

## MEDIA RELEASE

# CABA Smart Home as a Service Report Says Cybersecurity Challenges, Concerns about Closed Systems Must be Addressed

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Saturated with smart devices, consumers are frequently turning to experiences that leverage multiple devices and bundle them into distinct service-based ecosystems, says CABA's Landmark "Smart Home as a Service" (SHaaS) Research Report. The new business model, "Smart Home as a Service," represents a shift from device-based functions to managed services, and will usher in a new user experience more in-line with customer needs. Ultimately, the speed at which SHaaS emerges will depend on achieving open ecosystems and responding effectively to consumer data privacy and security concerns, the research notes.

The Continental Automated Buildings Association (CABA) commissioned Harbor Research, Inc. to provide a comprehensive examination of all aspects of Smart Home as a Service. The resulting report, released for sale earlier this year, seeks to understand how use cases, customer environments, buying behaviors, and evolving ecosystem interactions all impact and influence the development of the connected home market. The following CABA members sponsored the study: Acuity Brands, Inc., Alarm.com, Inc., American Lighting Association (ALA), Big Ass Fans, Canadian Gas Association (CGA), CEDIA, ComEd, An Exelon Company, Consumer Technology Association (CTA), CSA Group, Daikin Industries, Ltd., Hydro-Québec, KNX Association, Legrand, MOEN Inc., Resideo Technologies, Inc., Rheem Manufacturing Company, SnapAV / Control4, Southern California Edison Company, Southwire Company, LLC, The 3M Company, University of Illinois at Urbana-Champaign, and Telus.

Readers can now download a complimentary [Executive Summary](#) of this report, which recently went through an embargo period and can be purchased in the CABA Store. CABA also held a "Think Tank" session on October 21, reconvening the SHaaS (Smart Home as a Service) Steering Committee for a discussion on what industry can learn about the future direction of "connected homes" from this research. Top insights gleaned from the report that outline the key considerations for stakeholders in the future smart-home landscape include:

- **Suppliers Need to Address Consumer Data Privacy and Security Concerns:** Because SHaaS requires devices to seamlessly share data in real-time among one another and with cloud infrastructure, consumers are naturally concerned about the privacy of their data and how it will be used. Suppliers and service providers need to build products and services with consumer privacy controls and protections to encourage end-users to take advantage of their offerings. (Taking a deeper dive into these issues is CABA's 2020 Landmark Research Project for the connected home, "Privacy and Cybersecurity in the Connected Home").

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- **Technology Suppliers with Closed Ecosystems are Precluding SHaaS:** Some companies seek to maintain their dominance over the Smart Home market by encouraging closed ecosystems where devices can only interact with one another and the hub if they are manufactured by the same supplier. This inhibits SHaaS because it discourages new entrants and multimodal devices that can support multiple Smart Home service ecosystems.
- **Shifting Business Models to SHaaS Unlocks New Revenue Streams for Smart Home Suppliers:** Even when new technologies and services are delivered, the trend is to move towards a subscription model. Similar to when Uber changed the transportation service industry, SHaaS will disrupt traditional connected-home business models. It will mark a shift away from a traditional model in which customers repeatedly pay charges for new devices, device updates, on-device software applications, and mobile app interfaces for each device—all alongside a stack of monthly bills for cable, internet, water, energy, waste removal, and cellular service.
- **SHaaS Will Leverage Devices with Open Network Communication Protocols:** The proliferation of Smart Home devices requires interoperability with a Smart Home hub. However, as the hub's role as the chokehold of the Smart Home ecosystem diminishes, devices will need to interact and share data with other devices as well. "Traditionally, OEMs have built devices that interact only with other devices manufactured by the same OEM," the report notes. "This model coerces customers into only buying products manufactured by the same vendor, resulting in vendor lock-in. As SHaaS emerges, a similar trend must occur for users to be able to effectively plug-and-play devices that enable overlapping service ecosystems. To meet this challenge, a number of open network communication protocols have begun to emerge."
- **SHaaS Creates the Need for a Single, Open User Interface:** As more and more smart devices invade the home, demand for a single, centralized user interface intensifies. Ideally, this interface would be packaged as a mobile application, given the prevalence of smart phones. However, product manufacturers are incentivized against conforming to a Smart Home mobile application. The more time a customer interacts with their screen, the greater ability for the OEM to influence behavior and market products and services. In addition, this interface needs to retain the flexibility to allow users to interact with their Smart Home services in accordance with their preference—whether voice, touch, or not at all.
- **OEMs Can Address the SHaaS Market Opportunity by Pivoting to Value-Added Services:** Lastly, device manufacturers need to prepare for the future mature state of SHaaS where devices are de-emphasized and function as mere sensors and appliances. To anticipate this, OEMs should concentrate on value-added services, such as energy and asset management, that leverage the consumer data they collect. This data will unlock new revenue streams and improve the OEM's ability to offer more tailored products and services to consumers. "To survive in the SHaaS future, OEMs need to do a better job of collaborating with managed services providers to ensure that their devices can work as delivery mechanisms for these services, not just as single purpose-built devices," the report highlights. "By doing so, OEMs can serve as the 'middleman' between the service providers and the homeowner."

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“In the connected-home landscape, integration with the surrounding smart hubs, currently dominated by a small number of prominent players, will be a critical phase but also a potential stumbling block,” said Ron Zimmer, CABA President & CEO.

“These are among the challenges that the new CABA report provides actionable insights on. Organizations can use this report to develop a clear understanding of the key trends and forces influencing the direction of ‘Smart Home as a Service,’ while suggesting potential pathways and tactics for taking advantage of the expanding market opportunities,” said Ronald Zimmer. “There are valuable recommendations put forward on how OEMs, technology suppliers, software providers, services/integration providers, home builders/developers and other stakeholders can capture new value from smart-home-as-a-service offerings.”

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### **About CABA**

CABA is a trade association that promotes advanced technologies for integrated systems and the automation of homes and buildings. The organization is supported by an international membership of more than 375 organizations involved in the design, manufacture, installation and retailing of products relating to integrated home and building technology. Public organizations, including utilities and government organizations are also members. CABA's mandate includes providing its members with networking and market research opportunities. CABA also encourages the development of industry standards and protocols and leads cross-industry initiatives. More information is available at [CABA.org](http://CABA.org).

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