



# INTERNET OF THINGS AND DATA ANALYTICS *Handbook*

EDITED BY HWAIYU GENG

with website



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# **INTERNET OF THINGS AND DATA ANALYTICS HANDBOOK**



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**Edited by**

**HWAIYU GENG**

Amica Research  
Palo Alto, CA, USA

**WILEY**

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Published by John Wiley & Sons, Inc., Hoboken, New Jersey

Published simultaneously in Canada

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### ***Library of Congress Cataloging-in-Publication Data***

Names: Geng, Hwaiyu, editor.

Title: Internet of things and data analytics handbook / edited by Hwaiyu Geng.

Description: Hoboken, New Jersey : John Wiley & Sons, 2017. | Includes bibliographical references and index.

Identifiers: LCCN 2016039867 | ISBN 9781119173649 (cloth) | ISBN 9781119173625 (epub) |

ISBN 9781119173632 (Adobe PDF)

Subjects: LCSH: Internet of things. | Data mining. | Cooperating objects (Computer systems) | Big data.

Classification: LCC TK5105.8857 .I58 2017 | DDC 004.67/8—dc23

LC record available at <https://lcn.loc.gov/2016039867>

Cover image: Pitju/gettyimages; Oleksiy Mark/gettyimages; Maxiphoto/gettyimage

Set in 10/12pt Times by SPi Global, Pondicherry, India

Printed in the United States of America

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# FOREWORD

It has been almost 2 years since I met Mr. Hwaiyu Geng for the first time at the SmartAmerica Expo in Washington D.C., a program I established with Geoff Mulligan when we were serving as White House Presidential Innovation Fellows. I still have a vivid memory of Mr. Geng then, as he was one of the few in the audience who sat through more than 8 h of presentations, from 24 teams, without pausing for lunch. At the event, I could see his deep passion for the new technologies—Internet of things (IoT) and cyber–physical systems (CPS)—and his desire to understand how they can help improve everyone’s quality of life. Now, I am glad to see his passion for IoT and CPS bear fruit through this book.

IoT is an emerging concept and enabler that has the potential to completely reshape the future of industry. To be exact, IoT is not a completely new concept. It has been around for decades, as can be found in many traditional centralized building-control systems dating back to the 1980s. However, its significance was rediscovered with the emergence of big data analytics, low-cost sensors, and ubiquitous connectivity powered by many modern-age communication technologies. Most importantly, businesses started to realize that new revenue models can be created by adding the IoT concept to their existing product lines, an approach that has fueled the adoption of IoT technologies.

Many people think IoT means “connecting devices.” Connectivity is just one piece of the puzzle that defines IoT, which has four layers:

1. At the bottom is the “Hardware” layer, which contains sensors, actuators, chips, and radios—the physical objects that we can touch and feel. Some of the objects are physically small, but others are large, such as cars and airplanes.

2. On top of the Hardware layer is the “Communications” layer, which enables the hardware objects to be connected via wireless or wired communication technologies. It is sometimes misunderstood that IoT is just about these two layers. This is not true.
3. On top of the Communications layer is the “Data Analytics” layer, where the data collected from the bottom two layers are put together and analyzed to extract actionable and useful information. It should be noted that the Data Analytics layer does not necessarily mean big data analytics. For example, the Data Analytics can be a simple sensor data feed into the PID control loop implemented on an 8-bit microcontroller.
4. Finally, there is the “Service” layer on top of the Data Analytics layer, which makes decisions based on the information provided by the Data Analytics layer and takes appropriate actions. The Service layer may include humans as part of the decision process, creating a “human-in-the-loop” system.

It is important to note that the most significant business value of an IoT system is produced at the Service layer where the action is taken. It is quite obvious from the customer’s perspective, but it is not widely understood by most of the companies trying to jump into the new wave of IoT phenomena. As more hardware devices become available and connected, the value created by the hardware devices at the bottom layer will continuously decrease as they become gradually commoditized. This is especially true when the cost to manufacture such devices keeps dropping with the growth of the volume. Therefore, the businesses that rely on manufacturing and selling the hardware devices that do not carry a lot of intelligence will likely suffer more. On the other hand, the concentration of the value at the upper layers, such as Data Analytics and Service, will create new lucrative opportunities for the companies that work on extracting useful information from available data sets and monetizing actions based on it.

In this new era of IoT, every company is challenged to come up with new business models while still not only relying on their legacy product lines but also adding new IoT concepts. This is a painful process that requires numerous instances of trial and error, probably including some failures. Moreover, the business models created and validated by a company may not be readily transferred or duplicated by other companies. For example, a new business model created by a jet engine manufacturer using IoT may not be easily adopted by a consumer electronics company. This is a real challenge for many fast followers in the industry, but it is a tremendous opportunity for market leaders who are willing to embrace the new reality and are capable of making investments to create new business cases.

For IoT to be broadly spread, it is important to apply the concept to many applications at scale in our everyday life. Using these advanced technologies, our communities and cities can be made more intelligent, secure, and resilient. The Hardware and Communications layers can serve as part of the city infrastructure, and the Data Analytics and Service layers can provide optimal and synergistic services to the residents. IoT can create tangible benefits to the cities and communities, leading to sustainable smart cities.

The “smart city” concept, by definition, involves many different sectors, including water management, emergency response, public safety, healthcare, energy, transportation, smart home, and even smart manufacturing. Cities strive to coordinate many independent divisions to offer the maximum efficiency and highest quality of service to the residents. However, many smart city solutions are still isolated, fragmented, and built to be a one-off implementation, lacking interoperability, scalability, and replicability. Due to this issue, many communities and cities do not enjoy the level of affordability and sustainability they deserve.

To address this issue, it is important to catalyze the development of new kinds of standards-based, replicable, and interoperable smart city models based on multi-stakeholder involvement and collaboration, so that the cities can leverage each other’s investments and the technology providers can create economies of scale. The Global City Teams Challenge (GCTC), a program I lead at the National Institute of Standards and Technology (NIST), is an attempt to encourage just such a transformation of the smart city landscape.

One of the essential elements in the success of IoT and smart city deployment is collaboration and integration among diverse sectors. The value of IoT can be maximized when seemingly unrelated sectors (e.g., healthcare and transportation) get connected and new services are invented using the unique combination of different sectors and businesses. In that sense, successful next-generation IoT and smart city solutions will likely stem from a broad understanding of diverse vertical applications, as well as a fundamental understanding of the cross-sector technical issues.

With over 40 participating authors covering various sectors and applications of IoT, this handbook can provide an overview of many issues and solutions in the complicated IoT playing field. I believe such an interdisciplinary approach is critical in helping readers and the developer community to understand numerous practical issues in IoT and smart cities, and as you examine the contributions of the various authors, I hope you will come to agree with me.

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# PREFACE

Designing and implementing a sustainable Internet of Things and data analytics (IoT/DA) project requires core knowledge on a myriad of topics, including invention and innovation, strategic planning, state-of-the-art technologies, security and privacy, business plan, and more. For any successful project, we must consider the following:

- What are the goals?
- What are the givens?
- What are the constraints?
- What are the unknowns?
- Which are the feasible solutions?
- How is the solution validated?

How does one apply technical and business knowledge to optimize a business plan that considers emerging technologies, availability, scalability, sustainability, agility, resilience, best practices, and rapid time to value? Our challenges might include:

- To invent something beneficial
- To design and build using green infrastructure
- To apply best practices to reduce power consumption
- To apply IT technologies, wireless, networks, and cloud
- To prepare a strategic business plan

And this list of challenges is not comprehensive. A good understanding of IoT/DA technologies and their anatomy, taxonomy, ecosystem, and business model will enable one to plan, design, and implement IoT/DA projects successfully.

The goal of this handbook is to provide readers with essential knowledge needed to implement an IoT/DA project. This handbook embraces both conventional and emerging technologies, as well as best practices that are being evolved in the IoT/DA industry. By applying the information encompassed in the handbook, we can accelerate the pace of invention and innovation.

This handbook covers the following IoT/DA topics:

- Business model and strategic planning
- IoT and Industrial IoT
- Data analytics, machine learning, and risk modeling
- Architecture, open source system, security, and privacy
- Microelectromechanical systems and sensor technologies
- Wireless networks and networking protocol
- Wearable designs
- Beacon technology
- Hadoop technology

*IoT/DA Handbook* is specifically designed to provide technical knowledge for those who are IoT makers and those who are responsible for the design and implementation of IoT/DA projects. It is also useful for IoT/DA decision makers who are responsible for strategic planning. The following professionals and managers will find this handbook to be a useful and enlightening resource:

- C-level executives
- IoT makers and entrepreneurs
- IoT/DA managers and directors
- IoT/DA project managers
- IoT/DA consultants
- Information technology and infrastructure managers
- Network communication engineers and managers

*IoT/DA Handbook* is prepared by more than 80 world-class professionals from nine countries around the world. It covers the breadth and depth of IoT/DA planning, designing, and implementation and is certain to be the most comprehensive single-source guide ever published in its field.

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