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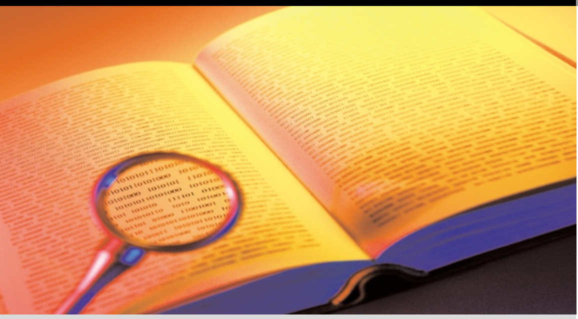

Smart Home Security: Latest Developments, Future Trends and Operators' Strategic Planning

Abstract

The notion of digital home has been around for decades. Confined by unfledged network infrastructure and the lack of interoperability among connected devices with different network technologies and standards, the digital home development however did not proceed as planned. On the rise of smart handheld devices, the idea of digital home has been replaced by smart home these days. Home security is the major area of focus in developing a smart home environment. The competition in smart home has heat up, following Google's acquisition of Nest Labs in January 2014 and Apple's entrance into smart home market in June same year. This report outlines the latest development of smart homes; analyzes future trends of smart homes and major US operators' strategic planning thereof.

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1. Digital Home Development

1.1 10 Years of Bumpy Ride

Early in June 2003, Intel and Microsoft gathered other 15 companies to form an alliance, named DHWG (Digital Home Working Group), marking a major move into digital home. At around the same time, Intel established CEG (Consumer Electronics Group) with an aim to promote digital home services while Microsoft released a series of Windows-based digital home appliances.

On the other hand, Japanese home appliance brands Hitachi and Panasonic set up the ECHONET (Energy Conservation and Homecare Network) Consortium in 1999 that promoted the use of the power line-based home network for home appliances. In July 2003, Sony and Panasonic set up CELF (Consumer Electronics Linux Forum) in pursuit of a common home appliance platform based on Linux OS (Operating System), touting the interoperability across all home appliances. Through the platform, those appliances based on different technologies and platforms can now connect and share information with each other. This brings new opportunities for the digital home development.

Aside from ICT and home appliance manufacturers, internet companies such as Google also has faith on digital homes back then. In 2009, Google launched a home-use electricity monitoring platform, cooperated with Intel in 2010 for Google TV and initiated the Android@Home program in 2011. The immature network infrastructure, the lack of interoperability among products based on a variety of technologies and standards, and some consumers' preferences for traditional home appliances, digital home development did not go as smoothly as anticipated. The most striking development of all has been Intel's decisions to shut down its digital home business and terminate TV chip production during corporate reforms in 2011.

Figure 1	Milestones in the Digital Home Development of Intel and Google

Source: MIC, August 2014

1.2 From Digital Home to Smart Home

Figure 2 Major Players of Smart Home Development and Their Roles

Source: MIC, August 2014

2. Home Security Covers Video Surveillance and Environmental Detection Services

Figure 3 Illustration of Smart Home Security Systems

Source: MIC, August 2014

2.1 Home Surveillance Solutions Tailored to Cover All Possible Scenarios

Figure 4 Illustration of Home Surveillance Systems

Source: MIC, August 2014

Table 1 IP Surveillance System Roundup

Type	Fixed		Hemisphere (Fixed)		PTZ/Speed Dome	
	Standard	Cube	Indoor	Outdoor	PTZ	Speed Ball
Image Sensor						
Feature	✓	✓	✓		✓	
Advanced Features			✓		✓	
Price						

Source: MIC, August 2014

2.2 Home Environmental Sensors Gain Ground in B2C Market

Figure 5	Distribution Channel Deployment of Home Environmental Sensors

Source: MIC, August 2014

Figure 6	Illustration of Smart Home with Smart Gateway

Source: MIC, August 2014

3. Operators' Home Security Solutions Highlight on Energy Efficiency and Home Automation

Figure 7	US Home Security Market Share by Service Provider Type, as of July 2014

Source: ADT, compiled by MIC, August 2014

3.1 AT&T Digital Life

Table 2	AT&T's Operational Revenues, 2009 - 2013					
US$Million		2009	2010	2011	2012	2013
Cable	Voice					
	Data					
	Other					
	Total					
Wireless	Service					
	Equipment					
	Total					
Wireless Subscriber (in thousand units)						
Number of Employees						

Source: AT&T, compiled by MIC, August 2014

3.1.1 From Basic to Advanced Security Services

Table 3	AT&T Digital Life Packages and Pricing	
	Package 1	Package 2
Service Item		
Fees and Charges		
Service Coverage		
Equipment Coverage		
Optional		

Note: Buying equipment is one-off expense; any add-on package is only available for the user who purchase Smart Security package
Source: AT&T, compiled by MIC, August 2014

3.1.2 Launching Price-reduction Promotions for Bigger Slice of Market

Table 4	Comparison of AT&T and ADT Packages	
	Name of Package	Name of Package
Service Item		
Monthly Charge		
Equipment Charge		
Kick-off Charge		
Professional Monitoring		
Subscription Contract		
Remote Controller		
Doors/Windows Sensor		
Motion Sensor		
Smoke Sensor		
Service Warranty		

Source: AT&T, ADT, compiled by MIC, August 2014

3.2 Comcast XFINITY Home

3.2.1 Quad-play Bundles Include Home Security

3.2.2 New DIY Package is Price Friendly

Table 5	Comcast XFINITY Home Packages and Pricing		
	Package 1	Package 2	Package 3
Service Item	Secure 300	Secure 350	Secure 150
Charges and Fees			
Service Coverage			
Equipment Coverage			

Source: MIC, August 2014

3.2.3 Time Warner Cable-Comcast Merger Makes Push into Home Security

3.3 Cox Home Security

Table 6	Cox Home Security Packages and Pricing	
	Package 1	Package 2
Name of Service	Essential	Preferred
Charges and Fees		
Service Coverage		
Equipment Coverage		

Source: Cox, compiled by MIC, August 2014

Table 7	Comparison of AT&T, Comcast, Cox Service Packages		
	AT&T Digital Life	Comcast XFINITY Home	Cox Home Security
User Base (Ranking in US)			
Service Packages			
Service Coverage			
OS Support			

Note: Buying equipment is the one-time expense; add on package only available for those already purchased smart security products
Source: MIC, AT&T, compiled by MIC, August 2014

4. Smart Home Development Trends

4.1 Operators Seek Service Synergies, Internet Service Providers Heating Up the Competition

4.2 Pricing Affects the Adoption of Smart Home Solutions

Figure 8	Key Determinants of North American Consumers' Decision to Purchase Smart Home Solutions

Source: Asecurelife, compiled by MIC, August 2014

4.3 Operators' Platform Development Capability Plays as Key to Success

Figure 9	Smart Home Service Value Chain

Source: MIC, August 2014

MIC Perspective

Brand Awareness for Smart Surveillance Solutions Increasing

Importance of Service Integrators on the Rise

Appendix

Glossary of Terms

B2B	Business to Business
B2C	Business to Consumer
CCTV	Closed Circuit Television
DIY	Do It Yourself
HD	High Definition
IoT	Internet of Things
ISP	Internet Service Provider
LED	Light Emitting Diode
M2M	Machine to Machine
PTZ	Pan-Tilt-Zoom
SI	System Integrator
UI	User Interface

List of Companies

ADT	
Aon	
Apple	
AT&T	
August	
Belkin	
Cisco	
Comcast	
Cox	
EcoFactor	
Farglory	
Google	
Honeywell	
iControl	
Linear	
Lowe's	
Megatronic Design	
Nest Labs	
Osram	
Panasonic	
Philips	
Qualcomm	
Samsung	
SECOM	
TWC	Time Warner Cable
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