IOTA is proposed to be ideal for IoT by differing from a blockchain. To be precise IOTA is not at its base layer a Blockchain. It is a DAG (Directed Acyclic Graph) which has some distinct differentiation from a Blockchain. As indicated the graph structure of IOTA is directed and has no cycles in it. This makes it possible for high throughput of transactions, at no cost. The graph itself scales with more participants or transactions (the participant propose their transactions). The DAG is called the Tangle, and scales by incoming transactions. New transactions select random tips (no outgoing path) in the graph. When a new transaction is proposed it checks the validity of the two randomly selected nodes, before attaching a path from those to itself. The new transaction then becomes a tip node itself. This mechanism makes IOTA scalable with more participants and transactions.

The Tangle has a coordinator, which today is a centralized entity. The plan for IOTA seems to move away from this centralized coordinator. They also want to build an EVM compatible layer two on top of the DAG, making IOTA a chain compatible with smart contracts and token dependent.

The Trust of nodes in the DAG is based on their weight. Each transaction gets an initial weight. They also get a cumulative weight, based on the sum of the weights connected to the node. Storage for the DAG is solved by each node or transaction being lightweight. It is also not necessary to store the entire DAG, only parts of it.

To prevent spam IOTA uses a congestion control algorithm. I'm not too familiar with its technicalities.