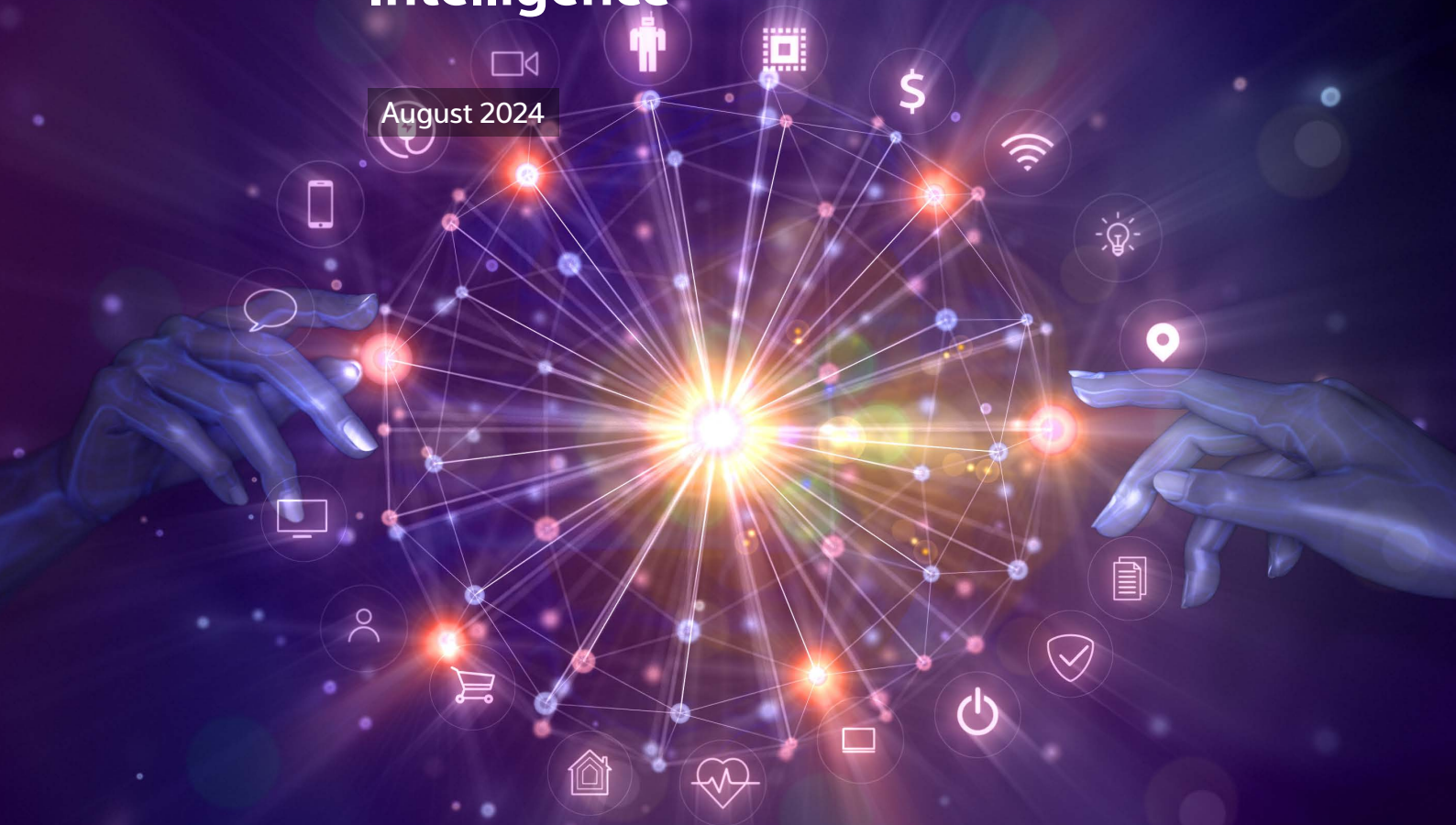




Ah, What a Relief!

Adapting to Ambient Intelligence

August 2024



Imagine ...

After doing a chore on a hot summer day, you just walked into your home.

You are dead tired and slump into a chair near a window.

Immediately, the window blinds roll down to shade you from the blazing Sun coming through the window, room lights adjust to create evenly diffused lighting, the air-conditioner starts blowing cool air, your music system starts playing soothing tunes that you like, and fresh jasmine fragrance arises in the air to calm you down.

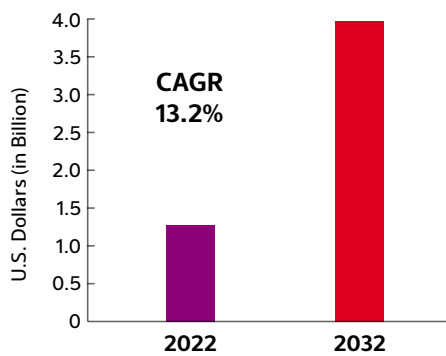
All these actions without you even uttering a word to your domestic help or to your Alexa.

Wouldn't this be lovely... what seemed like a pipedream just a few years ago is now becoming a reality thanks to the seamless integration of various technologies already available to us.

Such intelligent systems are called ambient intelligence.

Overview

Ambient intelligence (Aml) refers to a system that understands an individual person’s needs, preferences, actions, and emotions, and responds accordingly to create the most-suitable personalized ambience without the need for direct interventions by the individual. Such systems can work in our living rooms, kitchens, workplaces, retail stores, cars, hotels, and even in hospitals.



The Global Aml Market was valued at US\$ 1.27 billion in 2022 and is expected to grow rapidly at CAGR of 13.2%, according to Reports and Data.

Source: Research and Data

Despite expected overall growth, the Aml market is expected to grow unevenly in different countries. Largely, the growth will be fueled by the demand for remote monitoring and automation in healthcare, manufacturing, and logistics, coupled with the expanding adoption of smart homes/buildings, and the increase in investments in smart city infrastructure by governments and businesses.

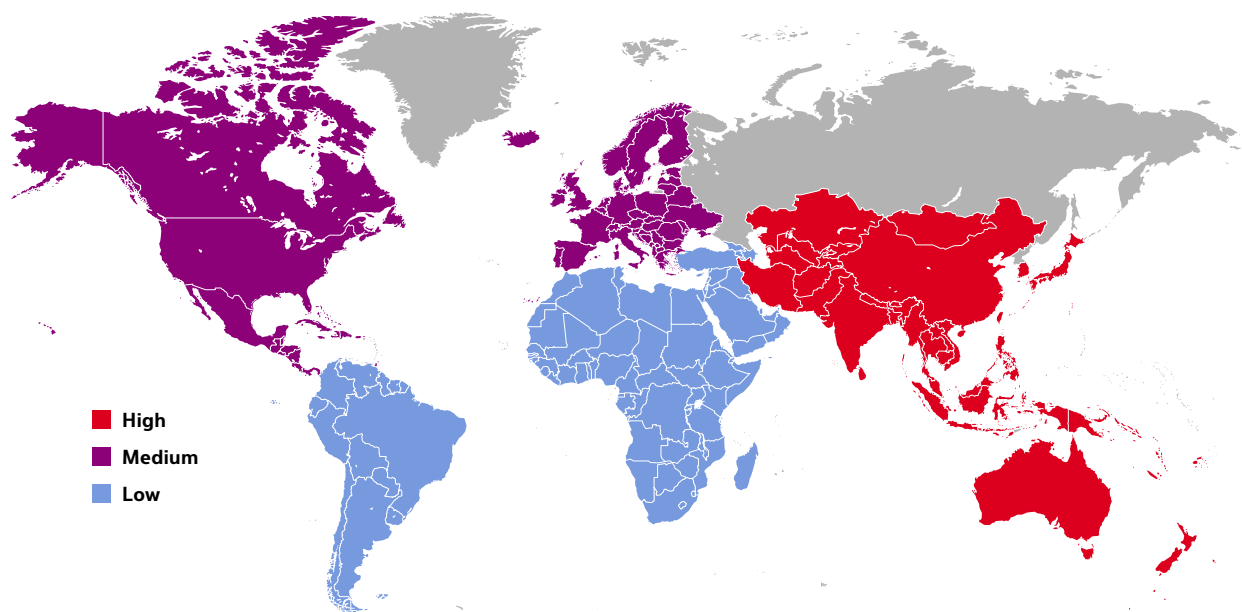


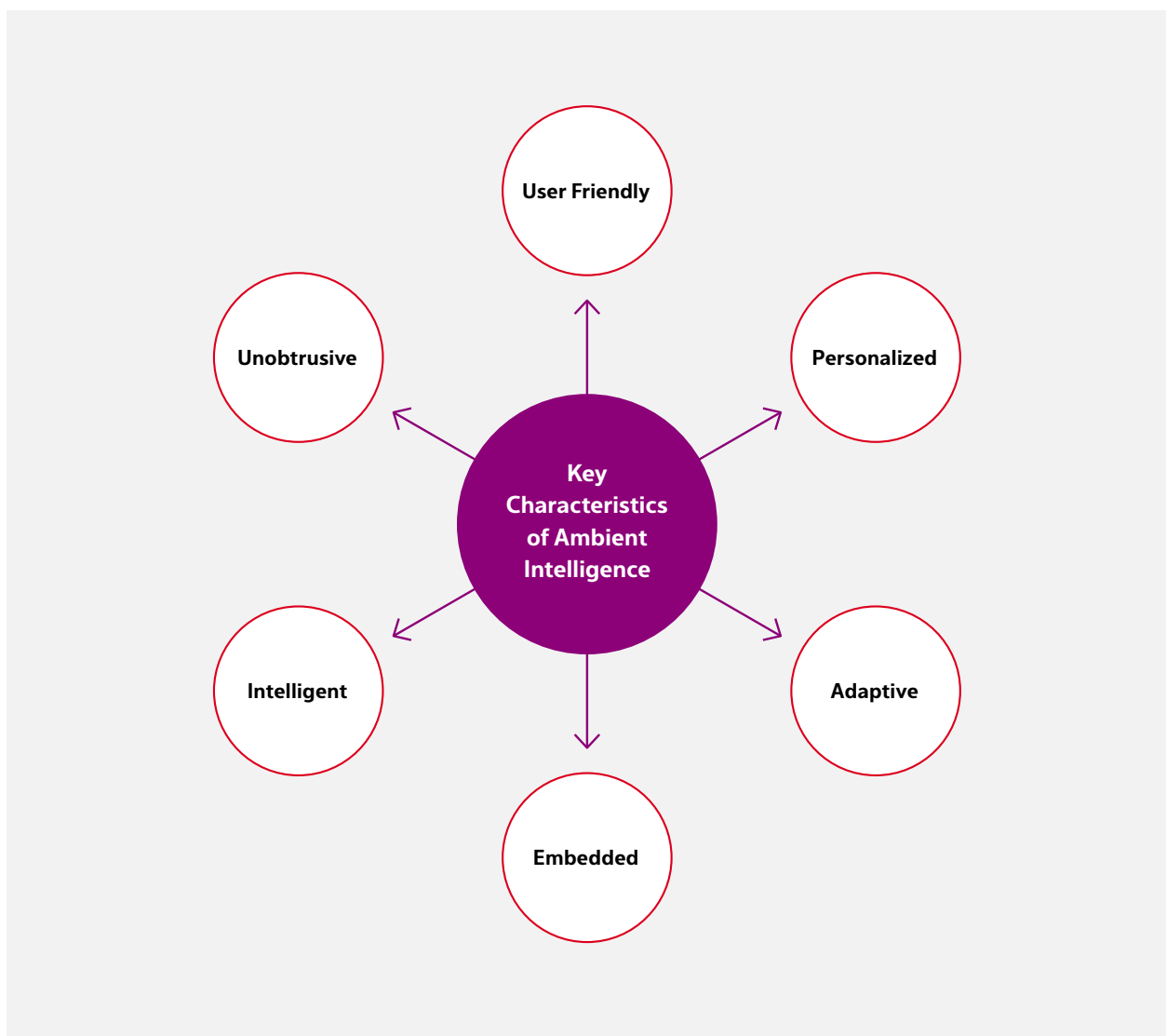
Image Source: Mordor Intelligence

Key Characteristics

To enable Ambient Intelligence, the system needs to:

- have simple and intuitive operations that reacts to gestures and language rather than traditional input devices like keyboard and mouse,
- have analytical skills that enable target-oriented, flexible actions that are personalized to individual users,
- learn from the changing patterns of usage, and
- incorporate inconspicuous components embedded in the environment around the user.

Various types of sensors and controllers are seamlessly integrated with an artificial intelligence enabled, self-learning pervasive computing network, which continuously collects vast amount of data and uses past patterns to infer preferences of the target individual and learns from and adjusts itself as the patterns change over time.



Key Characteristics

User Friendly

Ambient intelligence will be used by individuals, who may not be as conversant with technologies as engineers are. So, the systems used for ambient intelligence should be user friendly.

Personalized

Every individual is different, so ambient intelligent systems ought to be personalized to the needs, preferences, and personalities of the target individual.

Adaptive

People change over time, so do their needs and preferences. In addition, the ambience in which ambient intelligent systems are embedded also changes over time. So, Aml systems should automatically adapt to these changes.

Embedded

The sensors, cameras, microphones, and other technologies used to enable ambient intelligence should be integrated into the environment where the target individual is functioning.

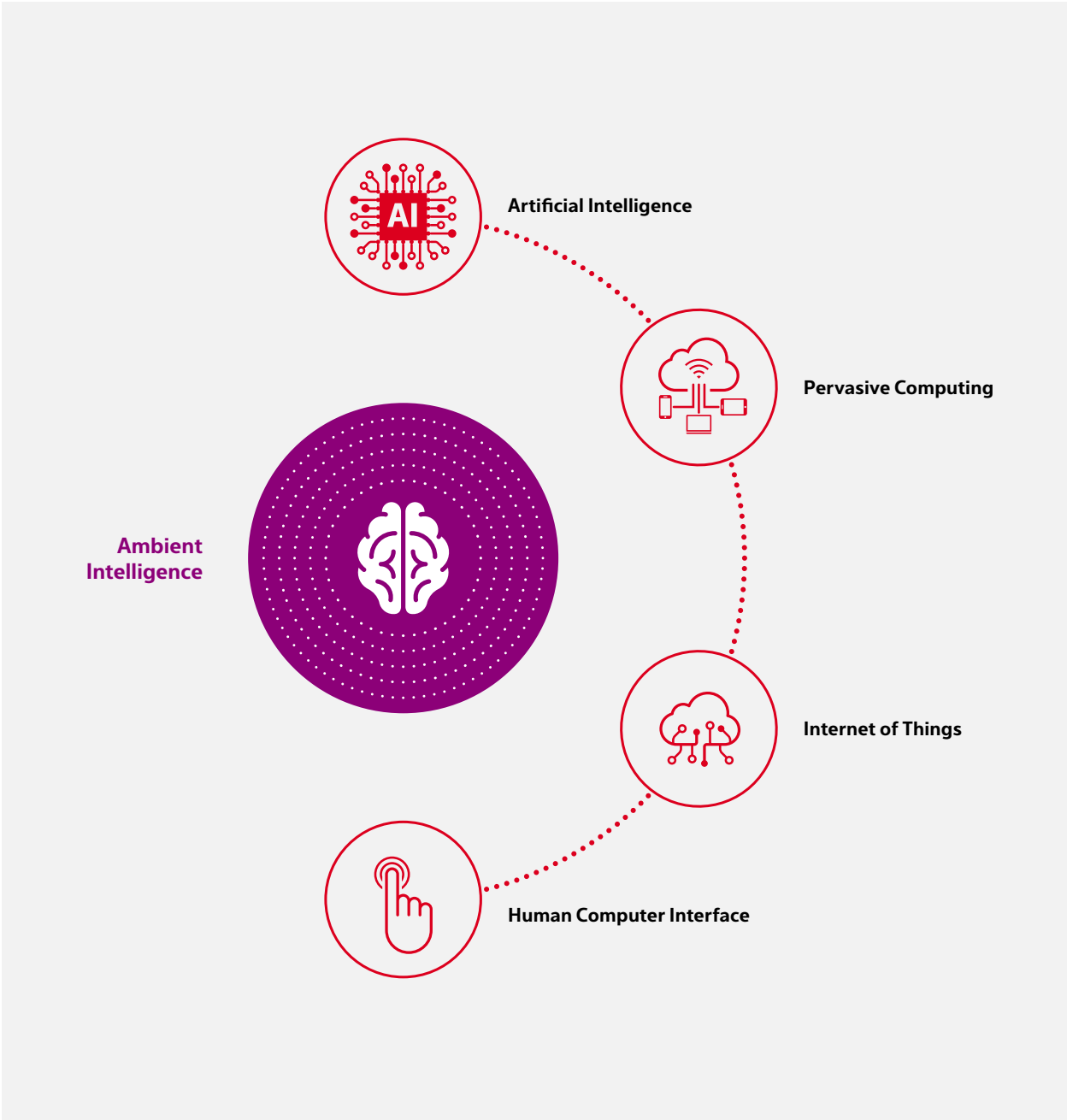
Intelligent

Aml systems should be intelligent enough to anticipate a person's needs and desires as well as the context in which the person is operating without any intermediation by the person.

Unobtrusive

An ambient intelligent system and all its components should be integrated into the surrounding structures, in a way that they are inconspicuous and blend into the background.

Enabling Technologies



Source: Infosys

Enabling Technologies

Artificial Intelligence/ Machine Learning Algorithms

Provides intelligent decision-making and adaptability by recognizing and inferring from the patterns of user behavior and reactions.

NFC/Bluetooth Wireless Communications

Enable real-time connectivity among IoT devices and pervasive computing and data processing units.

Affective Computing

Systems and devices that can sense, interpret, and respond to human emotions.

Pervasive Computing and Data Processing

Integrated edge, fog and cloud computing to manage data volumes, reduce latency and optimize processing.

Internet of Things (IoT)

Various types of sensors, such as RFID, face recognition, light, temperature, noise, pressure, humidity, etc. that collect real-time data, as well as actuators and controllers, such as relay switches, valves, motors, pneumatic mechanisms, etc. that activate and regulate relevant devices.

Human-Computer Interface

Enable interactions between individuals and AMI systems.

Who Would Be Interested?

Smart Homes

- Provide pleasant living experience to residents and guests.
- Monitor the safety and security of occupants and pets.
- Promptly and independently act in medical and other emergency situations.
- Optimize energy consumption based on occupancy and weather conditions.

Healthcare

- Facilitate telemedicine services.
- Remote patient observations and monitoring vital signs.
- Deliver precision medicine in a timely manner.

Retail

- Enhance the entire shopping experience using smart mirrors, robotic assistance, and queue-less automatic billing and checkout.
- Provide individualized recommendations to shoppers.
- Optimize real-time inventory management.

Smart City Management

- Manage urban infrastructure and community services.
- Immediately adapt to the changing patterns of energy use, traffic movements, etc.
- Enhance waste management.
- Increase safety and security of neighborhoods.

Emergency Services

- Monitor public areas and detect emergency incidents.
- Direct emergency response teams with greater accuracy.

Education

- Monitor student behavior and performance.
- Improve learning at the individual, group and institutional levels.

Automotive

- Enable driverless cars with voice-controlled and advanced navigation systems.
- Improve automotive safety, convenience, and comfort.
- Optimize vehicle performance, fuel efficiency and entertainment systems.

Manufacturing Facilities and Workplaces

- Improve working conditions in factories and workplaces.
- Increase worker safety and reduce accidents with integrated voice-activated controls.
- Optimize power production and distribution.

Key Considerations

Data Privacy

Continuous data collection and long-term data storage raise privacy concerns. New paradigms will have to be developed to mediate a person's interaction with the world around them. In addition, issues of consensual monitoring and informed acceptance will have to be resolved.

At every point of data collection, the consent framework of the Aml-enabled appliances needs to be assessed and made in compliance with data protection laws of relevant jurisdictions. User consents would have to be based on a purpose, so personal data can be shared with connected devices, which could be belonging to even third parties, to improve experiences of the users.

In addition, protocol needs to be developed for sharing data with law enforcement authorities, especially when crime is suspected. This is relevant in consideration of inadvertent confessions related to criminal proceedings or court matters.

Data Security and Authentication

Aml depends on vast amount of personal and nonpersonal data stored at various locations – cloud, edge, device, etc. This requires robust security measures to minimize all kinds of harms and calls for assessing the effectiveness of existing cybersecurity standards.

In the event of a cybersecurity breach in an ambient system, interoperability may attribute liability to multiple Aml companies which begs the question as to who would be responsible for breach incidents.

Authentication of who has access to which data is also an important consideration. Anonymizing personal data can reduce risks related to misuse of data through an unauthorized access. In addition, Aml technologies can use tokenization of data for authentication and traceability.

Commercialization of Data

A unique challenge is regarding ownership of datasets collected / generated by Aml technologies and rights of the involved parties to extract commercial value.

Since datasets are collected / generated from multiple connected devices, the ownership rights with each company could always be questionable. While every Aml company would be securing the right to collect data in their user agreements, ownership of cross-shared data sets which drives these environments could be questionable.

Developers and regulators would have to consider the potential consequences of data-sharing for purposes outside the original scope or source of the data and monetization of the data.

Key Considerations

Interoperability

Ensuring seamless communication among diverse devices and platforms enabling ambient intelligence is a key technical challenge. It requires common communication protocols, electronic stacks, data formats, security standards etc.

Aml systems rely heavily on data gathered from the movements of the targeted individual, the surrounding environment, and historical behavioral patterns. Integrity of data and elimination of blind spots in the coverage area are essential for effective functioning of Aml. While there are some industry-specific, voluntary consensus standards and guidelines, there are no enforceable international regulations in place to prevent platform/vendor lock-in and a closed ecosystem.

Failure to achieve cohesion among different parameters would lead to inefficiencies and poor user experience. Having international standards on interoperability could also ensure user privacy is retained at all instances.

Consumer Protection

Consumer Protection and product liabilities are other important issues. Aml systems use various types of sensors and control systems. It is very likely that some may malfunction in some conditions or due to the lack of preventive maintenance. Protecting user from harm caused by malfunctioning or hacking of these devices becomes paramount to ensure the trust in Aml systems.

Given the interoperability of devices in Aml, a malfunctioning of a device may have been caused by a command from another device. Principles of allocating responsibility need to be defined and reporting obligations to service providers need to be embedded in service contracts.

Intellectual Property

Aml systems use many types of technologies which may be protected by Intellectual Property rights of other parties. Developing overlapping Aml technologies or inadvertently deploying proprietary Aml technologies may lead to patent disputes and legal complexities.

Taxation

When a non-resident provides services in India through Aml technologies, tax questions may arise as to whether it would constitute a Permanent Establishment for the non-resident in India.

Ethical Concerns

Ethical considerations arise from the people being monitored, data collected without their knowledge or consent, autonomous decisions made by Aml systems, especially in critical scenarios. Bias and discrimination by Aml are other significant concerns.

Sources and Further Reading

What is ambient computing?

Digital Trends. 10 April 2021.

Artificial Intelligence and ambient intelligence.

Journal of Ambient Intelligence and Smart Environments. 30 January 2019.

Is Ambient Computing Driving the Extinction of Hardware Devices in the Future?

Equinix. 22 Nov 2022.

What is ambient computing? Everything you need to know about the rise of invisible tech.

ZD Net. 13 Sept 2022.

Ambient Intelligence.

Engati. 2023.

ICT-Ambient Intelligence Market.

Reports and Data. 2023.

Ambient Intelligence Market Size & Share Analysis – Growth Trends and Forecasts (2023-2028).

Mordor Intelligence. 2023.

Mossberg: The Disappearing Computer.

The Verge. 25 May 2017.

Why the Future of the Computer Is Everywhere, All the Time.

The Wall Street Journal. 29 Oct 2022.

Living with Ambient Intelligence: So at Home with Technology.

Infosys. 2023.

Ambient Intelligence: The Power Of “Always-On” Technology.

Forbes. 21 Sept 2018.

Prepared By

Dr. Mihir Parikh, Strategic Thought Leader

mihir.parikh@nishithdesai.com

With contributions by:

Abhay Porwal, Head, IPpro

Muqeeb Drabu, Associate, Corporate

Shubham Dhamelia, Associate, Technology

Huzefa Tavawalla, Leader, Technology

Nishith Desai Associates

For any questions on legal, regulatory, IP and tax issues related to disruptive technologies, reach out to:

Vaibhav Parikh, Leader, TMT and PE/VC Practices; Head, US Operations

vaibhav.parikh@nishithdesai.com

Dr. Milind Antani, Leader, Pharma/Lifesciences and NanoTech Practices

milind.antani@nishithdesai.com

Abhay Porwal, Head, IPpro

abhay.porwal@ipproinc.com

About Us

We are an India-centric, research-based global law firm with five offices in India (Mumbai, Bangalore, New Delhi, Mumbai BKC, and GIFT City) and with license to practice Indian law from our international offices in Silicon Valley, New York, and Singapore. Over 70% of our clients are foreign multinationals and institutional investors and over 84.5% are repeat clients.

We are a firm of specialists and the go-to firm for companies that want to conduct business in India, navigate its complex business regulations, and grow. We are known for handling complex, high-value transactions and cross-border dispute resolution (see Annexure A). And that prestige extends to our engagement with and mentoring the start-up community that bring about industry-changing innovations.

Dedicated to shaping the future of law & society, we have set up a first-of-its kind IOT-driven Blue Sky Thinking & Research Campus named Imaginarium AliGunjan (see Annexure B) near Mumbai. Our ability to anticipate and address challenges from a strategic, legal and tax perspective in an integrated way (see Annexure C) have won recognitions globally from not just our clients but also government ministries.

For any help or assistance, please contact:

conciierge@nishithdesai.com

www.nishithdesai.com

Disclaimer

This document is a copyright of Nishith Desai Associates. It is circulated only for informational purposes. No reader should act on the basis of any statement contained herein without seeking professional advice. Nishith Desai Associates expressly disclaim all and any liability to any person who has read this report, or otherwise, in respect of anything, and of consequences of anything done, or omitted to be done by any such person in reliance upon the contents of this document.



Nishith Desai Associates
LEGAL AND TAX COUNSELING WORLDWIDE

MUMBAI

93 B, Mittal Court, Nariman Point
Mumbai 400 021, India

Tel +91 22 6669 5000

SILICON VALLEY

220 S California Ave., Suite 201
Palo Alto, California 94306, USA

Tel +1 650 325 7100

BENGALURU

Prestige Loka, G01, 7/1 Brunton Rd
Bengaluru 560 025, India

Tel +91 80 6693 5000

SINGAPORE

Level 24, CapitaGreen
138 Market St
Singapore 048 946

Tel +65 6550 9855

MUMBAI BKC

3, North Avenue, Maker Maxity
Bandra-Kurla Complex
Mumbai 400 051, India

Tel +91 22 6159 5000

NEW DELHI

13-H, Hansalaya Building, 15
Barakhamba Road, Connaught Place
New Delhi 110 001, India

Tel +91 11 4906 5000

NEW YORK

1185 6th Avenue, Suite 326
New York, NY 10036, USA

Tel +1 212 464 7050

GIFT CITY

408, 4th Floor, Pragya Towers
GIFT City, Gandhinagar
Gujarat 382 355, India

Ah, What a Relief!
Adapting to Ambient Intelligence

SPRINTING TO THE
FUTURE OF LAW

