

Smarter Entrepreneurs Finding Smaller Sector Opportunities From Smart Homes

It is thought that more than 50 million homes could become ‘smart’ homes in the EU by 2019 – giving the market an annual worth of €15.46 billion. The majority of the devices in these interconnected homes will be in the areas of entertainment, security and energy efficiency.

But there will also be a host of other niches where smart products could provide solutions, according to a new report from Deutsche Telekom (DT), a German telecommunications company. This will include areas such as: Home automation, insurance or services; ambient assisted living; and data analytics, according to the report. And though these niches be small at the moment, they be fierce in potential – which means opportunity for the right start-ups and entrepreneurs.

For example, DT currently estimates that automation devices currently only form a small slice of the overall smart home market pie. According to MarketsandMarkets, the global home automation and control market was worth €5.18 billion in 2013 and is expected to reach €11.6 billion by 2020; and the market is projected to grow at an estimated compound annual growth rate (CAGR) of 11.36% between 2015 and 2020.

“Central to success in appealing to consumers will be ease of set-up and interconnection across devices, but also pervasive distribution,” the report adds. “Parks Associates claim that during the 2014–15 holiday season multiple retailers in the USA expanded their shelf space devoted to smart connected devices, with most notably BestBuy allotting over 75 square meters in some locations to its connected home initiative.”

Meanwhile home insurance could become one of the most innovative areas of a future smart home market. The possibilities are endless, says Holger Knoepke, vice president of Connected Homes for DT. Currently there is an opportunity for smart home security

services to provide a reduction in cost for consumers – or even for insurers to offer equipment for free as a method for cutting down on liability. But the contribution of smart home equipment will not end there.

There are a number of privacy issues and assurances that would have to be put in place before this happens. But there is significant potential for smart homes to address the three main causes of insurance claims: water leaks, smoke damage and burglary.

The provision of insurance ties into the provision of other home services such as fulfilling warranties, providing assistance and performing remote diagnostics. By monitoring smart home equipment, providers should be able to prevent serious break-downs by suggesting replacement of parts close to wearing out before they fail. This keeps consumers happy, lowers the potential for insurance claims (which could provide another revenue stream) and offers retailers/manufacturers the potential for further after-sales.

Smart homes will continue to provide further opportunities as time goes on. For example one major growth market is catering to a population increasing in age. According to Frost & Sullivan, the assisted living market was valued at €143 million in 2009 and is estimated to grow to be worth €485 million this year. The growth forecast is attributed to four major markets, Germany (32.9%), the UK (27.8%), France (16%) and Scandinavia (14.7%).

Smart homes can play an important part in the future of assisted living by helping to keep the elderly in their own homes for longer – providing them with better care in a familiar atmosphere while also cutting down on the associated massive costs.

Some companies, such as Canary are already offering products in this area and this is expected to grow as advanced technologies become more readily available.

“We expect that the most interesting drivers of new solutions in the telecare market will integrate the new generation of sensors that are starting to enter the equation, including passive, wireless and wearable sensors that can also be woven into fabrics; together with convergence with mobile technology enabling geo-localization services. Leveraging such technologies will enable loved ones or care

providers to determine whether the elderly person has failed to get up in the morning, has fallen over, is not following his or her standard routine, etc,” says the DT report.

“Furthermore, by aggregating with data analytics, very slight changes in an elderly person’s daily pattern can be observed so that before a major incident occurs the relevant parties can be alerted. For instance, more infrequent visits to the toilet, less movement during the day, through to changes in the ‘sleep-wake cycle’ can provide extremely powerful insights into the onset of conditions such as dementia.”