Two Paths to Market

Products
- ecobee
- Nest
- Honeywell
- Philips Hue
- Chamberlain
- Whirlpool

Systems
- Vivint
- ADT Pulse
- Iris
- Comcast
- Time Warner Cable
- Wink
- Nexia
- Staples
- Reliant
Smart Home Market

Overcoming Barriers to Smart Home Adoption
Barriers to Smart Home System Adoption - Awareness

Smart Home Familiarity (Q2/14)

Source: American Broadband Households and Their Technologies Q2 2014 | N=10,000 broadband households, ±0.98% | © 2014 Parks Associates
Barriers to Adoption – No Concise Value Proposition

Most Appealing Smart Home Use Cases (Q2/14)

- Receive alerts for smoke or fire: 51%
- Receive alerts for carbon monoxide or a gas leak: 45%
- Receive alerts when doors or windows are opened: 43%
- Receive alerts when there is a medical emergency: 41%
- Receive alerts when there is a water leak: 41%
- Receive alerts when motion detectors are triggered: 39%
- Lock and unlock doors: 39%
- Turn on/off the lights: 36%
- Monitor outdoor security cameras: 35%
- Monitor indoor security cameras: 34%
- Use sensors to know occupancy and automatically turn off lights: 34%
- Receive alerts when energy usage is high: 34%
- Monitor, program, and adjust your home's thermostat: 32%
- Have appliances automatically minimize electricity usage: 31%
- Identify if there is a problem with any major appliances: 31%
- Identify ways of improving your home's energy efficiency: 30%
- Monitor your home's total electricity usage in real time: 30%
- Let you know if energy use is within budget: 29%
- Turn on/off or check the status of appliances: 29%
- Open and close your garage door: 28%
- Understand your home's energy performance: 26%
- Receive a daily summary of your home's energy usage: 26%
- Turn on/off or check the status of appliances in your laundry area: 21%
- Open a pet door: 21%

Source: American Broadband Households and Their Technologies Q2 2014 | N=10,000 broadband households, ±0.98% | © 2014 Parks Associates
Q7098. In a few words, tell us why you decided not to get a home security system in the past?

Source: Homeowners with Broadband at Home Q2 2013 | N=4,000 U.S. Broadband Homeowners | © 2013 Parks Associates
Barriers to Adoption - Interoperability

Importance of Interoperability (Q2/14)

% Reporting "Very Important" (Rating 6/7 with 7="Extremely Important")

- 1st device purchased (n=736, ±3.61%): 51%
- 2nd device purchased (n=573, ±4.09%): 58%
- 3rd device purchased (n=520, ±4.3%): 60%

Source: American Broadband Households and Their Technologies Q2 2014 | N=10,000 broadband households, ±0.98% | © 2014 Parks Associates
Barriers to Adoption – Privacy and Security

Smart Home Privacy Concerns (Q2/14)

Concern over unauthorized access:

- Concerned (Rating 5): 24%
- Very concerned (Rating 6-7): 39%

Concern over historical data:

- Concerned (Rating 5): 20%
- Very concerned (Rating 6-7): 38%

Source: American Broadband Households and Their Technologies Q2 2014 | N=10,000 broadband households, ±0.98% | © 2014 Parks Associates
Smart Home Service Providers

Competition in the Smart Home
Smart Home Competitors

Professional Monitoring

Fee Based Self Monitoring

Self Monitoring

Monitoring and Fees
Smart Home Competitors

Sales Approach

Face to Face  Retail Vignette  Call Center  On line
Smart Home Competitors

Installation Approach

Staff Technicians  Dealer Channel  DIY / 3rd Party Contractors  DIY

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Smart Home Competitors

**Security**

- Professional Monitoring
- Face to Face
- Professional

**Monitoring**

- Fee Based Self Monitoring
- Retail Vignette
- Call Center
- On Line

**Sales Approach**

- Self Monitoring
- DIY

**Installation**
Self Installation is Growing

Home Security Installation by Length of Ownership (Q3/14)

Source: American Broadband Households and Their Technologies Q1 2014 / N=10,000 Broadband HHs ± 0.98% | © 2014 Parks Associates
Smart Products

Competition in the Smart Home
Smart Product Requirements

Essential Features of Smart Products (Q2/14)

- Have no monthly service fees: 54%
- Have long battery life: 49%
- Be upgradable when new software releases are available: 43%
- Offer technical support for product: 42%
- Be removable, so you can take it with you when you move: 42%
- Be able to install it by myself: 42%
- Keep communication with the product secure: 40%
- Keep the data generated from the product private: 40%
- Work with other smart products: 37%
- Not cost more than a non-smart product: 30%
- Not use excessive bandwidth: 26%
- Have a specific type of network technology: 20%
- None of the above: 16%

Source: American Broadband Households and Their Technologies Q2 2014 | N=10,000 broadband households, ±0.98% | © 2014 Parks Associates
Adoption of Smart Home Control Products (Q2/14)

- Yes, 13%
- No, 83%
- I’m not sure, 4%

Source: American Broadband Households and Their Technologies Q2 2014 | N=10,000 broadband households, ±0.98% | © 2014 Parks Associates
Adoption of Smart Home Devices (Q2/14)

- Lights: 6%
- Programmable thermostat: 6%
- Smoke detectors: 6%
- Security camera: 6%
- Door locks: 6%
- Garage door openers: 5%
- Carbon monoxide detectors: 5%
- Outlet/plug: 5%
- Door bells: 5%
- Power strip: 4%
- Home or Kitchen appliances: 4%
- Combination sensor: 4%
- Blinds or drapes: 4%
- Sprinkler system: 3%
- Smoke detectors: 5%
- Programmable thermostat: 6%
- Security camera: 6%
- Door locks: 6%
- Garage door openers: 5%
- Carbon monoxide detectors: 5%
- Outlet/plug: 5%
- Door bells: 5%
- Power strip: 4%
- Home or Kitchen appliances: 4%
- Combination sensor: 4%
- Blinds or drapes: 4%
- Sprinkler system: 3%
- Smoke detectors: 5%
- Programmable thermostat: 6%
- Security camera: 6%
- Door locks: 6%
- Garage door openers: 5%
- Carbon monoxide detectors: 5%
- Outlet/plug: 5%
- Door bells: 5%
- Power strip: 4%
- Home or Kitchen appliances: 4%
- Combination sensor: 4%
- Blinds or drapes: 4%
- Sprinkler system: 3%
- Smoke detectors: 5%
- Programmable thermostat: 6%
- Security camera: 6%
- Door locks: 6%
- Garage door openers: 5%
- Carbon monoxide detectors: 5%
- Outlet/plug: 5%
- Door bells: 5%
- Power strip: 4%
- Home or Kitchen appliances: 4%
- Combination sensor: 4%
- Blinds or drapes: 4%
- Sprinkler system: 3%
- Smoke detectors: 5%

Source: American Broadband Households and Their Technologies Q2 2014 | N=10,000 broadband households, ±0.98% | © 2014 Parks Associates
Architecture for Smart Products

Connected Product

Gateway

Virtual Device

Device Monitoring and Control

Device Analytics, Modeling and Control

Data Services
Value Added Service Bundles

Smart Thermostat: Preference (Q2/14)

$299—A programmable thermostat that can:
- Be monitored for status or controlled from a smartphone, tablet or computer
- Display the current weather forecast
- Use weather forecast to save money by running your air conditioner or furnace when it is most efficient
- Increase your home’s energy efficiency by “learning” your daily routines and temperature preferences
- Automatically make minor adjustments to save money by operating your system when electricity prices are low

$99—A programmable thermostat that can:
- Be monitored for status or controlled from a smartphone, tablet or computer

58%
42%
Value Added Service Bundles

Smart Smoke Detector: Preference (Q2/14)

$129—A smoke detector that can:
- Be monitored for status or controlled from a smartphone, tablet or computer
- Send you alerts when the battery needs to be replaced
- Send you alerts when the alarm is triggered telling you about the event and location
- Automatically shut off the furnace or air conditioner in the event of a fire

$29—A smoke detector that can:
- Be monitored for status or controlled from a smartphone tablet or computer

47% 53%
Advanced Smart Smoke Detector: Likelihood of Replacing Functioning Unit (Q2/14)

- While it’s still working properly, 61%
- Only when it stops working properly, 39%
Stand Alone Smart Products, Part of Smart Systems

Product Integration with Smart Home Systems

- Door locks: 32% (9% stand alone, 58% part of a home control system, 32% part of a home security system)
- Security camera: 34% (8% stand alone, 58% part of a home control system, 32% part of a home security system)
- Combination sensor: 39% (9% stand alone, 52% part of a home control system, 32% part of a home security system)
- Water leak detectors: 41% (11% stand alone, 48% part of a home control system, 32% part of a home security system)
- Carbon monoxide detectors: 41% (9% stand alone, 50% part of a home control system, 32% part of a home security system)
- Smoke detectors: 44% (10% stand alone, 46% part of a home control system, 32% part of a home security system)
- Door bells: 45% (7% stand alone, 48% part of a home control system, 32% part of a home security system)
- Lights: 47% (12% stand alone, 42% part of a home control system, 32% part of a home security system)
- Garage door openers: 48% (10% stand alone, 39% part of a home control system, 32% part of a home security system)
- Outlet/plug: 49% (12% stand alone, 36% part of a home control system, 32% part of a home security system)
- Programmable thermostat: 54% (10% stand alone, 37% part of a home control system, 32% part of a home security system)
- Blinds or drapes: 55% (8% stand alone, 37% part of a home control system, 32% part of a home security system)
- Power strip: 55% (13% stand alone, 32% part of a home control system, 32% part of a home security system)
Evolution of the Smart Home

Scenarios of the Future
Key Dimensions of Change

Choice

This dimension relates to who controls the ecosystem, including the hub, the operating system, the applications, peripherals, communication, channel, and services associated with the ecosystem.

Monetization

This dimension relates to who pays for the hardware, software and services associated with the ecosystem[s] that are used by the consumer.
Data from Smart Products Unlocks Value for Partners

The Internet of Things

Industry Partners
- Security
- Health Care
- Energy
- Media
- Insurance
- Electronics
- Retail

Smart Products
- Home automation
- Car
- Plug
- Thermostat
- Security camera
- Laptop
- Fridge
- Mobile phone
- Games controller
- Surveillance camera
- Lightbulb
Scenarios

Who Pays - Monetization

Who Controls System - Choice

Consumer

Vendors

1. Smart Home Service Providers Control the Ecosystem

2. Smart Home Service Providers Control with Incentives

3. Build-it-Yourself Systems

4. Build-it-Yourself Systems with Incentives

Smart Home Service Providers

Control the Ecosystem

Control with Incentives

Build-it-Yourself Systems

Build-it-Yourself Systems with Incentives

Vendors
Scenarios

Who Pays - Monetization

Who Controls System - Choice

1. Smart Home Service Providers Control the Ecosystem
2. Smart Home Service Providers Control with Incentives
3. Build-it-Yourself Systems
4. Build-it-Yourself Systems with Incentives

Vendors

Consumer
Thank You.

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