



DIGITAL SINGLE MARKET

Digital Economy & Society

The Internet of Things

The Internet of Things (IoT) merges physical and virtual worlds, creating smart environments.



The Internet of Things (IoT) represents the next step towards the digitisation of our society and economy, where objects and people are interconnected through communication networks and report about their status and/or the surrounding environment. According to a [recent European Commission study](#) the market value of the IoT in the EU is expected to exceed one trillion euros in 2020.

Europe's IoT Policy

For the past six years, the European Commission has been cooperating actively with industry and various organisations as well as with EU Member States and third countries towards the development and future deployment of the IoT technology.

To accelerate the take-up of IoT and unleash the potential of the technology in Europe – for the benefits of citizens and businesses –, and in addition to the [EU's IoT research and innovation objectives in the ongoing H2020 programme](#), a set of supporting policy measures have been started by the European Commission.

In March 2015 the [Alliance for Internet of Things Innovation \(AIOTI\)](#) was set up to support the creation of an innovative and industry driven European Internet of Things (IoT) ecosystem. AIOTI flags the intention of the European Commission to work closely with all active stakeholders and actors of the technology towards the establishment of a competitive European IoT market and new business models.

The [Digital Single Market \(DSM\) Strategy](#), adopted in May 2015, includes elements that lead Europe a step further in accelerating developments on Internet of Things. In particular, the strategy underlines the need to avoid fragmentation and to foster interoperability for IoT to reach its potential fully. To fulfil these needs and inform about its upcoming policy the European Commission published a [staff working document 'Advancing the Internet of Things in Europe'](#) as part of its '[Digitising European Industry](#)' initiative – with an Internet of Things dimension and policy based on three pillars:

- a thriving IoT ecosystem
- a human-centred IoT approach
- a single market for IoT

A potential obstacle for the achievement of a single market for the IoT has to do with issues linked to the capacity to handle a large diversity and very large volumes of connected devices, and the need to securely identify them and be able to discover them so that they can be plugged into IoT systems. Some of the regulatory aspects are addressed in the recently announced [review of the telecoms rules](#).

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