

Looking Ahead to 2020: Smart Home and Security Trends in Europe and the US

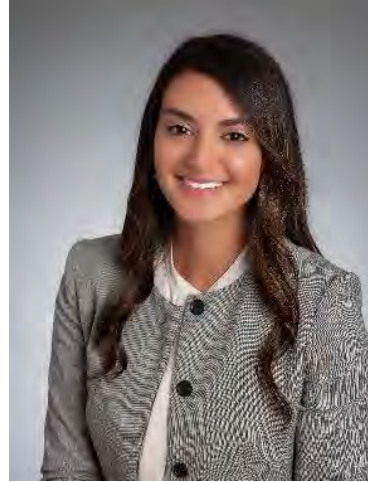
September 26, 2019
1:00 PM CT

Webinar Goals

- **Understand** how connected home markets are evolving and growing as we close out 2019
- **Hear** about the top trends impacting the smart home, residential security, energy management, and connected health markets
- **Learn** about initiatives and successes from market leaders
- **Gain** insight into how the EU markets are evolving uniquely from the US market
- **See** where market leaders are looking for new revenue growth, from expanding their user base to new channels and business models



Jennifer Kent
Senior Director
Parks Associates



Dina Abdelrazik
Senior Analyst
Parks Associates



Chris O'Dell
Research Analyst
Parks Associates



Lindsay Gafford
Research Analyst
Parks Associates

Webcast Recording Playback

Parks Associates invites you to view and listen to the webcast recording.

Click link to view recording:

<https://register.gotowebinar.com/recording/2056915077994185991>

Agenda

Introduction

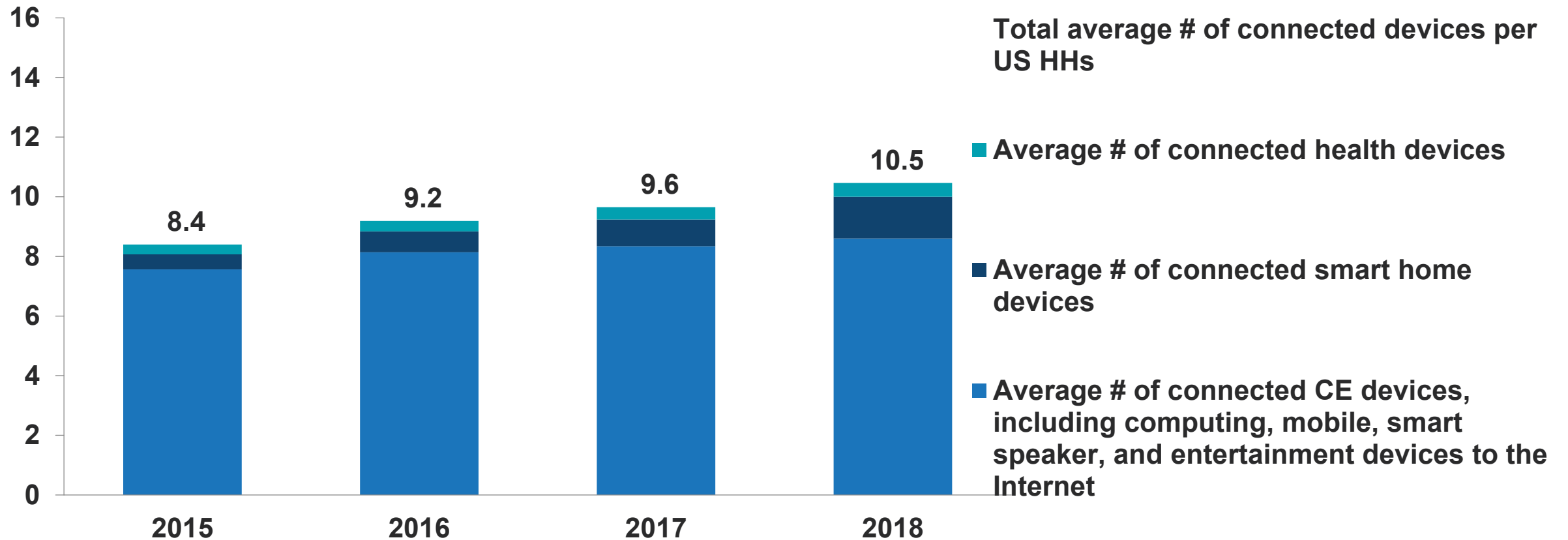
Market Opportunities and Outlook

- Smart Home Device and Services
- Residential Security Services
- Connected Health in the Home
- Smart Home Energy Management

Analyst Q&A

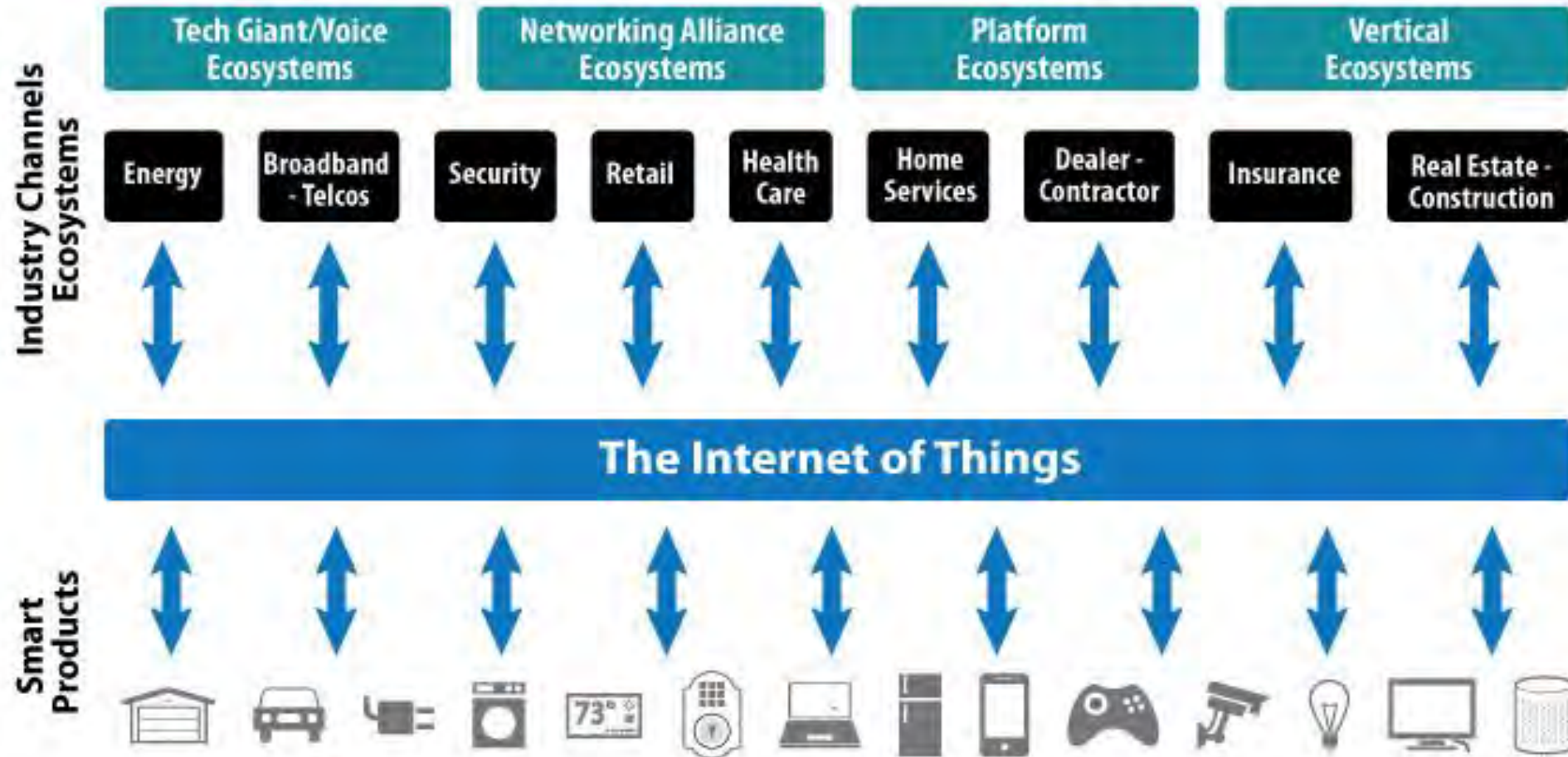
Connected Devices in the Home

Total Average Number of Connected Devices Per US BB HH (2015 - 2018)
Among All U.S. BB HHs, Outliers Excluded



Channels: Diverse and Growing

Connected Home Channels & Ecosystems



© Parks Associates

Europe: Requires Unique Approaches

- Economic strength and household income
- Housing mix, ownership, and materials
- Energy systems and services
- Monitored security penetration
- Voice-first availability in regional languages
- Retail product availability and familiarity
- Governmental regulation and funding
- Single payor healthcare



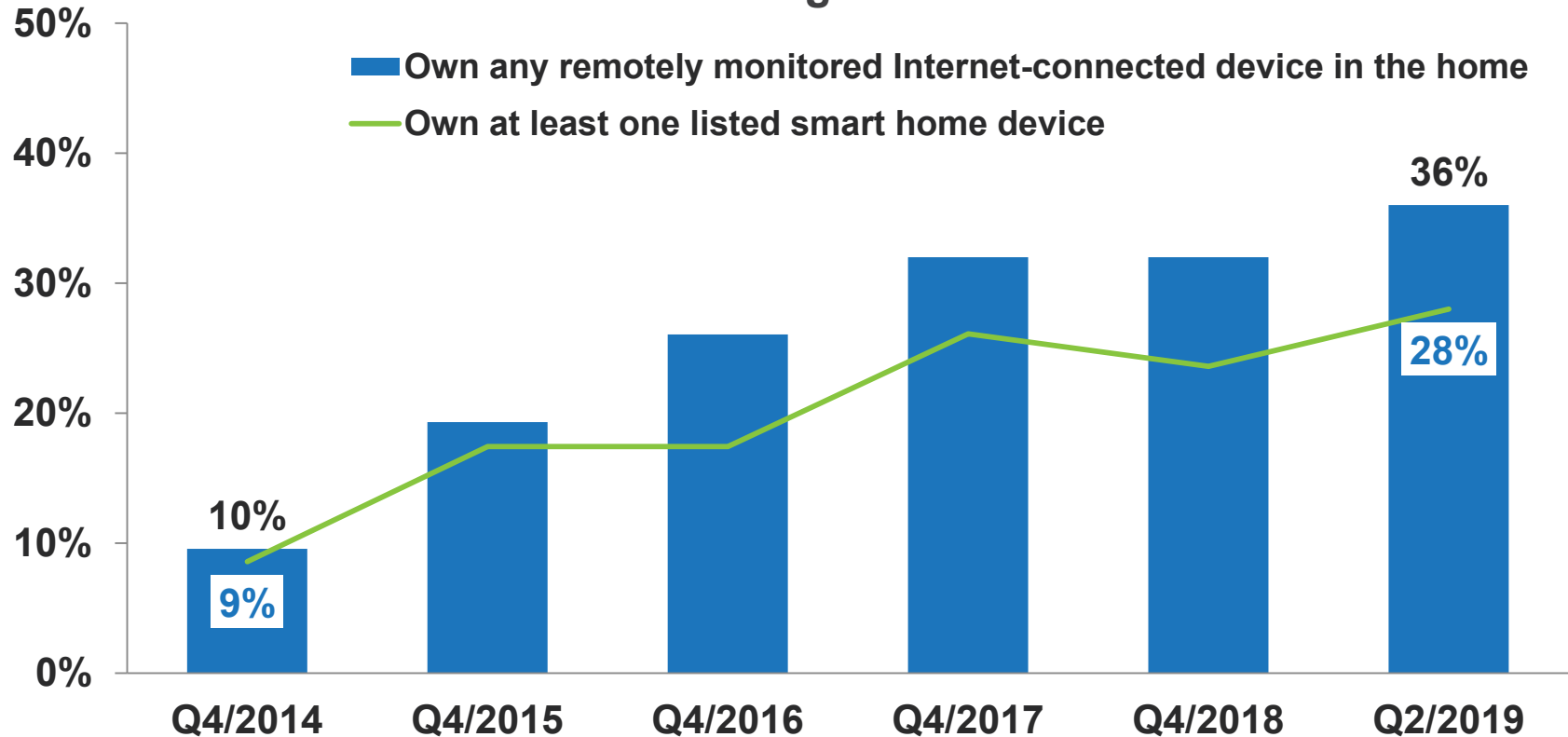
Smart Home Devices and Services

Presented by
Chris O'Dell
Research Analyst



US Smart Home Device Ownership

Smart Home Device Ownership (2014 - 2019) Among All US Broadband Households



Smart Home Devices Surveyed (Q2 2019)*

- Thermostats
- Door locks
- Video doorbells
- IP cameras
- Light bulbs
- Lighting control systems
- Outdoor light fixtures with video camera
- Outlets/switches/dimmers
- Smart plugs/adapters
- Sprinkler systems
- Garage door openers
- Smoke/CO detectors
- Water leak detectors
- Water shut off valve
- Smart Appliances

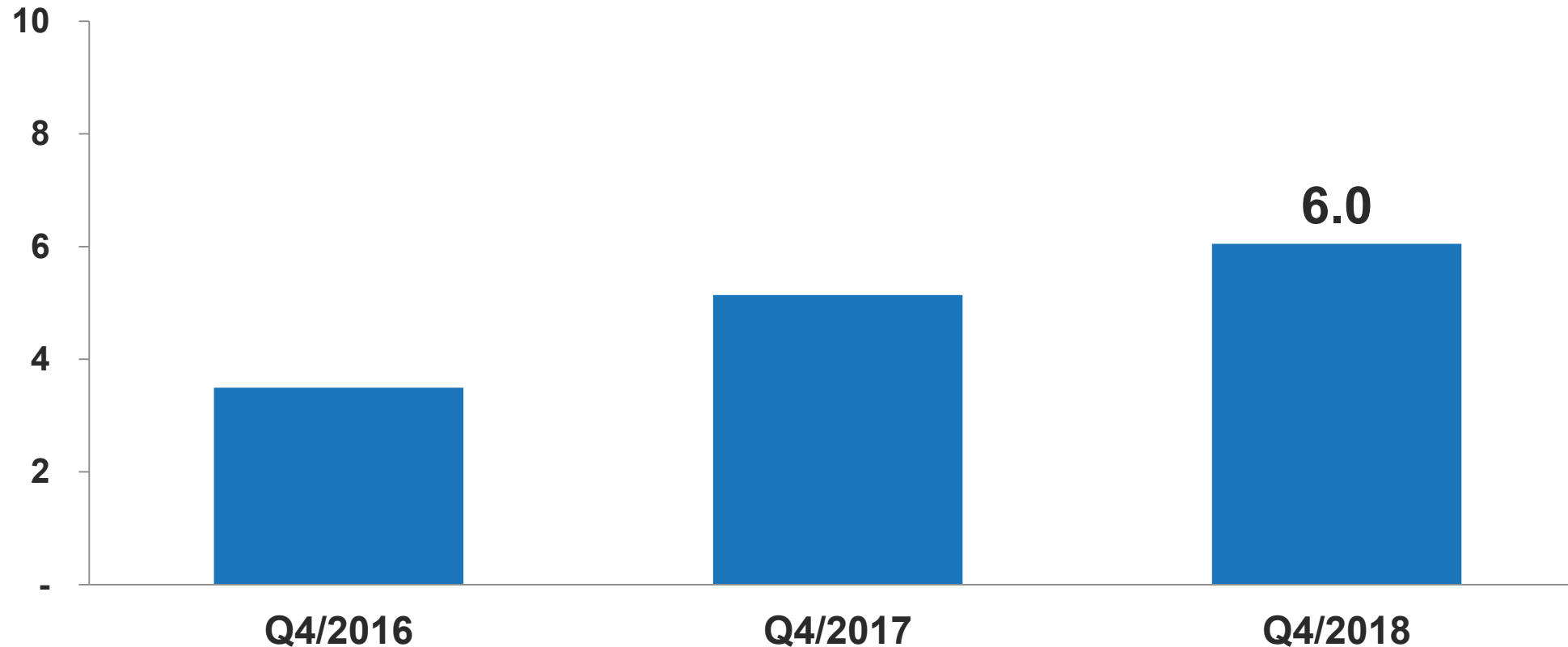
*This list of devices has changed slightly over the years to include new products.

© PARKS ASSOCIATES

Device Ownership Increasing

Average Smart Home Devices Owned Per Owing Households (2016 - 2018)

Among All US Broadband Households, Outliers Excluded



Smart Home Devices Surveyed (Q4 2018)

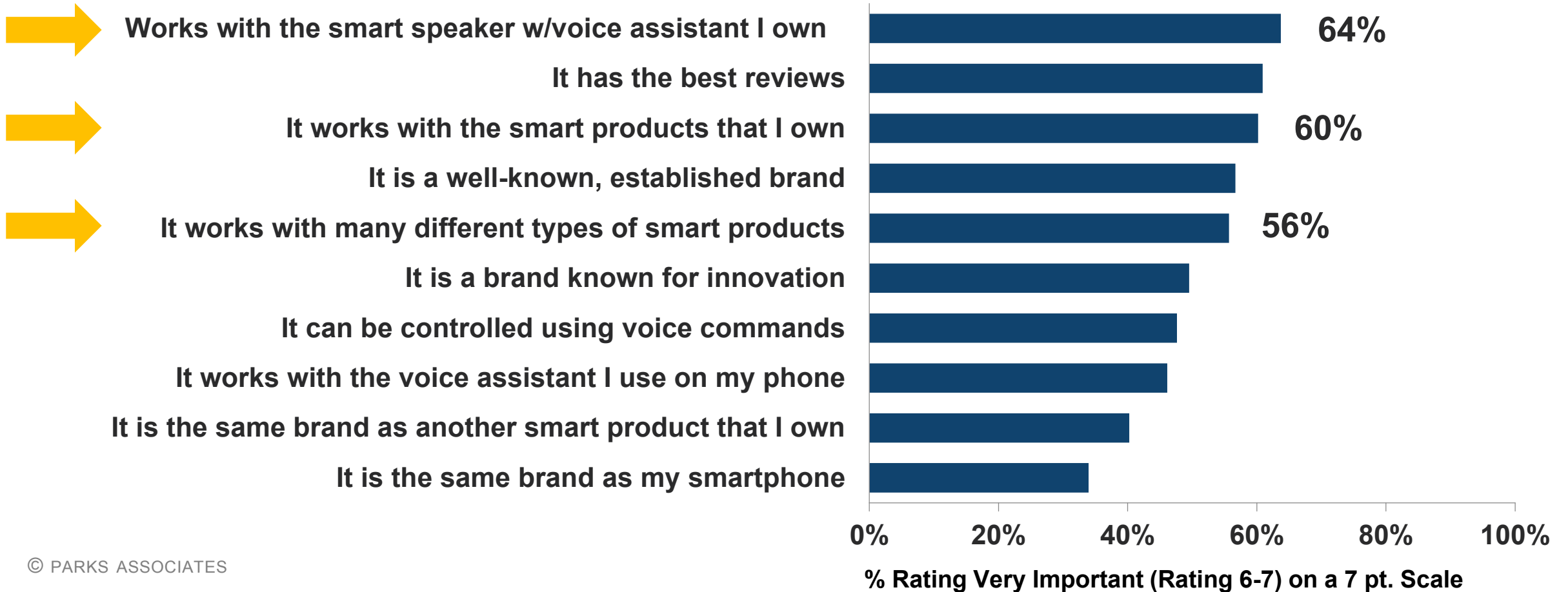
- Thermostats
- Door locks
- Video doorbells
- IP cameras
- Light bulbs
- Lighting control systems
- Outdoor light fixtures with video camera
- Outlets/switches/dimmers
- Smart plugs/adapters
- Sprinkler systems
- Garage door openers
- Smoke/CO detectors
- Water leak detectors
- Water shut off valve

© PARKS ASSOCIATES

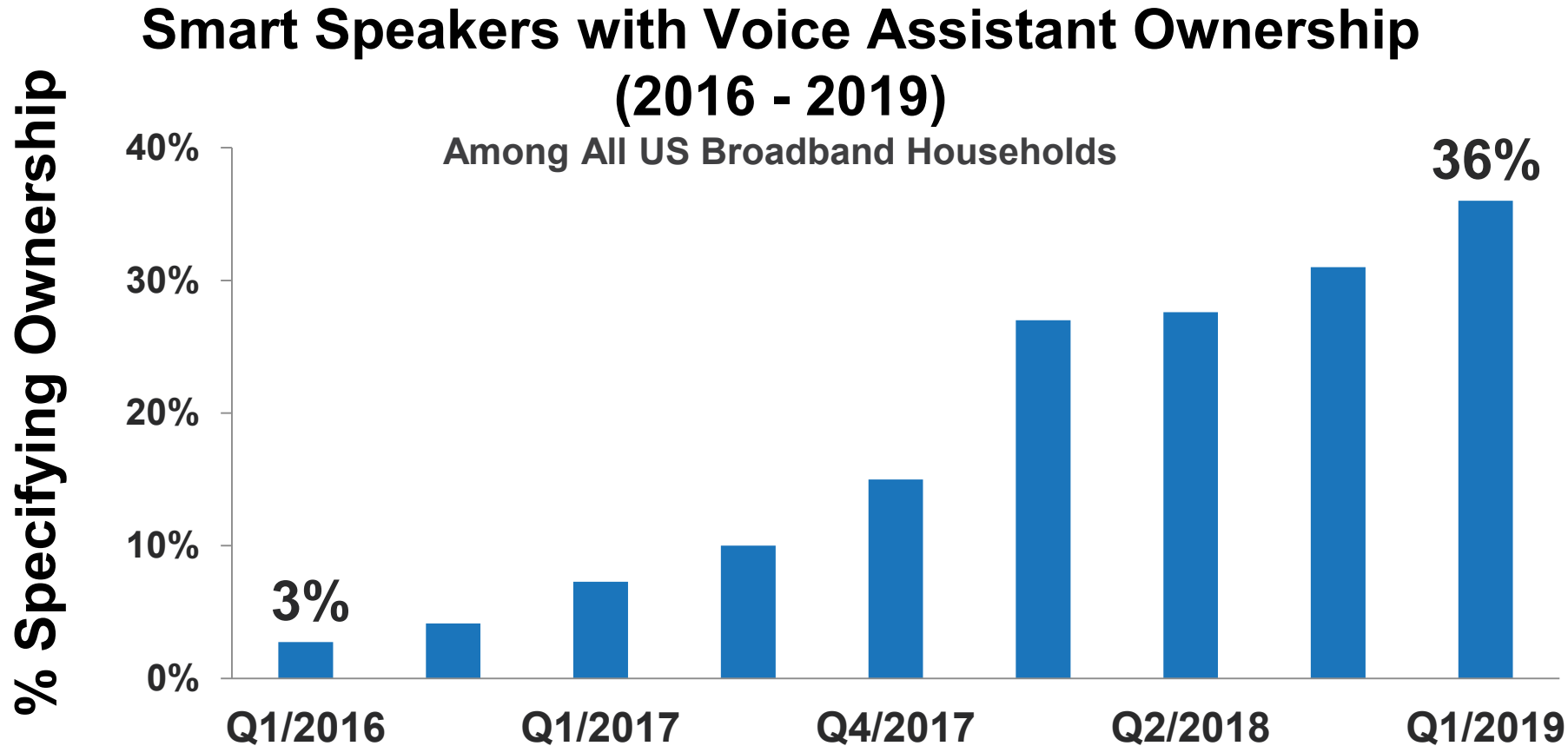
Importance of Interoperability

Importance of Smart Home Device Purchase Considerations (Q4/18)

Among US Broadband Households Intending to Purchase at Least One Smart Home Device



Smart Speaker Adoption



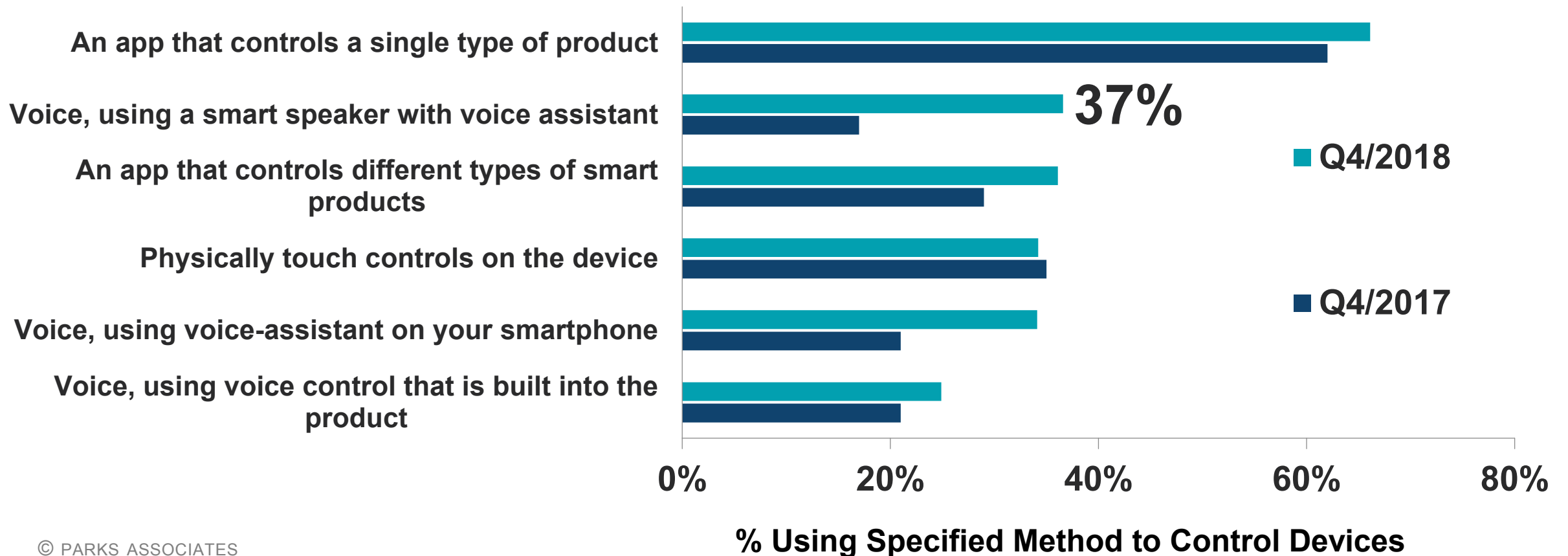
1.87

Average number of smart speakers per owning household

Use of Smart Speakers Doubled

Smart Home Device Control Methods (2017 - 2018)

Among US Broadband Households Owning At Least One Smart Home Device



Smart Home Device Ownership

28%

14%

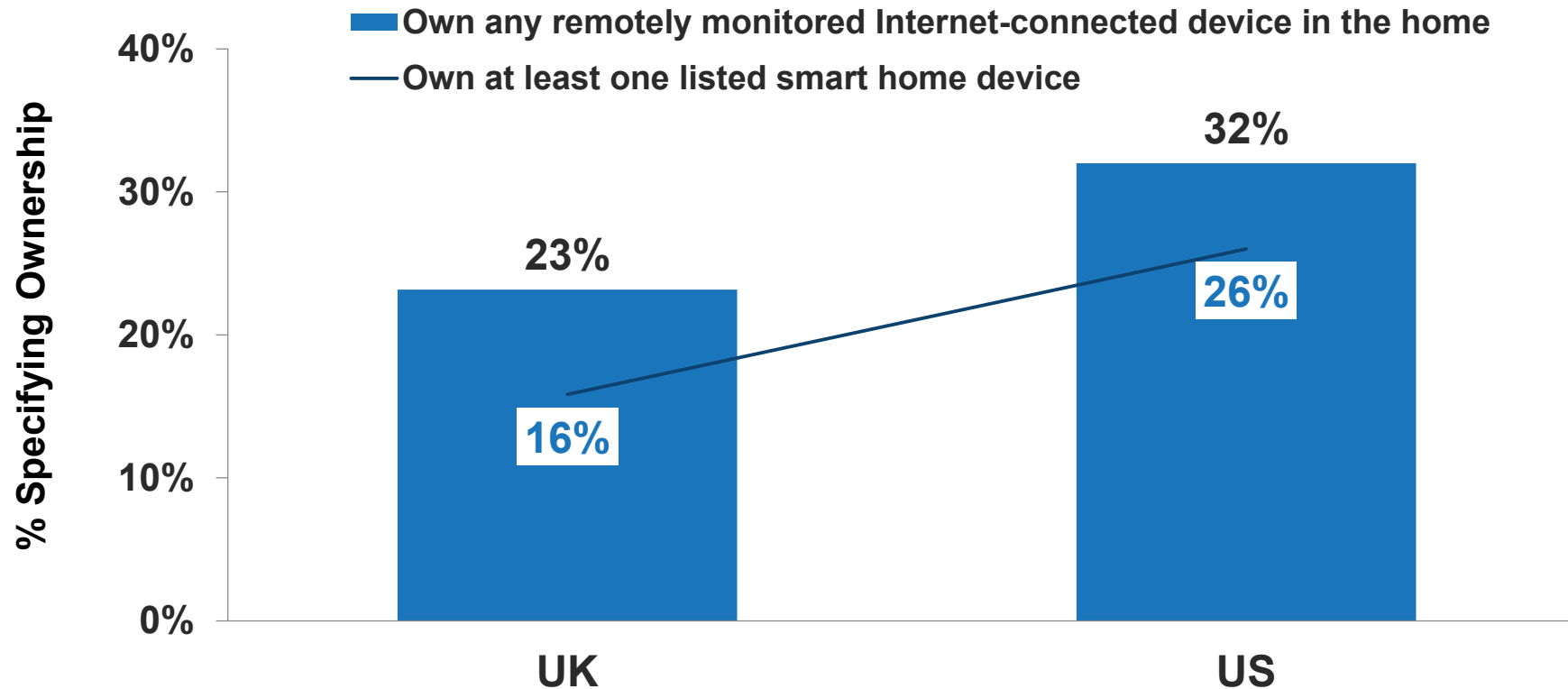
16%



Smart Home Adoption by Country

Smart Home Device Ownership by Country (2018)

Among All Broadband Households in Specified Countries



Smart Home Devices Surveyed

- Thermostat
- Door lock
- Video doorbell
- IP camera
- Light bulb
- Lighting control system
- Outdoor light fixture with camera
- Outlet/switcher/dimmer
- Plug/adaptor module
- Sprinkler system
- Garage door opener
- Smoke/CO detector
- Water leak detectors
- Water shut off valve
- All-in-one security system

© PARKS ASSOCIATES

Slow Market Entry in Europe

Smart Home Challenges in Europe

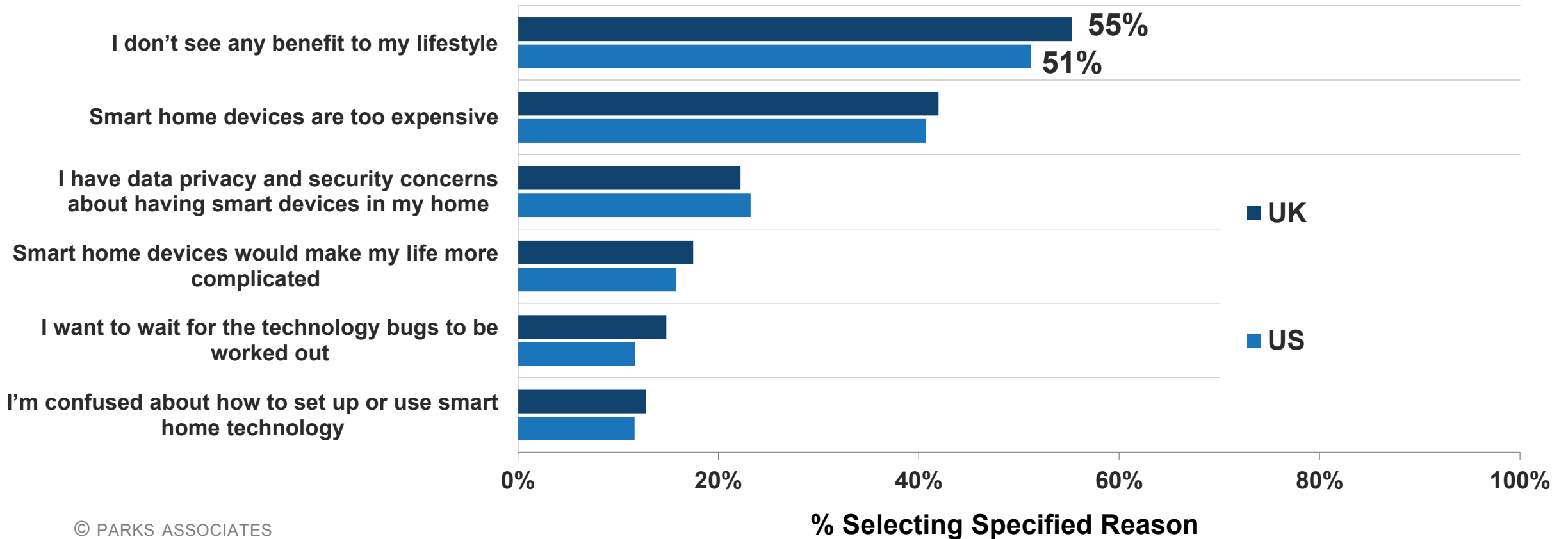
- Low awareness
- Low enthusiasm
- Consumers driven by pragmatic use cases
- Data privacy laws (GDPR)
- Affordability concerns
- Language barriers
- Low pro security adoption



Purchase Inhibitors

Smart Home Devices: Reasons for Not Purchasing by Country (2018)

Among Smart Home Device Non-Owners and Non-Intenders in Specified Countries



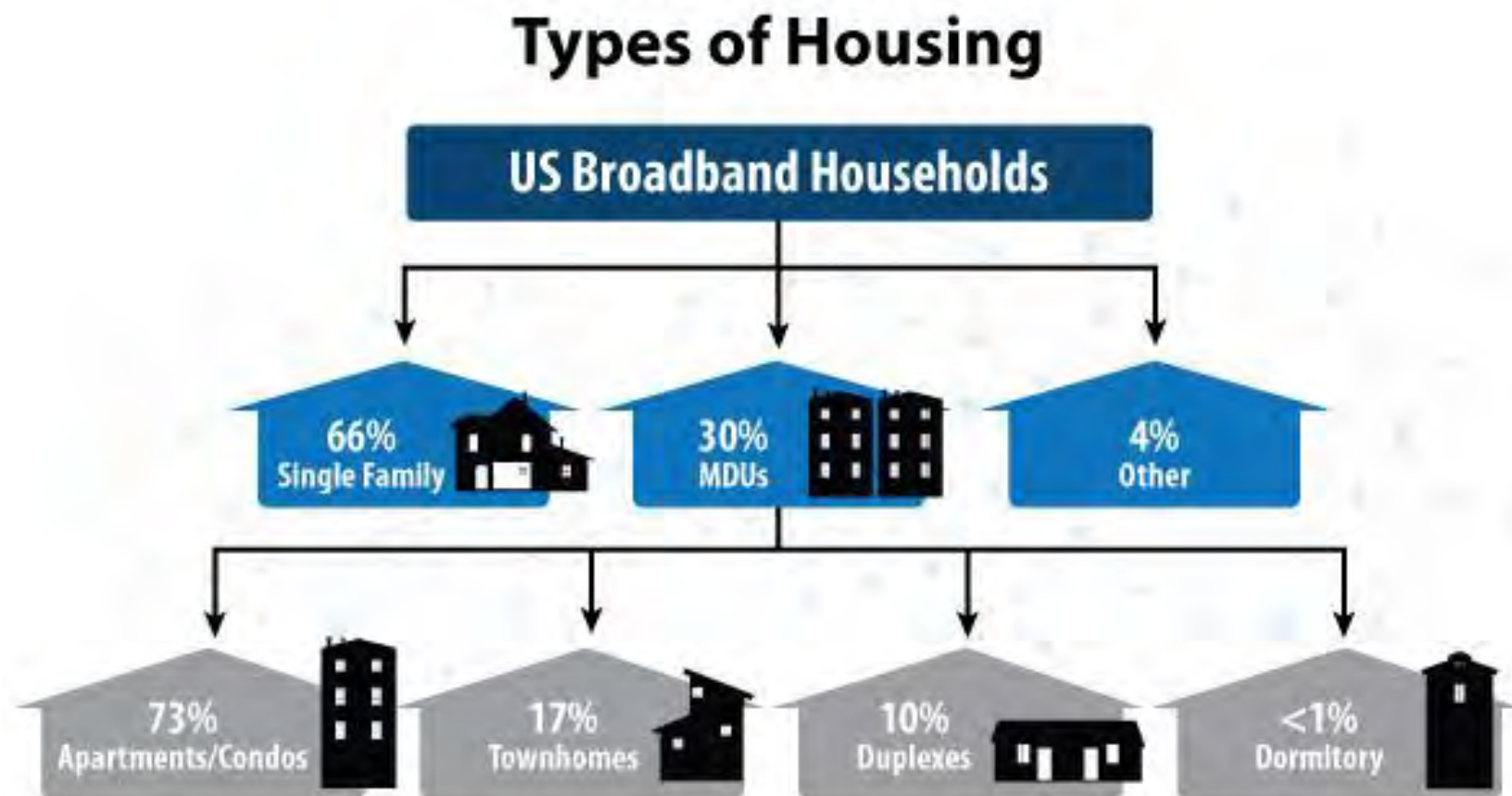
Key Considerations

- Localize offerings to fit specific markets
- Ensure extended product value
- Remain mindful of strict data privacy regulations
- Safeguard against speed and reliability issues with connectivity solutions
- Build strong channel partnerships



Emerging Channels

- **MDUs**
(STRATIS IoT, IOTAS)
- **Home builders**
(Lennar, KB Homes, Brookfield Residential)
- **Rental spaces**
(Airbnb, HomeAway)



© Parks Associates

Residential Security Services

Presented by
Dina Abdelrazik
Senior Analyst



Home Security System Ownership (2018)

27%



25%



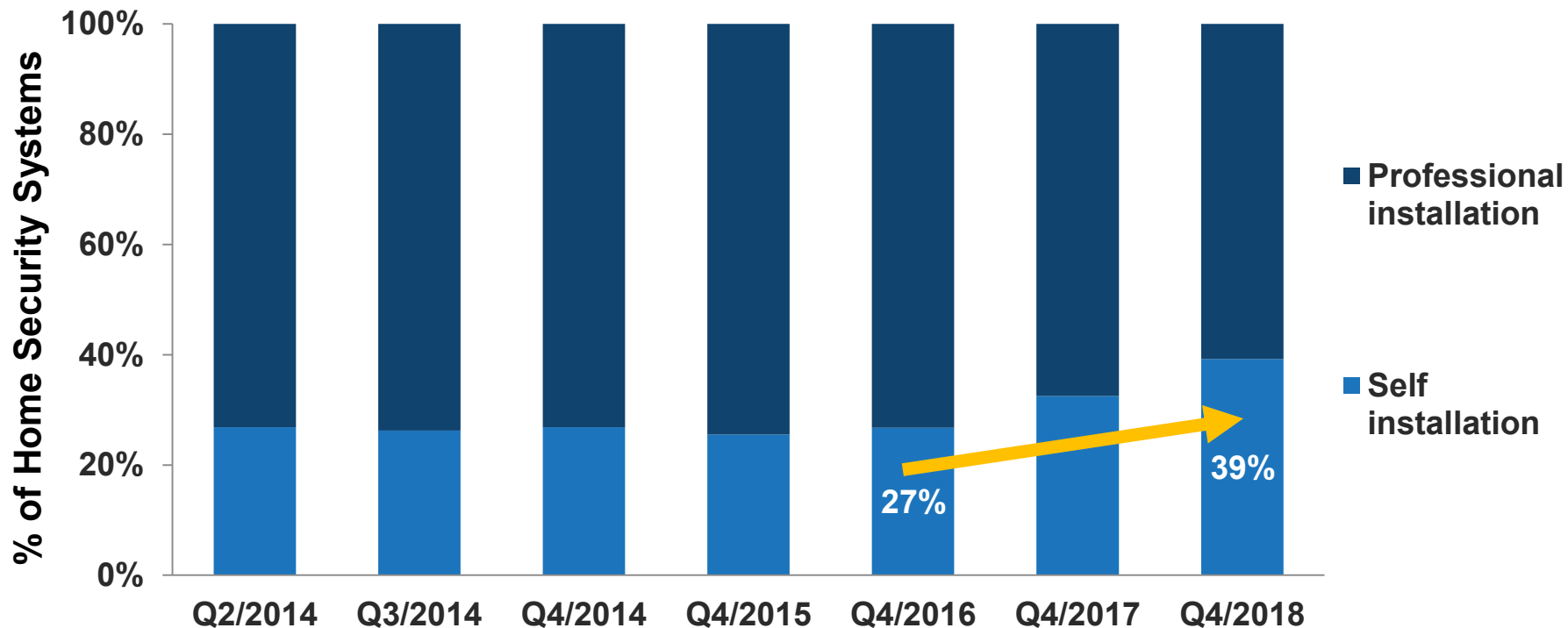
17%



Self-Installation Trend

US: Installation Method for Recently Acquired Systems (2014 - 2018)

Among Those Recently Acquired Home System Within the 6 years Aware of Installation Method



Self-Installation



7%



31%

Do it For Me (DIFM)

Do it Yourself (DIY)

Dealers/Technicians

Installation Approach

DIY



System-Focused

Device-Focused

RMR

Margin Per Job

Volume
of Customers

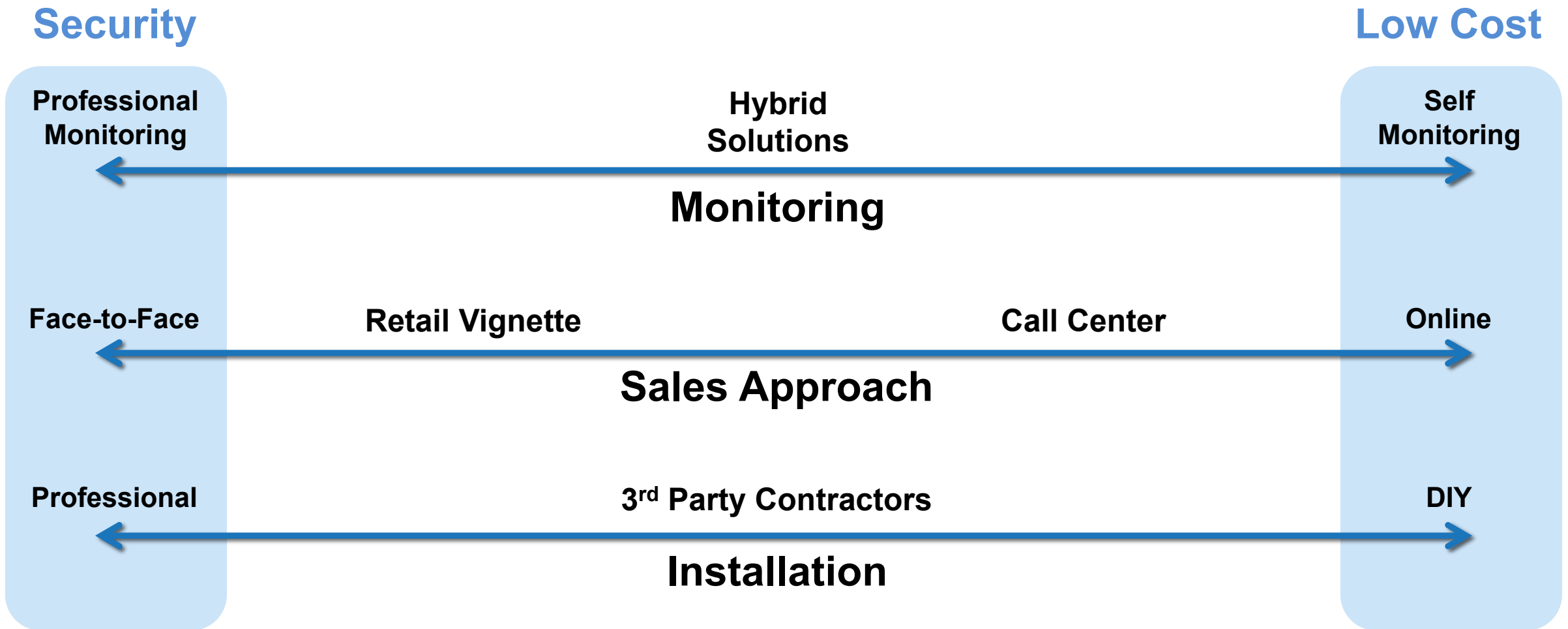
SimpliSafe's smart home security systems launch in the UK

- SimpliSafe expands outside of the US for the first time as the brand launches in the UK.
- The launch follows after a \$1 billion investment from private equity firm Hellman and Friedman.
- Although there are other professionally installed home security providers and a few DIY systems, SimpliSafe states that it is the first company in the UK that has wireless, DIY systems with professional monitoring.
- SimpliSafe sees an opportunity for the brand to grow as burglary rates are increasing in this region calling for the need for better protection.



SimpliSafe Smart Home Products | Source: Safehome.org

Security Industry Competition



MSO Play in Security



Looking Ahead

Overall, the security industry is experiencing modest but steady growth in the US and EU.

Looking ahead, opportunities will come from:

- **US** – new entrants, competition, business models, and changing consumer preferences are creating change
- **Europe** – interactive services, new channels, partnerships, new entrants, and business model innovation



Connected Health in the Home

Presented by
Lindsay Gafford
Research Analyst



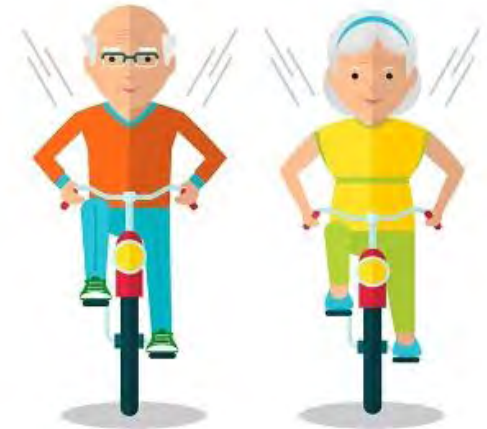
Wearables



Telehealth



Independent Living



Wearables





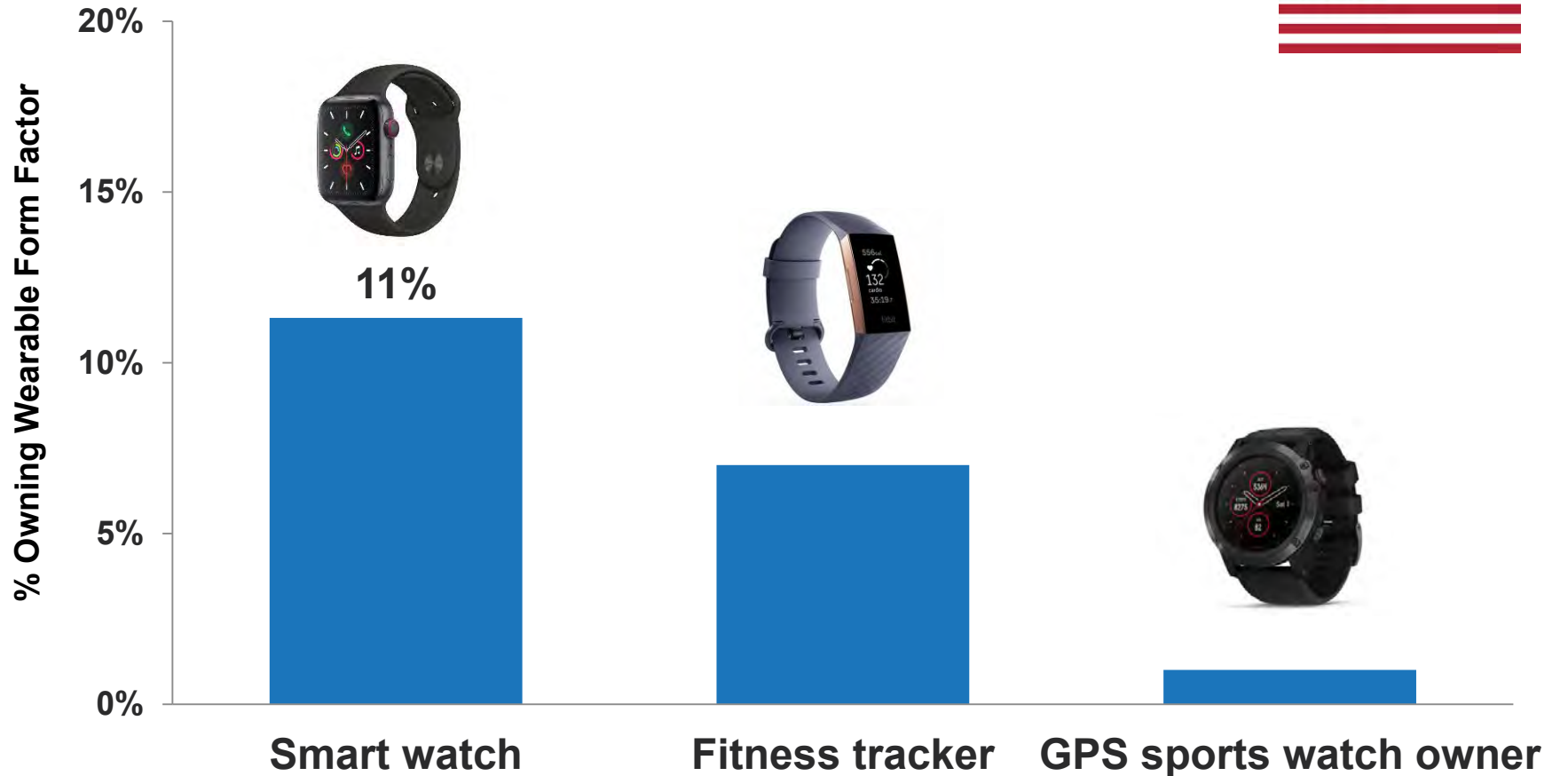
12%



7%

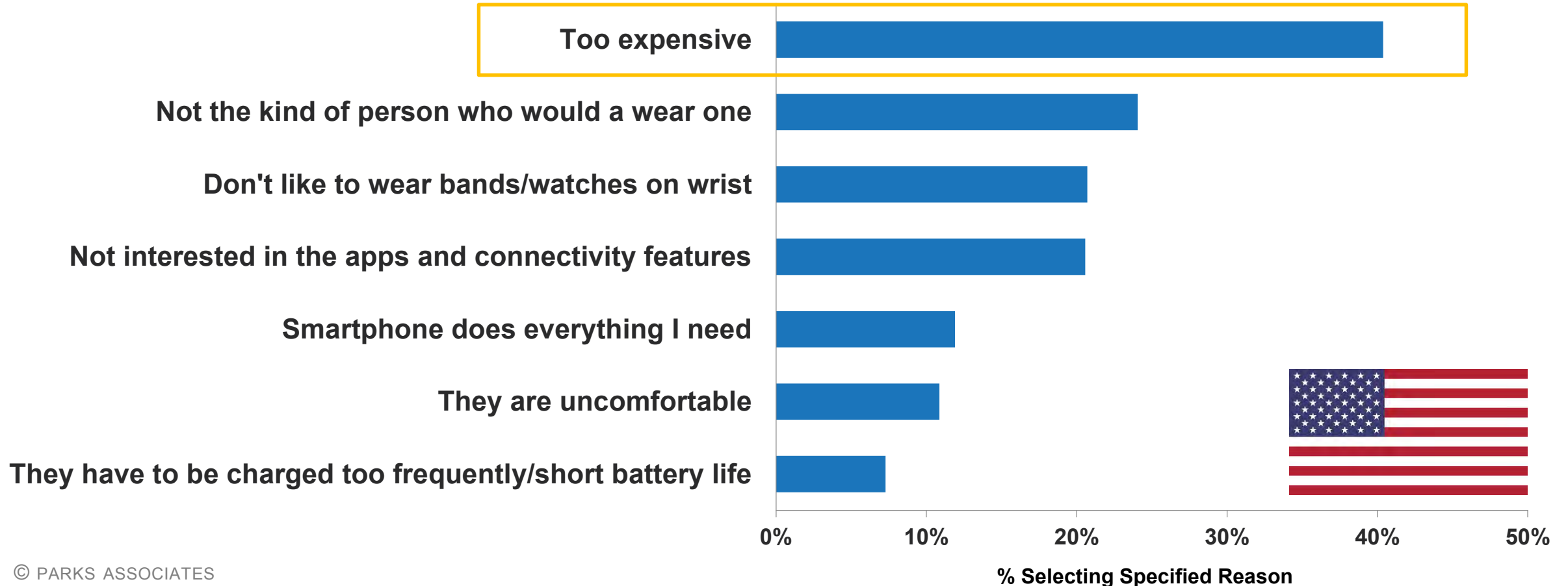
Personal Ownership of Wearables

Among Heads of US Broadband Households



Expense is Top Inhibitor

Reasons for Not Owning Fitness Tracker or Watch
Among the 81% of US Broadband Households Not Owning Fitness Tracker or Watch

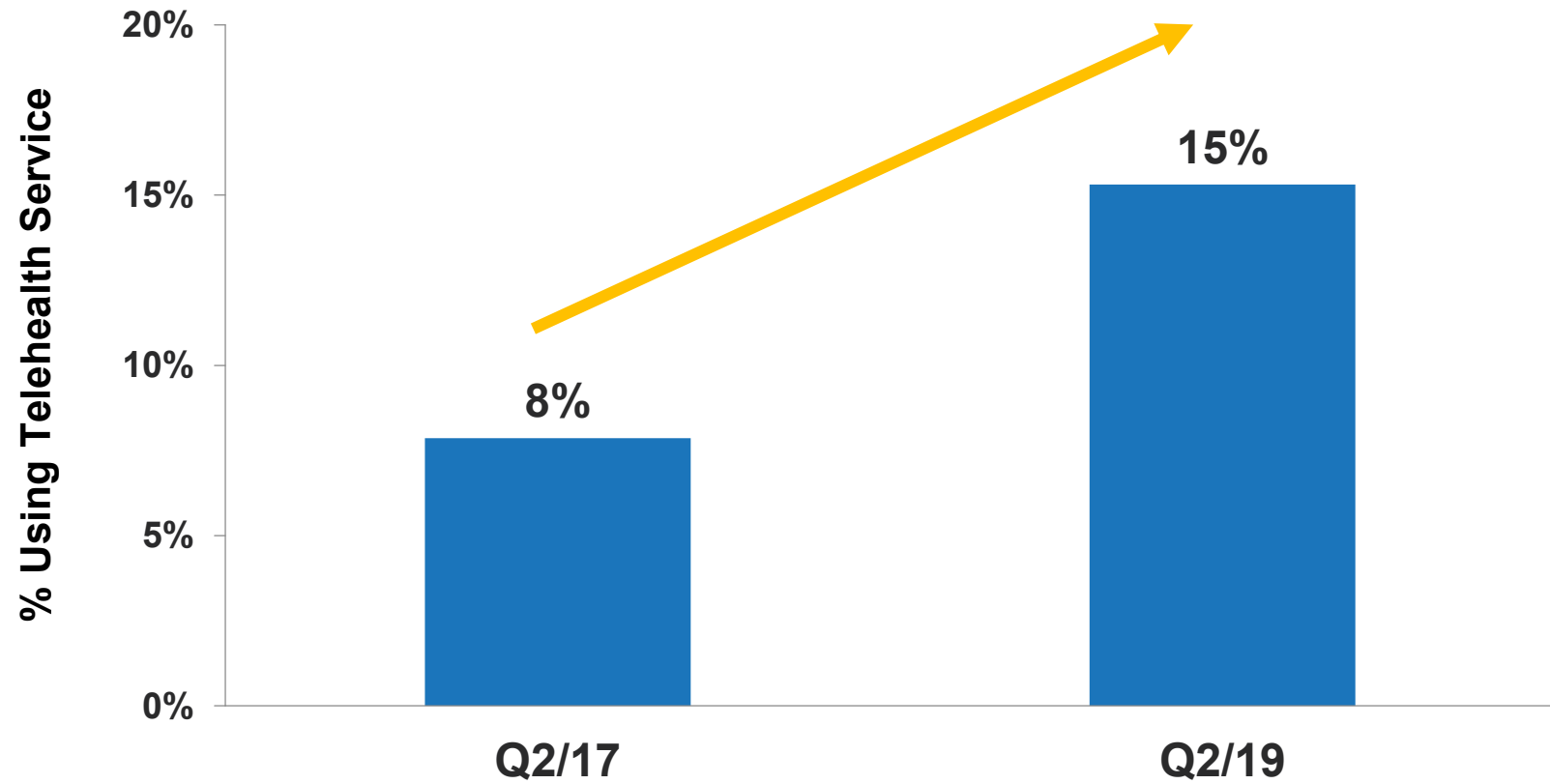


Telehealth





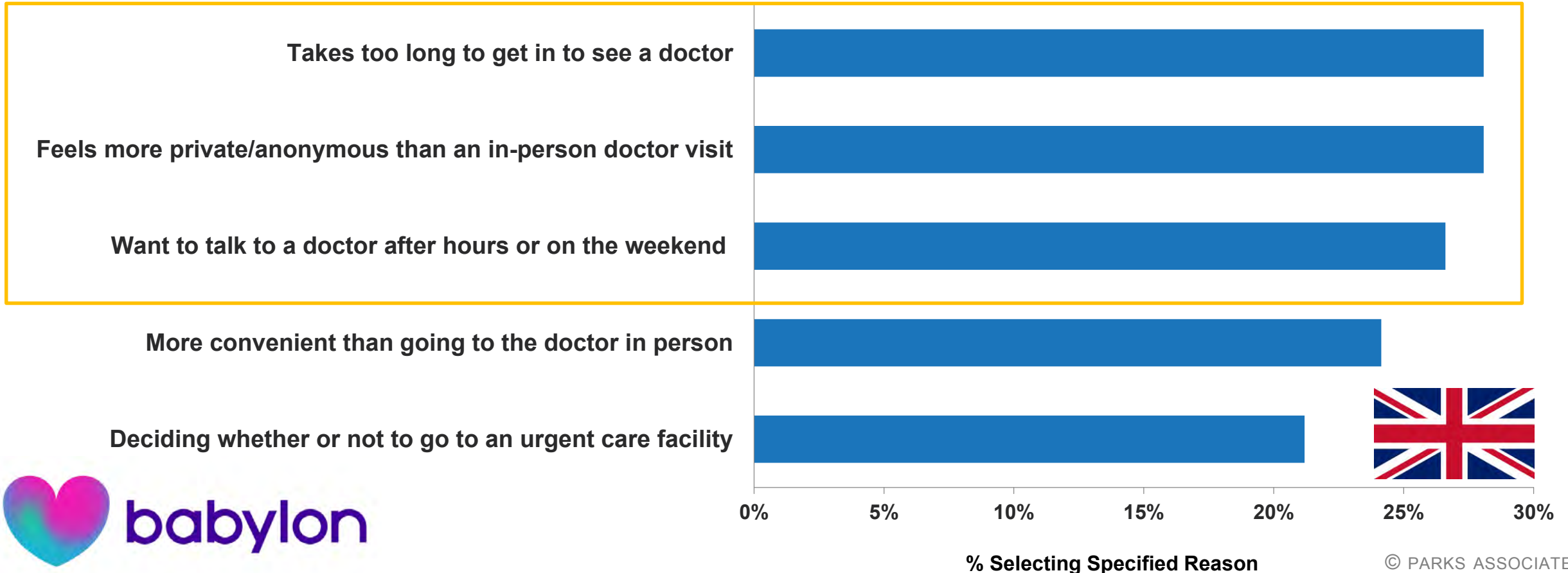
Use of Telehealth Service (2017 - 2019) Among US Broadband Households Surveyed



Reasons for Video Consults

Reasons for Seeking Video Consultation With a Doctor

Among Respondents With Video Visits to a Doctor in the UK



Independent Living

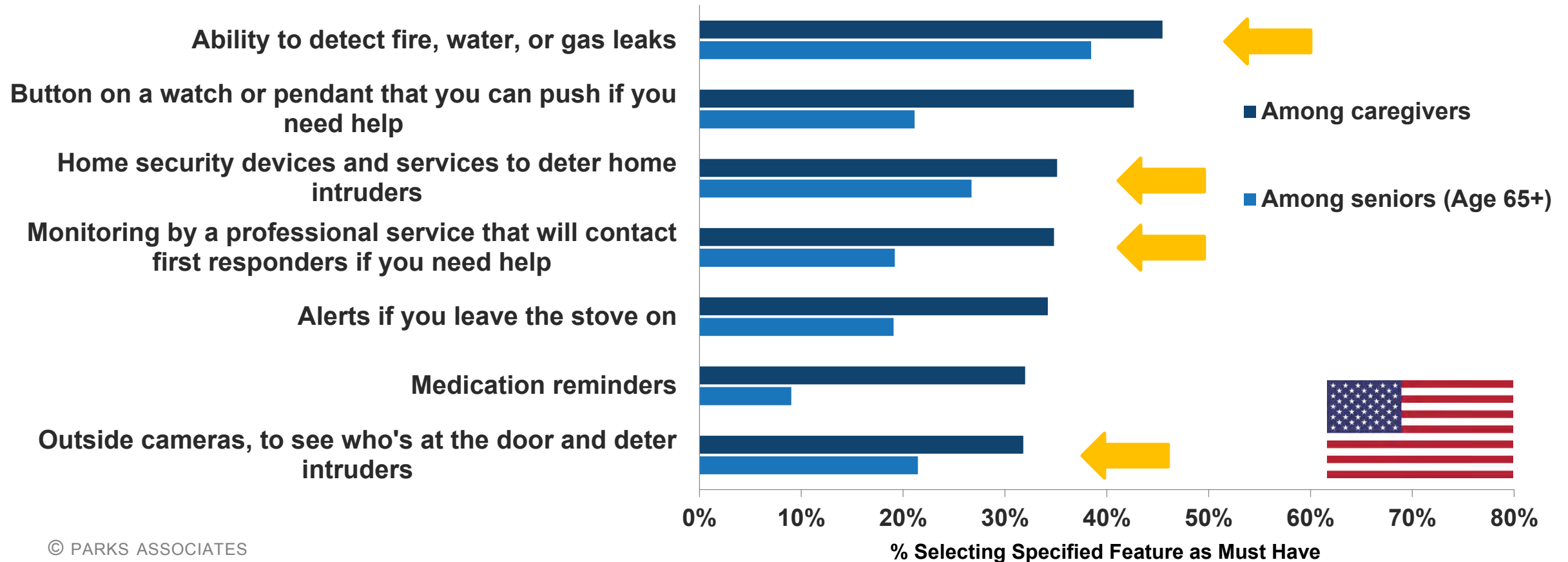


Parks Associates research shows nearly 90% of seniors in both the US and UK identify living in their own home as long as possible as highly important.

Monitoring a Key Feature of Independent Living System

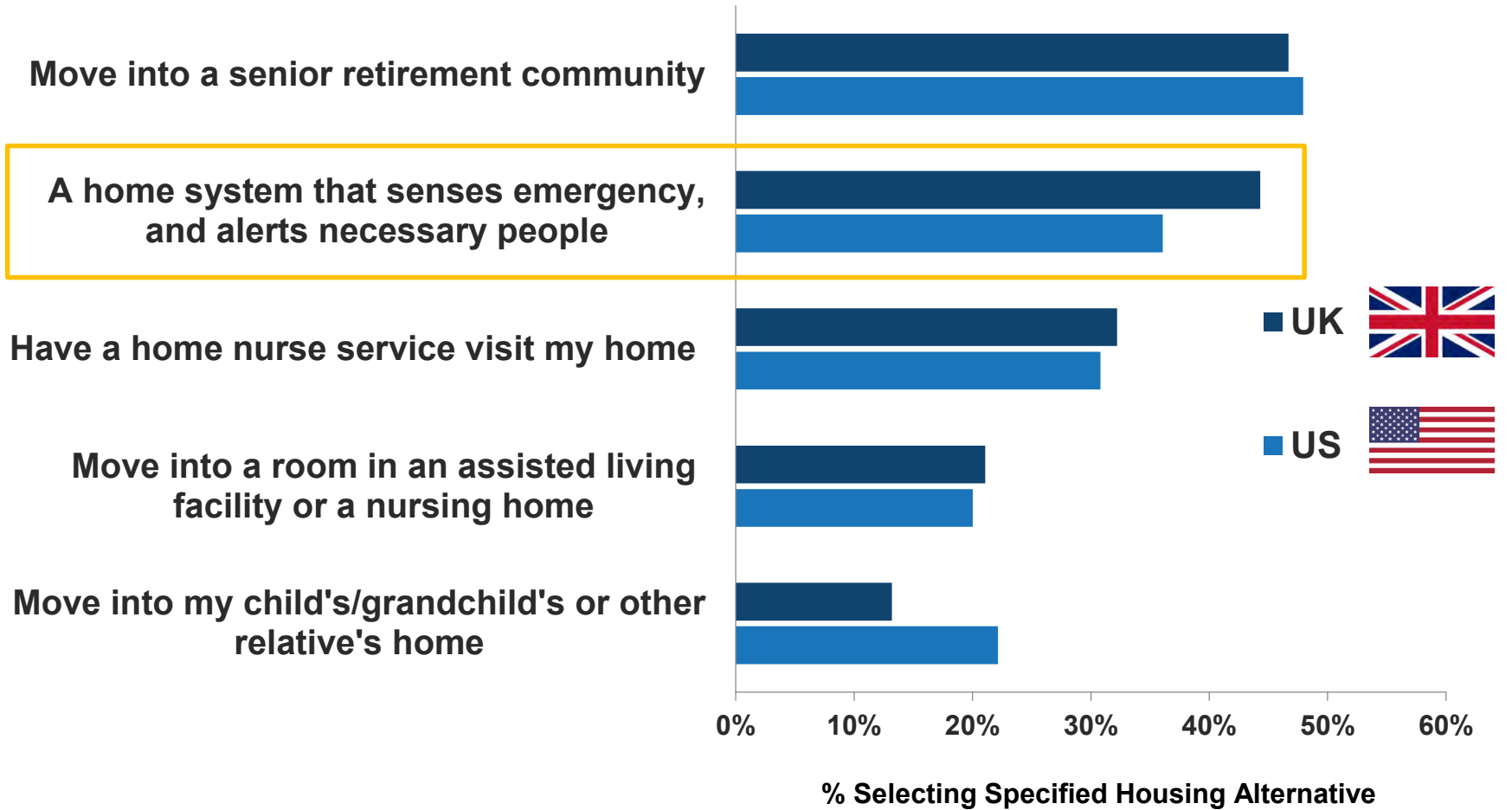
Top 7 Must-Have Features of Independent Living System: Caregivers vs. Seniors

Among US Broadband Household Respondents in Specified Groups



Alternative Housing Options by Country

Among Respondents Who are 50 and Older in Specified Countries



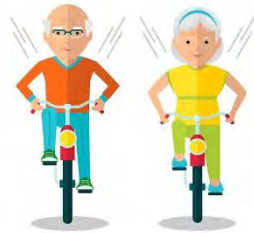
Summary



- Adoption of wearables is on the rise



- Telehealth services are increasing access to medical services



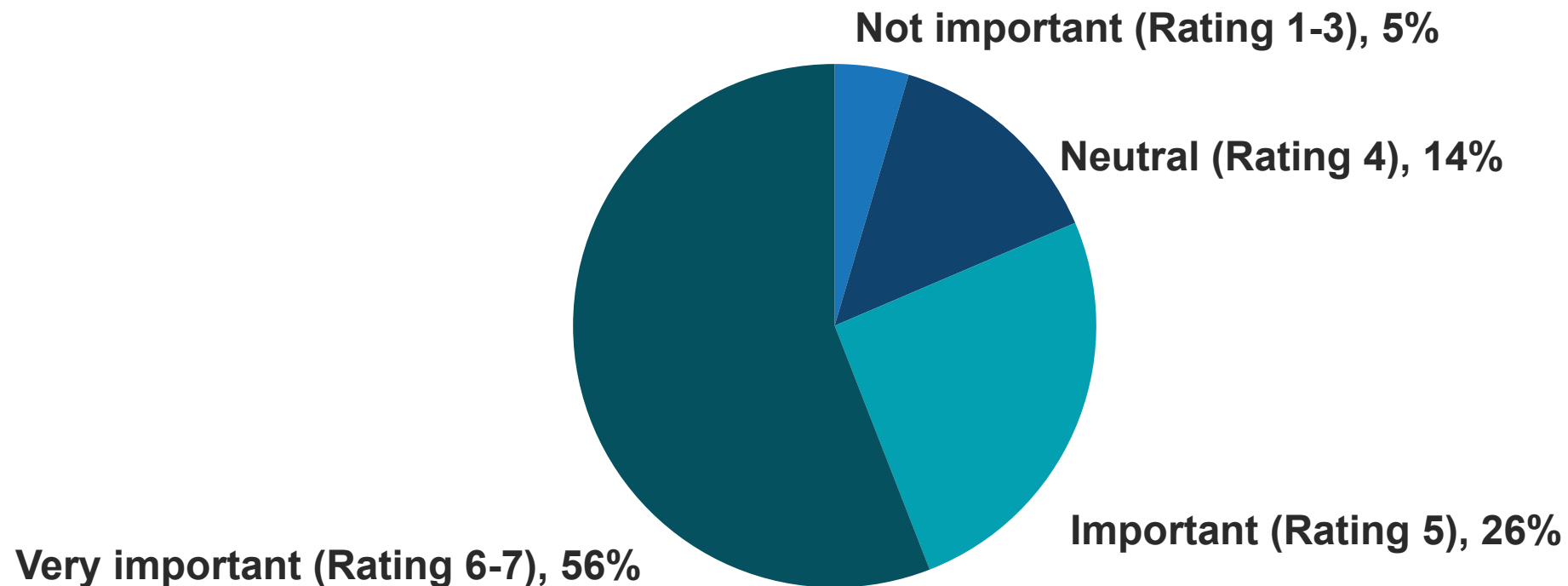
- Independent living solutions are expanding revenue potential in the security channel

Smart Home Energy Management

Presented by
Chris O'Dell
Research Analyst



Importance of Having an Energy Efficient Home Among US Broadband Households

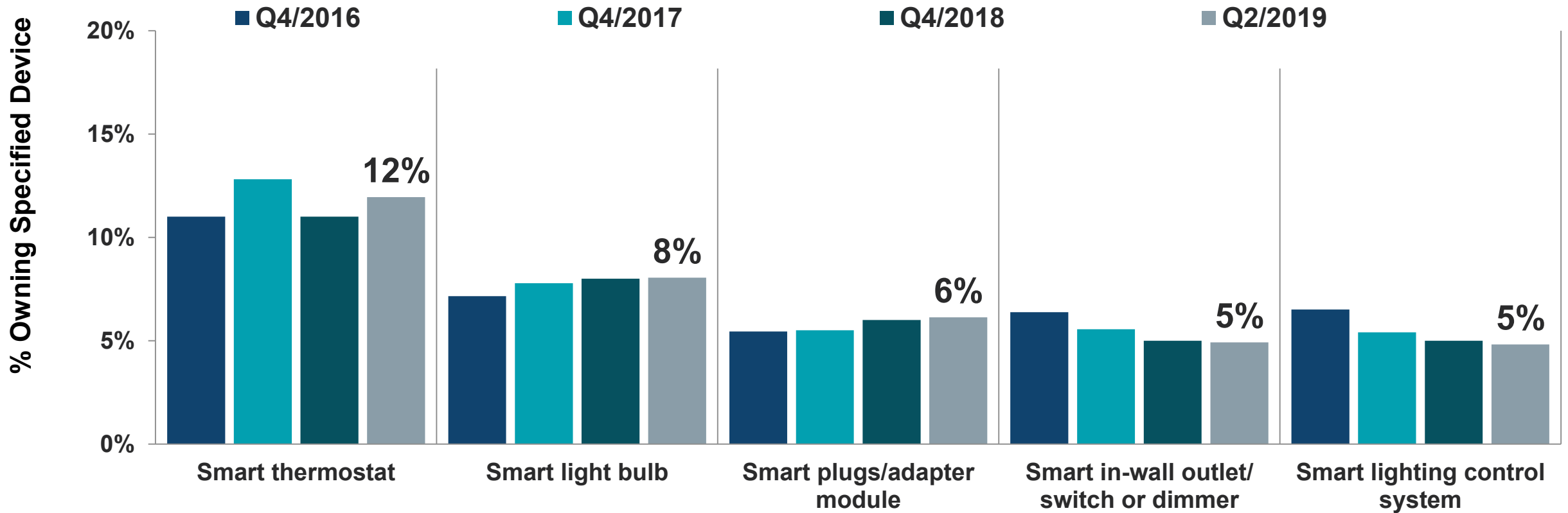


© PARKS ASSOCIATES

Smart Energy Device Ownership

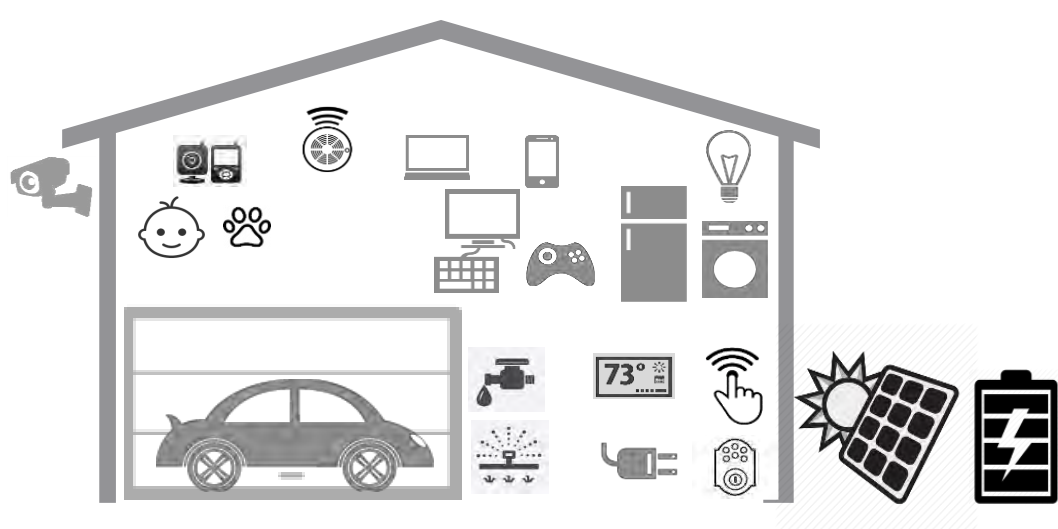
Smart Energy & Misc. Device Ownership (2014 - 2019)

Among All US Broadband Households



© PARKS ASSOCIATES

Devices to System



© PARKS ASSOCIATES

Use of Renewable Energy

- **Netherlands**

Phasing out use of natural gas

- **Germany**

Phasing out nuclear energy production

- **United Kingdom**

Moving toward sustainable energy solutions

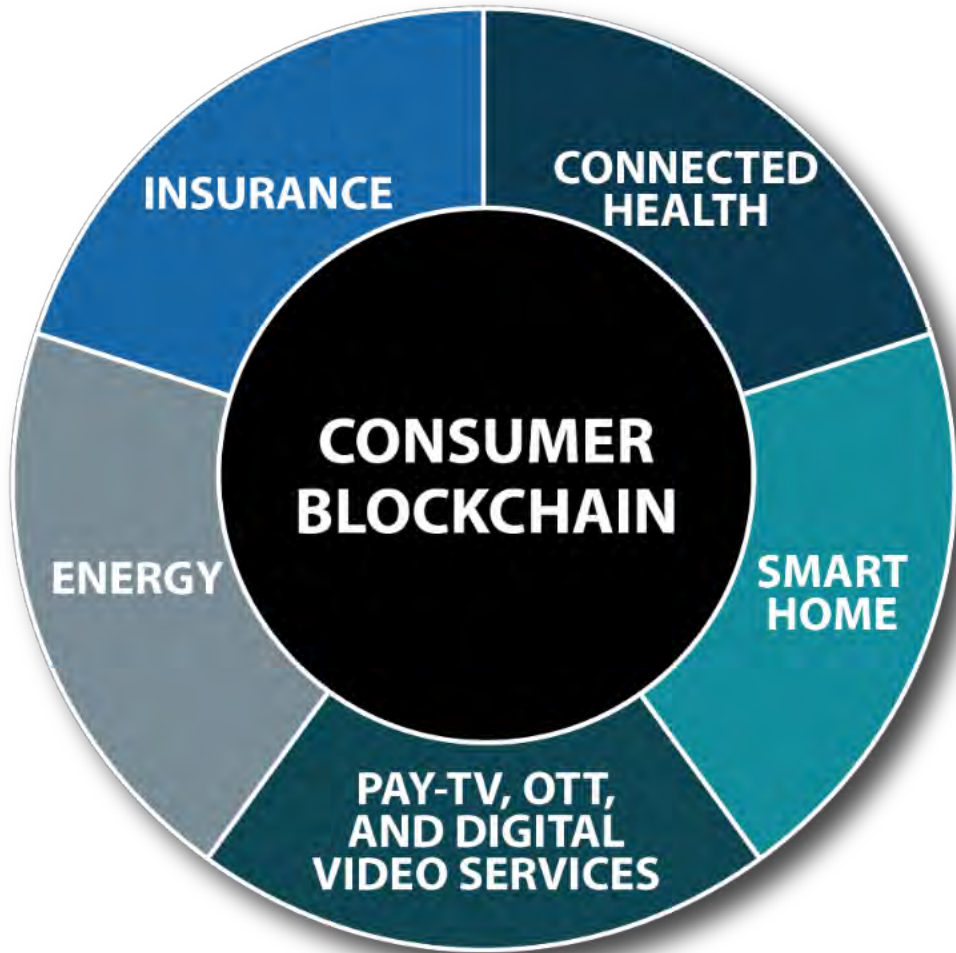


© PARKS ASSOCIATES



Rise of EVs

- Falling prices
- Mileage range increases
- Eco-friendly transportation
- Charging stations becoming ubiquitous



© Parks Associates

Blockchain for Energy

- Demand response (DR) programs
- Secure energy contracts
- Real-time event validation
- Peer-to-peer energy trading
- Wholesale energy trading

CONNECTIONS EUROPE

#CONNEU19
@CONNECTIONS_EU

19-20 NOV 2019
AMSTERDAM

Amsterdam Marriott Hotel

Strategies for Security
and Smart Home

Register Now
www.connectionseurope.com

HOSTED BY
PARKS
ASSOCIATES

Event Agenda

19-20 NOV 2019
AMSTERDAM
Amsterdam Marriott Hotel

PARKS
ASSOCIATES

Next Stages of Smart Home Development

- Evolution of the Smart Home: Gaining Traction
- Smart Home Platforms: Enabling Solutions and Expanding Value
- Home Connectivity: Smart Home and CE: Converging Ecosystems
- Ensuring a Premium Home Network and Wi-Fi Experience
- Providing Data Security and Privacy Protection to Consumers at Home
- Expanding the Role of Service Providers in the Smart Home

Engaging Consumers: Smart Home, Security, Health, and Energy Solutions

- Building Consumer Engagement
- Smart Home and Security: US vs. Europe
- Installation and Support: Expanding Home Security
- Role of Voice in the Smart Home
- Connected Health Platforms and Independent Living Solutions
- Driving Incremental Revenue through Value-Added Services
- Energy Management Solutions: Unlocking Value
- Insurance and Smart Home Products
- Partnering for Success: Next Stage of Growth
- Investing in the Smart Home: Future Tech

Keynotes



Santieri Kangas
Chief Technical Officer
CUJO AI



Charlie Kindel
Chief Product and
Technology Officer
SnapAV



Thomas Rockman
Vice President,
Consumer IoT
Deutsche Telekom AG



Patrice Slupowski
SVP Digital Innovation
Orange



Sponsors

19-20 NOV 2019
AMERSTERDAM
Amsterdam Marriott Hotel

PARKS
ASSOCIATES

Program Guide



Event



Break



Questions?

Looking Ahead to 2020: Smart Home and Security Trends in Europe and the US

Thank You



Jennifer Kent
Senior Director
Parks Associates

972.490.1113

jennifer.kent@parksassociates.com