

Stay Tuned for Smart Home Updates

Smart home technology is a hot new trend. How does a provider know which vendor to pick – or whether a DIY approach would make more sense?

By Bryan J. Rader / *UpStream Network*

It seems as if everyone is getting into the smart home business. When I cruise industry conferences, I run into three or four new players at every event. I admire the new brand and the big promotional splash. I love to learn how these new companies connect thermostats, appliances, digital locks and other devices to broadband networks. They want to partner with service providers to elevate their product mixes.

They all say the same things: “We just raised a lot of money.” “We recently launched our service on a big property in Texas.” “We’ve got a big portfolio deal announcement coming real soon. Stay tuned!”

This all sounds great. Looks great. Feels great.

But I have to remember what I have learned over the past 20 years: Every time a new category appears, such as smart home technologies, telling the winners from the losers is initially very difficult.

Many years ago, when broadband first arrived for MDUs, a number of companies appeared on the scene, ready to partner with everyone and deliver coast-to-coast, high-speed internet over existing networks. The same thing happened with digital phone service and then with digital security, in-home Wi-Fi and DAS systems.

Now the smart home guys are right on trend. A 2018 survey by multifamily technology vendor Entrata found that nearly three of five apartment residents would accept \$20 monthly rent increases if their units had smart home features. That’s a nice bump in revenue for an owner seeking to differentiate its properties from the local market. It could also help support growth in bulk internet and possibly drive rate increases, too.

What’s not to like?

PICKING WINNERS

The multifamily market is not alone in the challenge of picking the winners and losers in a new product category. Think about meal preparation companies HelloFresh, GreenChef, Blue Apron and SunBasket, just to name a few. How can you tell the difference?

Following the trail of investors can be one way to spot winners. But it can also lead to disaster. If you chose

companies that had enough money for big stadium naming rights deals, you’d have chosen Sports Authority, PSINet, Enron and CMGI. Whoops, none of those guys made it!

So, look beyond the investors. Are any of the smart home guys doing something special? Will that special something appeal to your customers?

Talk to a few of their real estate customers – owners and property managers – to see how the new smart home features resonate with them. Do they see value in these new services?

The next question is whether you, as a provider, can offer these services by yourself. Do you really need to partner with someone? Does the vendor bring a special skill set or a necessary economy of scale? I don’t know the answer to this. Sometimes we don’t know what we don’t know, which makes us think we can go it alone even if we can’t.

Each product category comes with different answers. When high-speed internet rolled into the multifamily market, do-it-yourself was clearly the best approach. Digital phone, however, came with a lot of rules and regulations and seemed easier to leave to the experts. Their expertise and size made for a good combination to drive incremental revenue.

Smart home technology is in its infancy. The name conjures up different meanings for every apartment owner and end user. Watch which features generate the most interest and the most use. Also realize that owners and developers may offer these services initially as part of a larger marketing campaign and really don’t care about utilization of the new features.

Today, I sit on the sidelines admiring all the new companies at every trade show. I’m excited about their creative ideas and ways to enhance in-home smart technology for today’s busy lifestyles. But I will let our customers and the overall market pick the ultimate winners.

Smart home technology is certainly good for our business and a key part of our long-term strategy. How should we play it? Stay tuned. ❖

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