589 sophisticated than just going on socioeconomics.

1590 Mr. Day. I am not personally aware, to be honest with you.
1591 But I think it would be an opportunity for us to work together
1592 as we continue our work with the Chamber and working with our
1593 member companies on various technologies, and I would be happy
1594 to do that.

1595 Mr. McKinley. I would like to pursue that.

1596 Ms. Vachani. I would like to offer that we can follow up
1597 with the details of the solution I just.

1598 Mr. McKinley. If you could, back to my office, I would
1599 appreciate that.

1600 Ms. Vachani. I would love to do that, if I could help.

1601 Mr. McKinley. All of you. Thank you very much.

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1602 I yield back my time.

1603 Mr. Latta. Thank you very much. The gentleman yields back.

1604 The chair now recognizes the gentleman from Vermont, and
1605 I want to thank him for all of his hard work not only in this
1606 Congress but in the last Congress, working on IoT issues with
1607 me.

1608 So thank you very much. The gentleman is recognized for
1609 five minutes.

1610 Mr. Welch. Thank you, and thank you as well, Mr. Latta.

1611 I want to focus a little bit on rural America -- just to
1612 have each of you say what it is we need to do in rural America
1613 if we are going to have any opportunity to yield the benefits
1614 of IoT.

1615 I will start with you, Mr. Day.

1616 Mr. Day. So I think one of the most important things, and
1617 you mentioned it earlier, Congressman, is the fact that broadband
1618 is not in every household in the country and that's first and
1619 foremost, I think, for a lot of reasons, I think, for being able
1620 to compete globally, being able to be connected and be able to
1621 have a business based upon the internet is critical.

1622 And so I think for rural America -- and I applaud your

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1623 efforts. That's first and foremost.

1624 Mr. Welch. Thanks.

1625 Ms. Richardson.

1626 Ms. Richardson. Well, I think the whole point of having
1627 standards and what your bill is discussing is to shift the
1628 responsibility for security to the people who can best address
1629 it, right -- the manufacturers, the operators -- and I think this
1630 is where sort of low-tech users benefit most from this.

1631 And so to the extent that your rural users are rapidly
1632 deploying new technology that they're not familiar with they will
1633 certainly benefit from better security standards.

1634 Mr. Welch. Thanks.

1635 Ms. Vachani.

1636 Ms. Vachani. Absolutely. I think -- I absolutely applaud
1637 the benefit to get broadband into rural America but understand
1638 that we can do technology -- implement technology today whether
1639 it be a cellular signal, right.

1640 I will give you the example of my parents, who still live
1641 in the same house that I grew up in and won't leave no matter
1642 what I do at this point.

1643 Having some type of monitoring, making sure they're getting

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1644 up in the morning and that they're -- oh, somebody's opened the
1645 refrigerator, that she's eating -- there's elements of that that
1646 I think is important that we can do today for rural America with
1647 the connectivity that we have and we don't have to limit ourselves
1648 to that deployment.

1649 Mr. Welch. Okay. Thank you.

1650 The other broad question -- I just want to go down the panel
1651 -- is about privacy and security. You have talked a little bit
1652 about that.

1653 But is there a role that you believe the Congress has to
1654 play in ensuring an individual's personal data is protected and
1655 is it your view that an individual has to have the control over
1656 how his or her data is being used -- something we asked Mr.
1657 Zuckerberg when he was here a while ago?

1658 Mr. Day. Well, again, I think to emphasize the point that
1659 consumers, again, have and deserve the right to have their
1660 personal data respected by all.

1661 Mr. Welch. Let's go quickly because I have one more
1662 question.

1663 Mr. Day. As we develop our principles at the Chamber, I
1664 look forward to working with you on those details.

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1665 Mr. Welch. Thank you.

1666 Ms. Richardson. We eventually need legislation. That's
1667 going to be the only way out of this mess we are in.

1668 Ms. Vachani. I think working together between government
1669 and industry is essential to come up with the solutions.

1670 Mr. Welch. But there has to be some role that Congress
1671 plays. We can't be passive observers of what's going on.

1672 Mr. Day. Right.

1673 Mr. Welch. Do you agree with that? Thanks.

1674 Let me ask you, Ms. Vachani -- I know Intel has been a leader
1675 in IoT advancement and I know you have had a high position as
1676 a thought leader in that space for years.

1677 So I want to follow up your testimony and ask if you can
1678 expand your suggestions as to the definition that we should use
1679 in his bill and why it's so important to get that definition right.

1680 Ms. Vachani. One of the number-one challenges of scale,
1681 and it sounds very simple, is terminology. We talk past each
1682 other when we -- when we are having -- and I see us doing it in
1683 the industry, and so we are in this space.

1684 We live it and breathe it. But we use different words to
1685 represent different things and we are talking past each other.

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1686 So one of the fundamental things I've had to do within my
1687 organization, within my company as well as outside, is to start
1688 to get on the same language and that's one of the things we are
1689 asking for this as well is just to get on the same language so
1690 we know when we are speaking to each other what we are referring
1691 to.

1692 Mr. Welch. Okay. Thank you.

1693 I thank the panel. Very helpful.

1694 And I yield back.

1695 Mr. Costello. [Presiding.] The gentleman yields back.

1696 The gentleman from Oklahoma, Mr. Mullin, is recognizes for
1697 five minutes.

1698 Mr. Mullin. Thank you, Mr. Chairman, and thank our panel
1699 for being here.

1700 I got just a few questions, and Ms. Vachani -- is that how
1701 you pronounce it? I appreciate you being here and I just, for
1702 the -- for the help of myself and you might have already been
1703 asked this question, but as you have heard we were running back
1704 and forth between committees.

1705 Ms. Vachani. No problem.

1706 Mr. Mullin. Are there barriers or what are the barriers

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1707 that's keeping the U.S. from leading in the IoT?

1708 Ms. Vachani. You know, I will ask -- I answered this
1709 question of scale but I will answer this question slightly
1710 differently, to add to that.

1711 What I find is, if you look at the city level there's quite
1712 a bit of innovation going on. I talked about San Diego and what
1713 San Diego is doing within their lights in California. We talked
1714 about New York and the building that's happening in -- building
1715 management that's happening in New York.

1716 At the city level, I believe that that implementation is
1717 taken seriously and there's a lot of innovation happening. But
1718 where I think we can make a difference is scale across the city
1719 at a nationwide -- right.

1720 So these pockets of innovation, how we can reuse, how can
1721 we learn, and how can we deploy it more worldwide -- I mean, more
1722 United States wide.

1723 That's slightly different than what I see in other countries
1724 where we are looking at it more nationally. India, China are
1725 looking at it more nationally, and so you'd get the benefit of
1726 the individual innovations that are happening at a national level.

1727 Mr. Mullin. Well, I will use my district, for example, even

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1728 my personal house. We don't -- we don't even have slow dial up.
1729 The best we can do is 3G through our phone, and 50 percent of
1730 my district has little to no access to the internet.

1731 Ms. Vachani. Mm-hmm.

1732 Mr. Mullin. And so we talk about metropolitan areas. But
1733 you're right, we are leaving out the rural pockets, which is by
1734 mileage wise is the vast majority of our country.

1735 Is that -- is the other countries, as you alluded to, are
1736 they doing a better job at that and then -- and if so, what are
1737 they doing that we are not?

1738 Ms. Vachani. So large parts of India and large parts of
1739 China don't have connectivity either, right, and so that isn't
1740 an isolated and probably more of an issue there than it is even
1741 here.

1742 They are looking at how to deploy faster so that these rural
1743 areas do have connectivities -- that's one area we could look
1744 further at -- as well as leveraging the technology that is
1745 available.

1746 So going into a factory in another country -- they have
1747 connectivity, no broadband, but they have some level of 3G --
1748 we are able to leverage that to at least start to get some

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1749 automation within the factory. So, again, taking advantage of
1750 the connectivity that we do have an maximizing that, at the same
1751 time deploying more robust connectivity.

1752 Mr. Mullin. So how -- what role can Congress play then?
1753 How can we -- how can we encourage companies or industry to look
1754 out farther than just in metropolitan areas?

1755 We did this with electricity. We did this with phone
1756 service. This is a new technology that's keeping us from
1757 connecting. So what is that we can do? What can Congress do,
1758 to put in place, to help encourage that?

1759 Ms. Vachani. I think we can look at this not in the siloes
1760 that we do today. You have the benefit of a holistic view, not
1761 just in each department but as a holistic view how we deploy this.

1762 Mr. Mullin. Right.

1763 Ms. Vachani. That's the benefit, and then, frankly
1764 speaking, how do we invest so that we start to -- start to deploy
1765 this technology more robustly -- is there an investment strategy
1766 to that as well.

1767 Mr. Mullin. Thank you so much.

1768 Switching gears, Ms. Richardson, how difficult is it to
1769 secure an IoT device?

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1770 Ms. Richardson. I think that would depend on the device
1771 itself and how it's connected to the internet. I think there
1772 are a handful of best practices that we see across different
1773 sectors and industries, things like encryption, strong password
1774 and other authentication models, update ability.

1775 Mr. Mullin. Is there -- is there certain security measures
1776 been put in place since the 2014 Target breach, especially the
1777 Wanna Cry ransom?

1778 Ms. Richardson. There's nothing mandatory and I think the
1779 -- these sorts of practices that --

1780 Mr. Mullin. Should there be?

1781 Ms. Richardson. That's a hard question and I am realistic
1782 about mandatory requirements on the private sector. I don't
1783 think we are there.

1784 I think, though, the government should explore its own
1785 purchasing power. Right now, you know, the Trump administration
1786 and some of the agencies are writing privacy and security
1787 guidelines in preparation for a big level up in purchase of IT
1788 modernization and that would be one way that you could influence
1789 the market without forcing anybody to do anything specific.

1790 Mr. Mullin. Thank you, and I yield back.

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1791 Mr. Costello. The gentleman yields back.

1792 The gentlewoman from New York, Ms. Clarke, is recognize for
1793 five minutes.

1794 Ms. Clarke. I thank you, Mr. Chairman, and I thank our
1795 ranking member, Ms. Schakowsky. I would like to also thank our
1796 panel for their expert testimony here this morning.

1797 As you may be aware, earlier this year I launched the
1798 congressional Smart Cities Caucus and I would add Smart
1799 Communities with Rep. Darrell Issa.

1800 I was inspired to start the Smart Cities Caucus from my
1801 personal interactions with seeing the amazing build-out first
1802 hand in New York City.

1803 The Smart Cities Caucus serves as a bipartisan group of
1804 members dedicated to bringing American communities into the 21st
1805 century through innovation and technological change.

1806 Embracing smart technology will make our communities more
1807 sustainable, resilient, efficient, liveable, and competitive in
1808 a world in which technology is constantly advancing.

1809 So I would like to ask a couple of questions, first to you,
1810 Ms. Richardson. What are your recommendations for the SMART IoT
1811 Act considering the interplay of the Smart Cities and which

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1812 federal agencies should play an active role in sort of harnessing
1813 what we know already?

1814 Ms. Richardson. Well, you have some of the work horses of
1815 the cybersecurity world in Commerce, right, so that is a benefit
1816 that you have with NIST, NTIA, and other places.

1817 I think when you look at the smart cities you have a couple
1818 of different types of devices. You have really basic ones that
1819 don't collect personal information -- you know, they're low
1820 broadband information sharers, right, and they're just water
1821 pressure, how many cars passed through here, things like that,
1822 that are going to be less risky from both a security and privacy
1823 standard.

1824 I hope that your report will highlight some of the more
1825 high-risk things that are either facial recognition, location
1826 tracking, right. That's the result of many of these things like
1827 license plate readers or toll roads and how those are being
1828 deployed by the government.

1829 Ms. Clarke. Ms. Vachani, Intel IoT portfolio includes smart
1830 cities, smart buildings, and smart video. What are your
1831 recommendations and why are smart cities so important to Intel's
1832 IoT portfolio?

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1833 Ms. Vachani. Essentially, the smart cities enables us to
1834 create an infrastructure for safer cities as well as enabling
1835 our cities to do better planning.

1836 If you look at the GE solution that we deployed on smart
1837 cities, it does stuff like gunshot detection, right. It's
1838 determining if there was a shot and, if so, what we do about it.

1839 It looks at air quality, right, and so this enables us to
1840 take advantage of the technology we've built for many other
1841 industries. Smart cities is a culmination of many other
1842 technologies we've built maybe for a factory or for a home but
1843 we are able to leverage that to improve not only our environment
1844 as well as our cities and its planning.

1845 So we see that there's a leverage of our technology across
1846 the board and that smart cities can take advantage of it.

1847 Ms. Clarke. And would you just sort of envision for some
1848 of my colleagues who are in rural communities how we can sort
1849 of look at that ecosystem that is being developed in sort of more
1850 densely populated areas and what can be taken from that for sort
1851 of more sprawling communities in terms of connecting them in smart
1852 ways?

1853 Ms. Vachani. Yes, and if you look at the -- I will go back

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1854 to the GE solution. The GE solution takes advantage of a light
1855 pole. So that's what we are building on top of. It already has
1856 electricity. It already has power. You take advantage of that
1857 power to connect up sensors and then it uses a 3G connection that
1858 goes back up into a data center.

1859 So, again, we are able to take advantage of infrastructure
1860 that's already there and built in as best as possible.

1861 Ms. Clarke. Very well.

1862 And, Mr. Day, anything that you'd like to add in this?

1863 Mr. Day. Absolutely, and I want to applaud you on your
1864 efforts with Congressman Issa with co-chairing that caucus. It's
1865 very important, and C-TEC has joined a couple of events and we
1866 look forward to continuing to work with you.

1867 But I think when you look at a city, for example, 20 percent
1868 of a given city in the United States is dedicated during the work
1869 day to parking, and I think one of the things that C-TEC has been
1870 taking as a priority and working with you and others on is the
1871 fact that autonomous vehicles will impact both that issue as well
1872 as the environment and other issues and I think it, in the end,
1873 will prove to be very beneficial for a lot of reasons.

1874 And so smart city activities are critical and what we are

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1875 trying to do and be creative in our thinking and our approach
1876 and how IoT plays in that is paramount and a top priority of ours,
1877 going forward.

1878 Ms. Clarke. Well, thank you very much for your response
1879 today, and I yield back, Mr. Chairman.

1880 Mr. Costello. Gentlewoman yields back.

1881 Seeing there are no further members wishing to ask questions,
1882 I would like to thank all of our witnesses for being here today.

1883 Before we conclude, I would like to include the following
1884 documents to be submitted for the record by unanimous consent:
1885 a letter from the Consumer Technology Association, a letter from
1886 CTIA, and a letter from EPIC.

1887 [The information follow:]

1888

1889 ***** COMMITTEE INSERT 4*****

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1890 Pursuant to committee rules, I remind members that they have
1891 10 business days to submit additional questions for the record
1892 and I ask that witnesses submit their response within 10 business
1893 days upon receipt of the questions.

1894 Without objection, the subcommittee is adjourned. Have a
1895 good day.

1896 [Whereupon, at 11:54 a.m., the committee was adjourned.]

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