I recently spent time with Joe Dunsmore, chief executive officer of Digi International and separately with David Mayne, director of business development (see video interview below). I learned that this 25-year-old Minneapolis-based company is making a strong push into the smart grid market, using an intriguing business model.

Digi is a "broker" or "translator." Utility applications talk to Digi's cloud-based iDigi platform. The platform then talks to any and all wireless devices attached to the network, regardless of which brand. The utility applications don't have to worry about talking to the devices, keeping up with changing protocols, adapting to new devices, worrying about security or any of that. They gain not just the ability to talk and listen, but also to remotely monitor and diagnose.

Digi's platform handles the job of talking to wireless devices to make life simpler for utility applications.

Digi is a specialist focusing on device connectivity. Because they are specialists, goes the theory, they gain economies of scale. They can implement features that no utility can afford to build on its own such as (buzzword alert): a highly scalable, highly secure, communications agnostic, low latency, real-time, tool-rich, cloud-based
It turns out that many smart grid companies want to farm out the job of keeping up-to-date with all the changing devices, specifications and standards. Current Digi partners include Itron, Comverge, Cooper Power and Better Place.

Although other companies such as Sierra Wireless cover some of the same waterfront, Digi seems to be the frontrunner. If it does its job well, it will grow right along with its partners and the market as a whole. "We are barely in the first inning," Dunsmore told me of the machine-to-machine (M2M) revolution that is arriving with the smart grid and other networks. "M2M is the successor to the IT growth boom of the 80s and 90s." As I've said elsewhere, the smart grid may soon emerge as Earth's largest M2M network.

Bonus: Because Joe works with so many organizations large and small, I asked him to nominate up-and-coming companies that are currently flying under the radar. He cited two: EcoFactor for its set-and-forget home energy management technology. And Calico Energy Services for its ability to integrate legacy utility systems with next-generation applications.

You heard it here Berst.

For more details on the Digi strategy, view my video interview with David Mayne below. You may be particularly interested in the low-cost pilot package he describes at 5 minutes in.
thermostat.

2:15 We talk about the forgotten support issue – who is going to get that first call from a confused customer. David talks about the how and why of avoiding truck rolls.

3:15 David mentions other markets where Digi is active, including medical devices, oil and gas and substation communications.

4:00 He explains how their "extended grid" approach insulates utilities from worrying about new devices and changes to old ones.

5:00 David details the company's Smart Grid Now pilot bundled. Starting at only $2,400, it typically includes 25 gateways, thermostats and smart phone applications.

5:50 How the company’s solutions architects work with partners to integrate with the Digi API and to optimize communications.

6:30 Why Digi international took the "Intel Insider" approach.

7:00 David discusses Digi's employees and revenue.

Jesse Berst is the founder and chief analyst of Smart Grid News.com. He consults to smart grid companies seeking market entry advice and M&A advisory. A frequent keynoter at industry events in the US and abroad, he also serves on the Advisory Council of Pacific Northwest National Laboratory's Energy & Environment directorate.

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