Smart Home Sensor Networks

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# Table of Contents

- **Executive Summary** .................................................................................................. 1
- **Consumer Viewpoints** .......................................................................................... 2
- **Evolution of Home Energy Management** ............................................................... 2
- **Smart Home of the Future** .................................................................................... 3
- **Expanding Value System** ....................................................................................... 4
- **Report Scope & Methodology** ................................................................................... 5
- **The Smart Home Ecosystem** .................................................................................... 7
  - **Market Trends & Developments** ........................................................................... 7
  - **New Platforms & Emerging Models** ...................................................................... 8
  - **Smart Home TVs** ................................................................................................ 8
  - **Cloud Services & Apps** ........................................................................................ 9
  - **IPv6** ............................................................................................................... 10
  - **Open Source Development** .................................................................................. 10
- **Evolution of the Smart Home** .................................................................................. 11
  - **Definitions** ..................................................................................................... 11
- **The Smart Home Value System** ............................................................................... 12
- **Applications & Solutions** ........................................................................................ 13
  - **Whole Home Systems** ...................................................................................... 13
  - **Energy Management** .......................................................................................... 13
  - **Smart Appliances** .............................................................................................. 14
  - **Security/Safety** .................................................................................................. 15
  - **Lighting Control & Automation** .......................................................................... 15
  - **LED Lighting** .................................................................................................... 15
  - **Home Health** .................................................................................................... 16
  - **Entertainment** .................................................................................................... 16
  - **RF Remote Controls** ............................................................................................ 17
  - **Others** ............................................................................................................. 17
- **Distribution Channels** ............................................................................................. 18
  - **Professional/Custom Installer** ............................................................................. 18
  - **Utilities/Energy Retailers** .................................................................................... 20
  - **United States** .................................................................................................... 20
  - **Great Britain** .................................................................................................... 20
  - **Germany** .......................................................................................................... 20
  - **Managed Home Services** ................................................................................... 24
  - **North America** .................................................................................................. 24
  - **Europe** ............................................................................................................. 24

©2011 ON World Inc. All Rights Reserved
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail/DIY</td>
<td>25</td>
</tr>
<tr>
<td>Consumer Perspectives</td>
<td>26</td>
</tr>
<tr>
<td>Energy Management</td>
<td>29</td>
</tr>
<tr>
<td>Home Health</td>
<td>30</td>
</tr>
<tr>
<td>Global Total Forecasts</td>
<td>32</td>
</tr>
<tr>
<td>Methodology</td>
<td>32</td>
</tr>
<tr>
<td>Data Collection/Investigation:</td>
<td>32</td>
</tr>
<tr>
<td>Smart Meters by Geography</td>
<td>33</td>
</tr>
<tr>
<td>Cumulative Electric AMI Meters w/ HAN Gateway</td>
<td>34</td>
</tr>
<tr>
<td>Smart Home Systems by Geography</td>
<td>35</td>
</tr>
<tr>
<td>Smart Home Device Shipments by Geography</td>
<td>36</td>
</tr>
<tr>
<td>Smart Home Revenues by Geography</td>
<td>37</td>
</tr>
<tr>
<td>Automation &amp; Monitoring Systems by Type</td>
<td>38</td>
</tr>
<tr>
<td>Automation System Shipments by Distribution Channel</td>
<td>39</td>
</tr>
<tr>
<td>Revenues by Distribution Channel</td>
<td>40</td>
</tr>
<tr>
<td>Revenues by Product Segment</td>
<td>41</td>
</tr>
<tr>
<td>Cloud Revenues by Application</td>
<td>42</td>
</tr>
<tr>
<td>Device Shipments by Application</td>
<td>43</td>
</tr>
<tr>
<td>Revenues by Application</td>
<td>44</td>
</tr>
<tr>
<td>Equipment Revenues by Application</td>
<td>45</td>
</tr>
<tr>
<td>New vs Existing Homes</td>
<td>46</td>
</tr>
<tr>
<td>Energy Management</td>
<td>47</td>
</tr>
<tr>
<td>Chipset Shipments by Technology</td>
<td>48</td>
</tr>
<tr>
<td>Technology Dynamics</td>
<td>49</td>
</tr>
<tr>
<td>Trends &amp; Developments</td>
<td>49</td>
</tr>
<tr>
<td>IP Centric Architectures</td>
<td>49</td>
</tr>
<tr>
<td>IP Sensor Networking</td>
<td>49</td>
</tr>
<tr>
<td>Open Source Development</td>
<td>50</td>
</tr>
<tr>
<td>Smart Home Sensor Network Technologies</td>
<td>51</td>
</tr>
<tr>
<td>Wireless Technologies, Standards &amp; Alliances</td>
<td>52</td>
</tr>
<tr>
<td>IEEE 802.15.4</td>
<td>52</td>
</tr>
<tr>
<td>ZigBee</td>
<td>52</td>
</tr>
<tr>
<td>ZigBee Smart Energy</td>
<td>53</td>
</tr>
<tr>
<td>ZigBee Smart Energy 2.0</td>
<td>53</td>
</tr>
<tr>
<td>ZigBee IP</td>
<td>53</td>
</tr>
<tr>
<td>Bluetooth Low Energy</td>
<td>54</td>
</tr>
<tr>
<td>Low Power WiFi</td>
<td>54</td>
</tr>
<tr>
<td>Z-Wave</td>
<td>55</td>
</tr>
</tbody>
</table>
# Table of Contents

- EnOcean ........................................................................................................... 55
- cosIP ............................................................................................................... 56
- Wired, Power Line & Other Technologies, Standards & Alliances ...................... 57
- HomePlug ................................ ................................................................. 57
- HomeGrid Forum ......................................................................................... 57
- IEEE 1901.2 ................................................................................................. 58
- INSTEON ...................................................................................................... 58
- Universal Powerline Bus ............................................................................. 58
- KNX Association ........................................................................................... 58
- EEBus ........................................................................................................... 59
- Home Gateway Initiative ............................................................................ 59
- IETF Sensor Networking Standards ............................................................. 59
  - 6LoWPAN .................................................................................................. 59
  - ROLL ....................................................................................................... 59
  - CoRE ...................................................................................................... 60
- IPSO Alliance ................................................................................................. 60
- Simulations - onSimulator™ ........................................................................ 61
- Node and Network Provisioning ................................................................... 61
- Run-Time Engine .......................................................................................... 61
- Simulation Overview .................................................................................... 62
  - Smart Home Behavioral Sensing .............................................................. 62
  - General Results: ....................................................................................... 62
- Power .......................................................................................................... 63
- Battery Comparisons ................................................................................... 64
- Energy Harvesters ....................................................................................... 65
- Performance ................................................................................................. 66
- North America ............................................................................................. 67
- Market Dynamics .......................................................................................... 67
- Trends, Developments & Legislation ............................................................ 69
  - Smart Metering & Energy Legislation ....................................................... 69
  - NIST Smart Grid Standards Initiative ....................................................... 69
  - CPUC’s Privacy & Security Ruling .............................................................. 69
  - Title 24 Updates ......................................................................................... 69
- Managed Services Platforms ........................................................................ 70
- Cable, DSL & Broadband ............................................................................ 70
- Traditional Security Services ....................................................................... 70
- Total Potential Market Sizing ....................................................................... 70
- Emerging Platforms ...................................................................................... 71
Market Size Forecasts ................................................................. 72
Smart Home Systems by Type ......................................................... 72
System Shipments by Distribution Channel ................................. 73
Revenues by Distribution Channel ................................................ 74
Revenues by Product Segment .................................................... 75
New vs Existing Homes .............................................................. 76
Device Shipments by Application .................................................. 77
Revenues by Application ............................................................. 78
Energy Management ................................................................. 79
Programmable Communicating Thermostats ............................... 80
Chipset Shipments by Technology ................................................ 81
Europe ...................................................................................... 83
Market Dynamics ........................................................................ 83
Trends & Developments ............................................................. 84
Great Britain ............................................................................. 84
Germany .................................................................................... 84
France ....................................................................................... 85
Italy .......................................................................................... 85
Scandinavia ............................................................................... 85
Smart Grid Initiatives ................................................................. 86
Market Size Forecasts ................................................................. 87
Smart Home Systems by Type ......................................................... 87
System Shipments by Distribution Channel ................................. 88
Revenues by Distribution Channel ................................................ 89
Revenues by Product Segment .................................................... 90
New vs Existing Homes .............................................................. 91
Device Shipments by Application .................................................. 92
Revenues by Application ............................................................. 93
Energy Management ................................................................. 94
Real-Time Energy Monitors .......................................................... 95
Chipset Shipments by Technology ................................................ 96
Asia Pacific ............................................................................... 97
Market Dynamics ........................................................................ 97
Trends & Developments ............................................................. 98
Smart Grid Initiatives ................................................................. 98
Australia ................................................................................... 98
South Korea ............................................................................... 98
Japan ....................................................................................... 98
©2011 ON World Inc. All Rights Reserved
## Table of Contents

- China ............................................................................................................ 98
- Market Size Forecasts .................................................................................. 99
- Smart Home Systems by Type ...................................................................... 99
- System Shipments by Distribution Channel ................................................... 100
- Revenues by Distribution Channel .................................................................. 101
- Revenues by Product Segment ....................................................................... 102
- New vs Existing Homes .................................................................................. 103
- Device Shipments by Application ................................................................... 104
- Revenues by Application ................................................................................ 105
- Energy Management ....................................................................................... 106
- Chipset Shipments by Technology .................................................................. 107

### Competitive Landscape

- Devices & Systems ....................................................................................... 109
  - Market Leaders & Innovators ...................................................................... 110
  - Applications ................................................................................................. 110
  - Profiles ......................................................................................................... 111
- Software/Cloud Service Providers .................................................................. 115
  - Market Leaders & Innovators ...................................................................... 115
  - Applications ................................................................................................. 115
- Automation/Consumer Platforms .................................................................. 119
  - Market Leaders & Innovators ...................................................................... 119
  - Applications ................................................................................................. 119

### List of Figures

- Figure 1: Global Annual Smart Home Sensor Network Chipsets (2010-2015) ............. 1
- Figure 2: Consumer Survey - Interest in Smart Home Applications ............................ 2
- Figure 3: Smart Home Sensor Network Companies - Targeted Applications ............. 4
- Figure 4: Smart Home Sensor Network Market Dynamics ......................................... 7
- Figure 5: Smart Home TV ................................................................................... 8
- Figure 6: Global Smart Home Sensor Network Cloud Services (2010-2015) ............... 9
- Figure 7: Evolution of the Smart Home .................................................................. 11
- Figure 8: The Smart Home Sensor Network Value System ....................................... 12
- Figure 9: Smart Energy Home Architecture .......................................................... 13
- Figure 10: Global Smart Energy Homes w/ Sensor Network (2010-2015) .................. 14
- Figure 11: Professional Installers - Most Likely Wireless Applications ...................... 15
- Figure 12: RF4CE Chipset Shipments, Moderate (2010-2015) ............................... 17

©2011 ON World Inc. All Rights Reserved
Figure 13: Professional Installers - Overall Sales Breakdown by Application .......................... 18
Figure 14: Professional Installers - Experience Level with Wireless Systems .......................... 18
Figure 15: Professional Installers - Wireless Technologies Used ........................................ 19
Figure 16: Professional Installers - Wireless Adoption Factors ............................................ 19
Figure 17: Utilities - Plans for a Meter HAN Gateway & HAN Technology ............................ 21
Figure 18: Utilities - Planned HAN Architecture .............................................................. 21
Figure 19: Utilities - Home Area Network Approach ....................................................... 22
Figure 20: Utilities - Plans to Provide In-Home Energy Mgmt Systems ............................. 22
Figure 21: Utilities - Viewpoint on 3rd Parties & Paying for HAN Systems .......................... 23
Figure 22: Utilities - Opinions on HAN Inhibitors ............................................................. 23
Figure 23: Retail In-Store WiFi Thermostat Sales for the Past 8 Weeks ............................. 25
Figure 24: Consumers - Interest in Smart Home Services by Application ............................ 26
Figure 25: Consumers - Willingness to Pay for Home Monitoring Services ....................... 26
Figure 26: Consumer Survey - Amount Willing to Spend on a Home Mtrg Service? .......... 27
Figure 27: Consumers - Willing to Spend on Home Mtrg Service by Country .................... 27
Figure 28: Consumers - Preferred General Smart Home Controller ..................................... 28
Figure 29: Consumers - Preferred Home Energy Controller/Interface ................................. 28
Figure 30: Consumers - Interest in New Technologies for Energy Management .................. 29
Figure 31: Consumers - Amount Willing to Spend on Energy Management System .......... 29
Figure 32: Consumers - Willing to Spend on a Home Energy Service ................................ 30
Figure 33: Consumers - Level of Interest In Home Health Monitoring Services .................. 30
Figure 34: Consumers - Amount Willing to Pay for Assisted Living Service ....................... 31
Figure 35: Consumers - Amount Willing to Pay for Fitness/Weight Mgmt Service ............. 31
Figure 36: Global Cumulative Electric AMI Meters by Geography (2010-2015) .................... 33
Figure 37: Global Cumulative Electric AMI Meters w/ HAN Gateway (2010-2015) ............ 34
Figure 38: Global Smart Home Sensor Network Automation Systems by Geography (2010-2015) ... 35
Figure 39: Global Smart Home Sensor Network Device Shipments by Geography (2010-2015) ... 36
Figure 40: Global Smart Home Sensor Network Revenues by Geography (2010-2015) ........ 37
Figure 41: Global Smart Home Automation & Monitoring Systems by Type (2010-2015) ...... 38
Figure 42: Global Smart Home Sensor Network Automation Systems by Channel ............... 39
Figure 43: Global Smart Home Sensor Network Revenues by Channel (2010-2015) .......... 40
Figure 44: Global Smart Home Sensor Network Revenues, Equipment & Services (2010-2015) .. 41
Figure 45: Global Smart Home Cloud Revenues by Application (2010-2015) .................... 42
Figure 46: Global Smart Home Sensor Network Device Shipments by Application (2010-2015) .. 43
Figure 47: Global Smart Home Sensor Network Revenues by Application (2010-2015) ........ 44
Figure 48: Global Smart Home Sensor Network Equipmt Revenues by Application (2010-2015) .. 45
Figure 49: Global Smart Home Sensor Network Systems, New vs Existing (2010-2015) ........ 46
Figure 50: Global Home Energy Management Device Shipments by Type (2010-2015) ......... 47
Figure 51: Global Smart Home Sensor Network Chipsets by Technology (2010-2015) ........ 48
Figure 52: Sensor Network Technologies ........................................................................... 51
<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>53</td>
<td>RWE’s Smart Home System</td>
<td>56</td>
</tr>
<tr>
<td>54</td>
<td>Power per Node</td>
<td>63</td>
</tr>
<tr>
<td>55</td>
<td>Network Work - Bits per Second</td>
<td>63</td>
</tr>
<tr>
<td>56</td>
<td>Battery Comparison - Radios Only</td>
<td>64</td>
</tr>
<tr>
<td>57</td>
<td>Battery Comparison - Radio and Attached Motion Sensor</td>
<td>64</td>
</tr>
<tr>
<td>58</td>
<td>Energy Harvester Size - Radio Only</td>
<td>65</td>
</tr>
<tr>
<td>59</td>
<td>Energy Harvester Size - Radio + Motion Sensor</td>
<td>65</td>
</tr>
<tr>
<td>60</td>
<td>Network Throughput with WiFi Interference</td>
<td>66</td>
</tr>
<tr>
<td>61</td>
<td>System Throughput with WiFi Interference</td>
<td>66</td>
</tr>
<tr>
<td>62</td>
<td>North America Cumulative Smart Homes w/Sensor Networks (2010-2015)</td>
<td>67</td>
</tr>
<tr>
<td>63</td>
<td>North America Smart Home Market Dynamics</td>
<td>68</td>
</tr>
<tr>
<td>64</td>
<td>North America Managed Services Total Potential Market Size</td>
<td>71</td>
</tr>
<tr>
<td>65</td>
<td>NA Smart Home Sensor Network Systems by Type (2010-2015)</td>
<td>72</td>
</tr>
<tr>
<td>66</td>
<td>NA Smart Home Sensor Network Automation Systems by Channel (2010-2015)</td>
<td>73</td>
</tr>
<tr>
<td>67</td>
<td>NA Smart Home Sensor Network Revenues by Channel (2010-2015)</td>
<td>74</td>
</tr>
<tr>
<td>68</td>
<td>NA Smart Home Sensor Network Revenues, Equipment &amp; Services (2010-2015)</td>
<td>75</td>
</tr>
<tr>
<td>69</td>
<td>NA Smart Home Sensor Network Systems, New vs Existing (2010-2015)</td>
<td>76</td>
</tr>
<tr>
<td>70</td>
<td>NA Custom System Installations Pen Rate of New Home Builds in 2010 &amp; 2015</td>
<td>76</td>
</tr>
<tr>
<td>71</td>
<td>NA Smart Home Sensor Network Device Shipments by Application (2010-2015)</td>
<td>77</td>
</tr>
<tr>
<td>72</td>
<td>NA Smart Home Sensor Network Revenues by Application (2010-2015)</td>
<td>78</td>
</tr>
<tr>
<td>73</td>
<td>NA Energy Management Device Shipments by Type (2010-2015)</td>
<td>79</td>
</tr>
<tr>
<td>74</td>
<td>NA PCT Equipment Revenues (2010-2015)</td>
<td>80</td>
</tr>
<tr>
<td>75</td>
<td>NA Smart Home Sensor Network Chipsets by Technology (2010-2015)</td>
<td>81</td>
</tr>
<tr>
<td>76</td>
<td>Europe Cumulative Smart Homes w/Sensor Networks (2010-2015)</td>
<td>83</td>
</tr>
<tr>
<td>77</td>
<td>EU Smart Metering Mandate Interface Architecture</td>
<td>86</td>
</tr>
<tr>
<td>78</td>
<td>Europe Smart Home Automation &amp; Monitoring Systems by Type (2010-2015)</td>
<td>87</td>
</tr>
<tr>
<td>79</td>
<td>Europe Smart Home Sensor Network Automation Systems by Channel</td>
<td>88</td>
</tr>
<tr>
<td>80</td>
<td>Europe Smart Home Sensor Network Revenues by Channel (2010-2015)</td>
<td>89</td>
</tr>
<tr>
<td>81</td>
<td>Europe Smart Home Sensor Network Revenues, Equipment &amp; Services (2010-2015)</td>
<td>90</td>
</tr>
<tr>
<td>82</td>
<td>Europe Smart Home Sensor Network Systems, New vs Existing (2010-2015)</td>
<td>91</td>
</tr>
<tr>
<td>83</td>
<td>W. Europe Smart Home Sensor Network Pen Rate in New Homes in 2010 &amp; 2015</td>
<td>91</td>
</tr>
<tr>
<td>84</td>
<td>Europe Smart Home Sensor Network Annual Units by Application (2010-2015)</td>
<td>92</td>
</tr>
<tr>
<td>85</td>
<td>Europe Smart Home Sensor Network Revenues by Application (2010-2015)</td>
<td>93</td>
</tr>
<tr>
<td>86</td>
<td>Europe Energy Management Device Shipments by Type (2010-2015)</td>
<td>94</td>
</tr>
<tr>
<td>87</td>
<td>Europe Real-time Energy Display Equipment Revenues (2010-2015)</td>
<td>95</td>
</tr>
<tr>
<td>88</td>
<td>Europe Smart Home Sensor Network Chipsets by Technology (2010-2015)</td>
<td>96</td>
</tr>
<tr>
<td>89</td>
<td>APAC Cumulative Smart Homes w/Sensor Networks (2010-2015)</td>
<td>97</td>
</tr>
<tr>
<td>90</td>
<td>APAC Smart Home Automation &amp; Monitoring Systems by Type (2010-2015)</td>
<td>99</td>
</tr>
<tr>
<td>91</td>
<td>APAC Smart Home Sensor Network Automation Systems by Channel</td>
<td>100</td>
</tr>
<tr>
<td>92</td>
<td>APAC Smart Home Sensor Network Revenues by Channel (2010-2015)</td>
<td>101</td>
</tr>
</tbody>
</table>
Figure 93: APAC Smart Home Sensor Network Revenues, Equipment & Services (2010-2015) ...... 102
Figure 94: APAC Annual Smart Home Sensor Network Systems, New vs Existing (2010-2015) ...... 103
Figure 95: APAC Smart Home Sensor Network Annual Units by Application (2010-2015) .............. 104
Figure 96: APAC Smart Home Sensor Network Revenues by Application (2010-2015) .................. 105
Figure 97: APAC Energy Management Device Shipments by Type (2010-2015) .......................... 106
Figure 98: APAC Smart Home Sensor Network Chipsets by Technology (2010-2015) ................... 107
Figure 99: The Smart Home Sensor Network Competitive Landscape ................................... 109
Figure 100: Devices & Systems - Targeted Applications ........................................................ 110
Figure 101: Software/Cloud Services - Targeted Applications .................................................. 115
Figure 102: Automation/Consumer Platforms - Targeted Applications ................................... 119

List of Tables

Table 1: Global Cumulative Electric AMI Meters by Geography (2010-2015) ............................ 33
Table 2: Global Cumulative Electric AMI Meters w/ HAN Gateway (2010-2015) ........................ 34
Table 3: Global Smart Home Sensor Network Automation Systems by Geography (2010-2015) ...... 35
Table 4: Global Smart Home Sensor Network Device Shipments by Geography (2010-2015) ...... 36
Table 5: Global Smart Home Sensor Network Revenues by Geography (2010-2015) ................... 37
Table 6: Global Smart Home Automation & Monitoring Systems by Type (2010-2015) .............. 38
Table 7: Global Smart Home Sensor Network Automation Systems by Channel ........................ 39
Table 8: Global Smart Home Sensor Network Revenues by Channel (2010-2015) ........................ 40
Table 9: Global Smart Home Sensor Network Revenues, Equipment & Services (2010-2015) ....... 41
Table 10: Global Smart Home Cloud Revenues by Application (2010-2015) ............................. 42
Table 11: Global Smart Home Sensor Network Device Shipments by Application (2010-2015) ...... 43
Table 12: Global Smart Home Sensor Network Revenues by Application (2010-2015) ............... 44
Table 13: Global Smart Home Sensor Network Eqpmt Revenues by Application (2010-2015) ....... 45
Table 14: Global Smart Home Sensor Network Systems, New vs Existing (2010-2015) ............. 46
Table 15: Global Home Energy Management Device Shipments by Type (2010-2015) ............... 47
Table 16: Global Smart Home Sensor Network Chipsets by Technology (2010-2015) ............... 48
Table 17: ZigBee Summary ................................................................................................. 52
Table 18: Bluetooth LE Summary ....................................................................................... 54
Table 19: WiFi LP Summary ............................................................................................... 54
Table 20: Z-Wave Summary ............................................................................................ 55
Table 21: EnOcean Summary ......................................................................................... 55
Table 22: cosIP Summary ............................................................................................... 56
Table 23: HomePlug Summary ....................................................................................... 57
Table 24: HomeGrid Forum Summary ............................................................................... 57
Table 25: North America Home Automation Distribution Models ......................................... 68
Table 26: NA Annual Smart Home Sensor Network Systems by Type (2010-2015) ........................................ 72
Table 27: NA Smart Home Sensor Network Automation Systems by Channel (2010-2015) ................. 73
Table 28: NA Smart Home Sensor Network Revenues by Channel (2010-2015) ..................................... 74
Table 29: NA Smart Home Sensor Network Revenues, Equipment & Services (2010-2015) ............... 75
Table 30: NA Smart Home Sensor Network Systems, New vs Existing (2010-2015) ......................... 76
Table 31: NA Smart Home Sensor Network Device Shipments by Application (2010-2015) .......... 77
Table 32: NA Smart Home Sensor Network Revenues by Application (2010-2015) ....................... 78
Table 33: NA Energy Management Device Shipments by Type (2010-2015) .................................... 79
Table 34: NA PCT Equipment Revenues (2010-2015) ................................................................. 80
Table 35: NA Smart Home Sensor Network Chipsets by Technology (2010-2015) ....................... 81
Table 36: Europe Smart Home Automation & Monitoring Systems by Type (2010-2015) .......... 87
Table 37: Europe Smart Home Sensor Network Automation Systems by Channel ....................... 88
Table 38: Europe Smart Home Sensor Network Revenues by Channel (2010-2015) .................... 89
Table 39: Europe Smart Home Sensor Network Revenues, Equipment & Services (2010-2015) .... 90
Table 40: Europe Smart Home Sensor Network Systems, New vs Existing (2010-2015) ............ 91
Table 41: Europe Smart Home Sensor Network Annual Units by Application (2010-2015) ........ 92
Table 42: Europe Smart Home Sensor Network Revenues by Application (2010-2015) ................ 93
Table 43: Europe Energy Management Device Shipments by Type (2010-2015) ....................... 94
Table 44: Europe Real-time Energy Display Device Equipment Revenues (2010-2015) ........ 95
Table 45: Europe Smart Home Sensor Network Chipsets by Technology (2010-2015) .................. 96
Table 46: APAC Smart Home Automation & Monitoring Systems by Type (2010-2015) ........ 99
Table 47: APAC Smart Home Sensor Network Automation Systems by Channel ..................... 100
Table 48: APAC Smart Home Sensor Network Revenues by Channel (2010-2015) .................. 101
Table 49: APAC Smart Home Sensor Network Revenues, Equipment & Services (2010-2015) .... 102
Table 50: APAC Smart Home Sensor Network Systems, New vs Existing (2010-2015) .......... 103
Table 51: APAC Smart Home Sensor Network Annual Units by Application (2010-2015) .......... 104
Table 52: APAC Smart Home Sensor Network Revenues by Application (2010-2015) ............... 105
Table 53: APAC Energy Management Device Shipments by Type (2010-2015) ......................... 106
Table 54: APAC Smart Home Sensor Network Chipsets by Technology (2010-2015) ............ 107
Table 55: Devices & Systems - Profiles ..................................................................................... 111
Table 56: Software/Cloud Services - Profiles ....................................................................... 116
Table 57: Automation/Consumer Platforms - Profiles ............................................................... 120
Executive Summary

Smart Home products and services will see dramatic growth over the next few years as an expanding IP infrastructure with smart mobile devices, cloud apps/services and sensor network technologies provide users with cost cutting and enhanced home experiences. Affordable Smart Home managed services will soon reach tens of millions of homes, helping consumers save energy while providing safety, security and convenience. Adoption of Smart Home sensor networking is accelerating in several channels and new business models are emerging.

ON World’s recent research finds that Smart Home sensor network chipset shipments will approach 100 million worldwide in 2015, enabling nearly $6 billion in cloud services for energy and home service providers. Although there continues to be a wide variety of sensor network alternatives, wireless chipset solutions will make up the majority of shipments over the projection period.

Figure 1: Global Annual Smart Home Sensor Network Chipsets (2010-2015)

Based on surveys and phone interviews with 900 individuals, ON World’s latest report “Smart Home Sensor Networks” covers the global Smart Home market opportunities enabled by sensor networks including equipment, installation, cloud services, and chipsets. Forecasts are broken down by geography, system type, application, distribution channel, product segment, and chipset shipments by technology.

The report also provides an in-depth technology section with software simulations on sensor network technologies, analysis of 60+ companies, and presents the findings from several surveys with consumers, retail outlets, home service providers, utilities and custom installers.

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Consumer Viewpoints

ON World’s survey with over 500 consumers found nearly half are interested in traditional Smart Home applications. Nearly 3 in 10 are willing to pay at least $10 per month on a monthly service that provides remote access, automation and control of home systems such as lighting, security and energy.

Figure 2: Consumer Survey - Interest in Smart Home Applications

Evolution of Home Energy Management

Demand for energy solutions is the primary driver behind today’s Smart Home market. Despite some public relations challenges in the U.S., smart metering initiatives are an important component of the Smart Home. In Great Britain, every home with a smart meter is also planned to receive an energy display. The European real-time energy display market is already rapidly growing and set to reach 4 million installed devices by the end of the year, mostly in advance of smart meter installations. Cloud services and IP based automation are growing trends and nearly all vendors today provide Web applications and/or systems that provide automation of energy consuming home systems. In the U.S., millions of households will adopt energy management products and services within the next few years, primarily through security/Telecom home service providers, professional installers, online and retail outlets. Utility rebates have been a significant driver and some product sales have increased by 300% over the past year.

Integrated whole home automation systems are preferred and require collaboration among device manufacturers, software developers, utilities, and home service providers. Recently, Tendril announced an alliance with security and home automation service provider Vivint and Deutsche Telekom is developing a Smart Connect management platform with partners such as AlertMe, eQ-3, E.ON, EnBW and Miele.
Smart Home of the Future

The Smart Home market is being driven by convergence between the automation, consumer electronics and Telecom/mobile industries. Within the next five years Smart TVs, that are connected to traditional television streams as well as IP networks such as WLAN and the Cloud, will increasingly serve as the primary interface for sensing, automation and home based web services. Smart TVs will benefit from and integrate with Internet operating systems such as Google/Android, Apple/IOs and Windows Mobile. The Smart Home of the future will use a variety of user interfaces such as the recently launched Amazon Web enabled Tablet as well as innovations that bridge the Web and automation worlds. These developments present opportunities for today’s home service providers as well as potential threats as new business models emerge with even lower cost alternatives.

Key innovation areas that we see driving this are the following:
- Backend Data Analytics, Cloud Caching/Processing and Smart Services
- Smart Interface Devices
- App Virtualization
- Integration of Smart Home services with Audio/Video Streaming

Internet Protocol (IP) is and will continue to be the core integration component for the Smart Home. The Smart Home of the future will have embedded sensors and actuators everywhere and eventually these will all support IPv6. Although device interoperability will continue to be essential, developers will increasingly focus on abstracting the application from the multitude of...
sensor network technologies and protocols. However, this will not end competition for sensor network protocols. In fact, market leading Smart Home technologies such as ZigBee and Z-Wave are facing growing threats from low power variants of Bluetooth and WiFi, Android@Home wireless, KNX-RF, proprietary protocols using IPv6, and emerging power line technologies such as HomePlug GP, G.hnem and IEEE 1901.2.

Expanding Value System

Over the past few years-- in the middle of the worst economy in decades-- dozens of Smart Home startups have raised over $500 million in venture capital funding. ON World’s analysis of 100 companies and 205 targeted application areas found that only 16% are focused on whole home systems and 41% on energy management.

Examples of recently launched Smart Home products and services include the following:

- Security services firms such as ADT and Vivint now offer home automation and energy management as part of their latest monitored security packages, enabled by Alarm.com and 2GIG’s Z-Wave enabled panels.
- DSL and cable broadband providers such as AT&T, Comcast, Rogers, Time Warner and Verizon are in the process of launching their home security and automation services with the cable industry and AT&T preferring ZigBee.
- Germany’s RWE has launched a self-install Smart Home product line feature energy management and security products using a wireless IPv6 protocol.
- Lighting Science Group plans to launch LED lighting controls with integrated communications using Google’s Android@Home Framework and GreenWave Reality has announced IPv6 enabled lighting products enabled by NXP.

Figure 3: Smart Home Sensor Network Companies - Targeted Applications
Report Scope & Methodology

This report covers the global market for Smart Home systems and services including whole home automation, vertical solutions, as well as energy monitoring systems. ON World has been researching sensor network technologies and the Smart Home for over a decade and has published dozens of reports on these and related subjects. Our methodology consists of the following steps:

Data Collection/Investigation:
- Online surveys with 529 most likely early adopting consumers in the U.S., UK and Australia
- Phone interviews with 300 retail outlets, home service providers, utilities, and home installers and 70+ vendors, suppliers, industry groups, and government officials
- Analysis of 350+ smart meter initiatives worldwide
- Thousands of secondary sources (e.g. third party reports, articles, press releases)

Segmentation:
- Target markets: North America, Europe, Asia Pacific, and Rest of World
- Product segments: Equipment, Device Type, Custom Installation, and Cloud Services
- System type: Whole home, vertical solutions, and real-time energy monitoring

Competitive & Technology Dynamics:
- Evaluation of the value chain including utilities, managed service providers, software developers, hardware/device manufacturers and component suppliers
- Analysis of each technology’s performance, pricing, functionality, potential for disruption
- Analysis of the risks and threats that could drive/inhibit market growth

Market Forces: Analysis of the existing market forces, drivers and inhibitors in each geographical region including socioeconomic factors, legislation, energy prices, technologies, standards, available products and distribution channels, competitive landscape, and costs for adopting.

Forecasting:

TPM: Analysis of the Total Potential Market (TPM) based on the number of most likely households to adopt in each region including penetration rates for broadband, home networks, smart phones, smart meters and monitored security services, etc.

Market Data: Compiled data on the current adoption rates for each solution/market, pricing for equipment and services, and vendor input on projections.

Projections: Forecasts are based on all of the above along with weighted market drivers in each region, historical adoption trends, and various data modeling techniques. Forecasts are per system, per device, communication chipsets as well as revenues for equipment, installation and cloud services.
“Smart Home Sensor Networks,” published in Oct. 2011, is available as an immediate electronic download. The PDF, PPT and the Excel forecast data are included in a multi-user license.

For the full report synopsis, table of contents, and purchase options go to:  
http://www.onworld.com/smarthomes

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