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PRESENTATION

The Road to 2022:
The Future of Smart Home



The smart home today

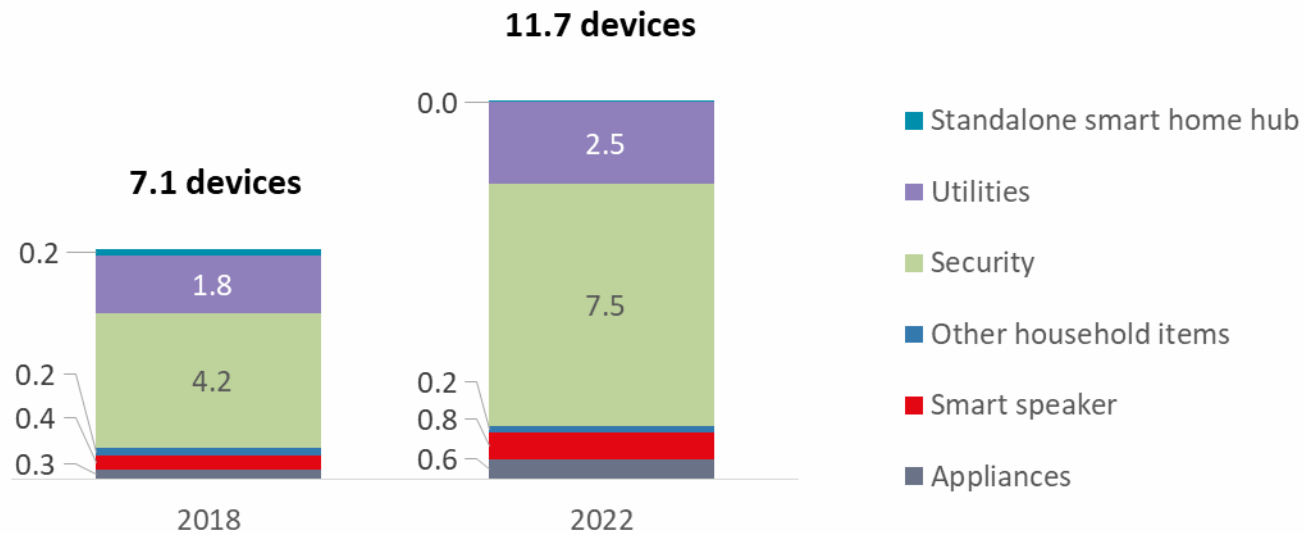


Source: Ovum



Growing smart home tech penetration will transform traditional use cases

Global, average number of smart home devices per household, 2018 vs. 2022



64% growth

Source: Ovum Forecaster

At present

- Smart home solutions for dummies
- Use cases are simple to understand, but applications remain limited



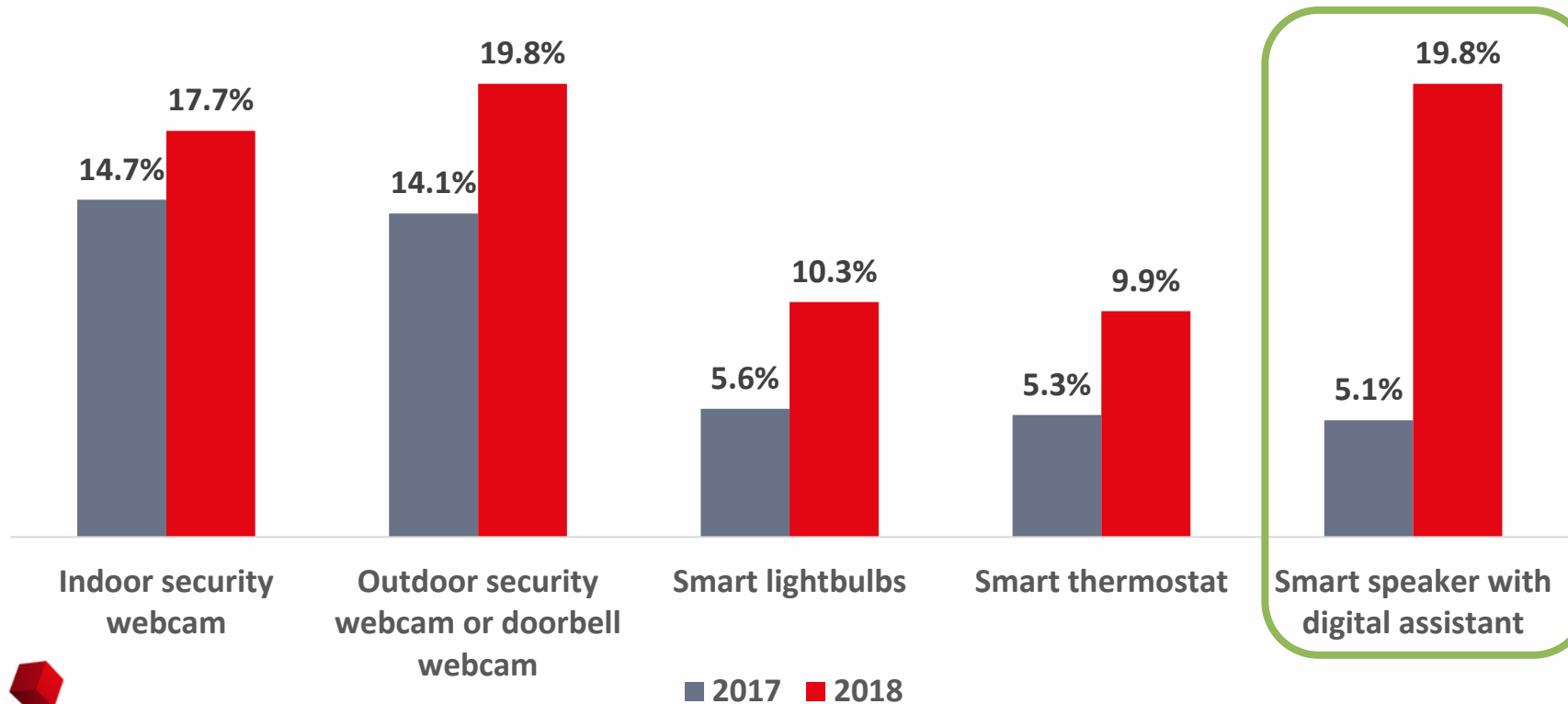
Future

- Personalization will be key
- New lifestyle and experiences will emerge



Security leads, but consumer appetite for smart speakers is growing fast

Adoption of smart home devices



Key drivers

- **Security:** Fear of crime and other safety concerns
- **Utilities:** Cost savings and to reduce carbon footprint
- **Smart speakers:** AI assistants growing adoption

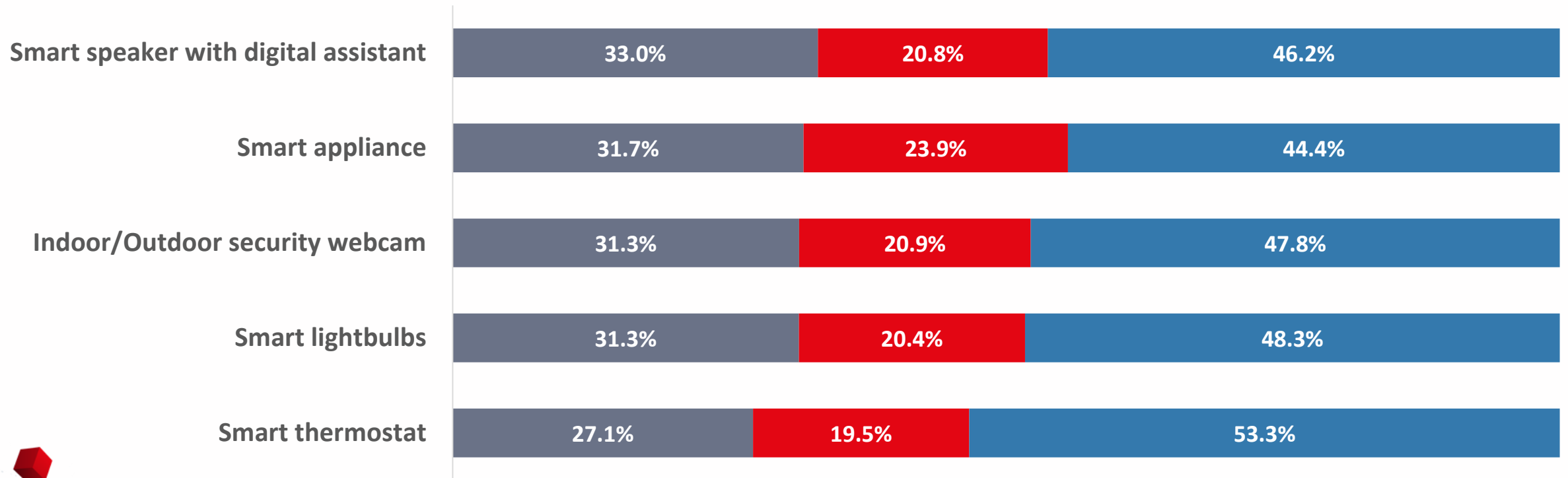
Source: Ovum's Digital Consumer Insights 2018: Smart Living (2017 n=3,002; 2018 n=3,062; countries: The US, the UK and China)



Smart speakers and smart appliances will dominate the scene in 2019

Purchase intention in the next 12 months

■ Yes ■ Possibly / not sure ■ No

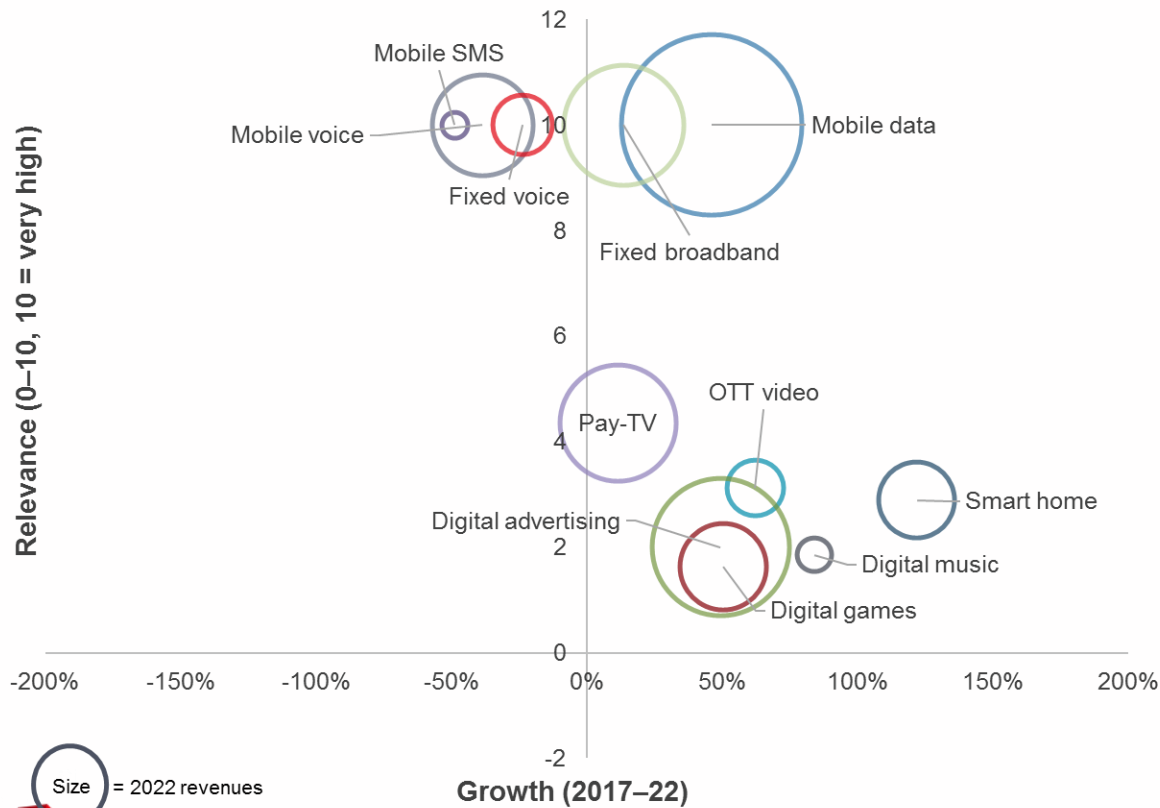


Source: Ovum's Digital Consumer Insights 2018: Smart Living (n=5,093; countries: The US, The UK, China, France and Germany)



The future of the smart home by 2022

Global consumer TMT revenues and telco relevance by 2022



Source: Ovum's Consumer TMT Revenue Context Model, 2017-22

Smart home households will grow 280% to nearly half a billion

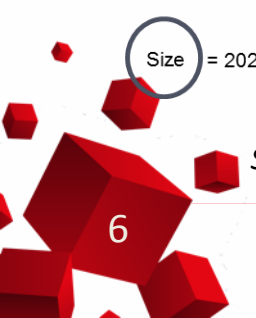
Each smart home will use an average of 11.7 smart devices

1.5 billion smart home devices will be sold, representing \$72 billion in revenues

Approximately 60% of unit sales will come from the US and China

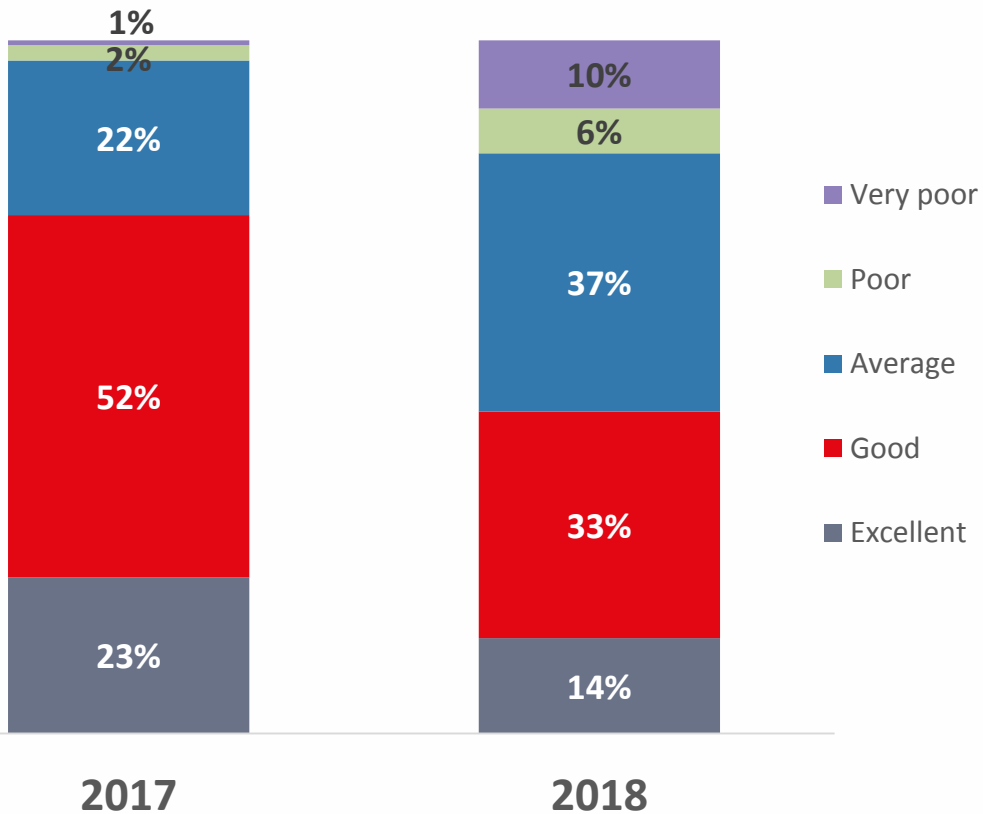
Smart home services revenue will total \$34 billion, driven mainly by professional security services

Areas of attention

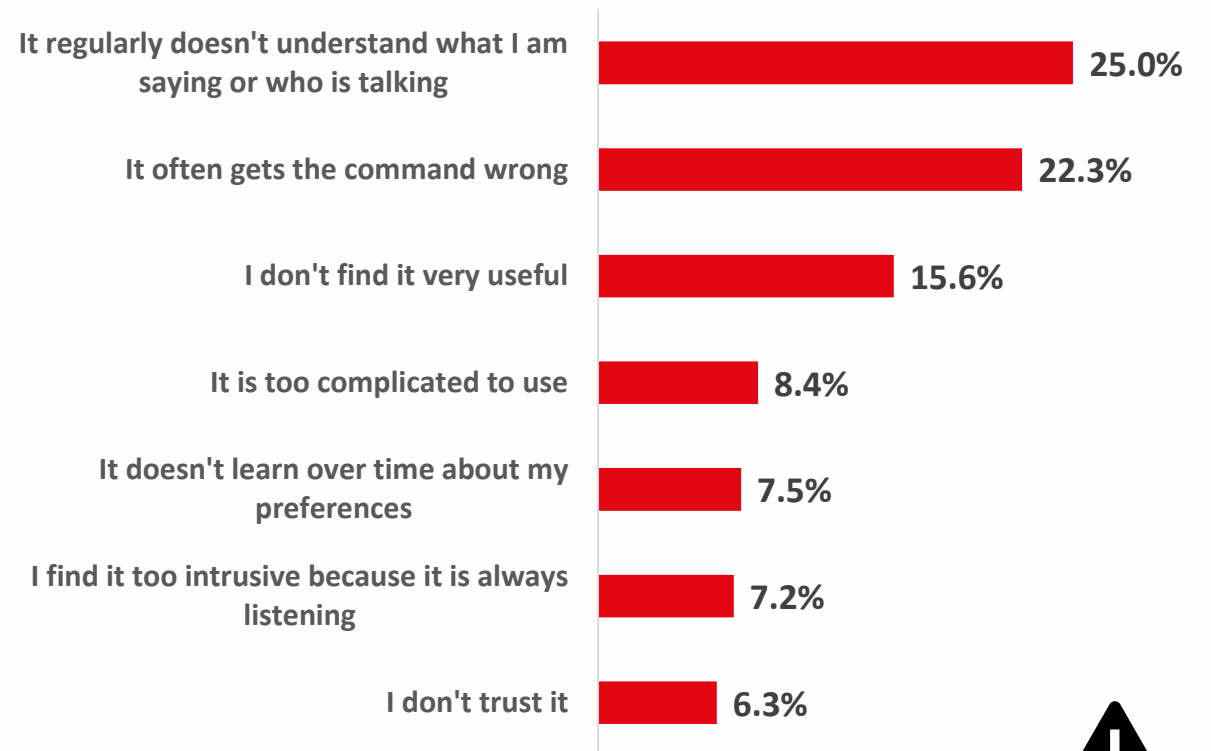


AI assistants will disrupt the smart home experience, but improvement is necessary

Overall experience using a digital assistant



Reasons for rating the performance of your digital assistant poor and very poor

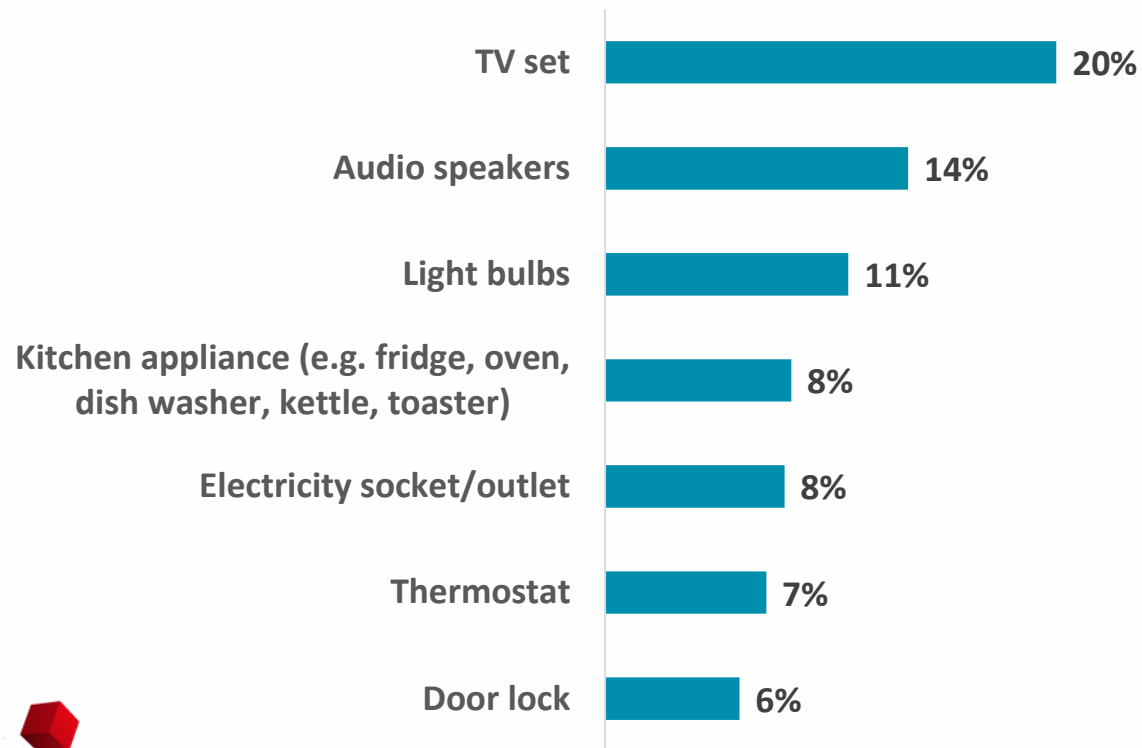


Source: Ovum's Digital Consumer Insights 2018: Smart Living (n=5,093)

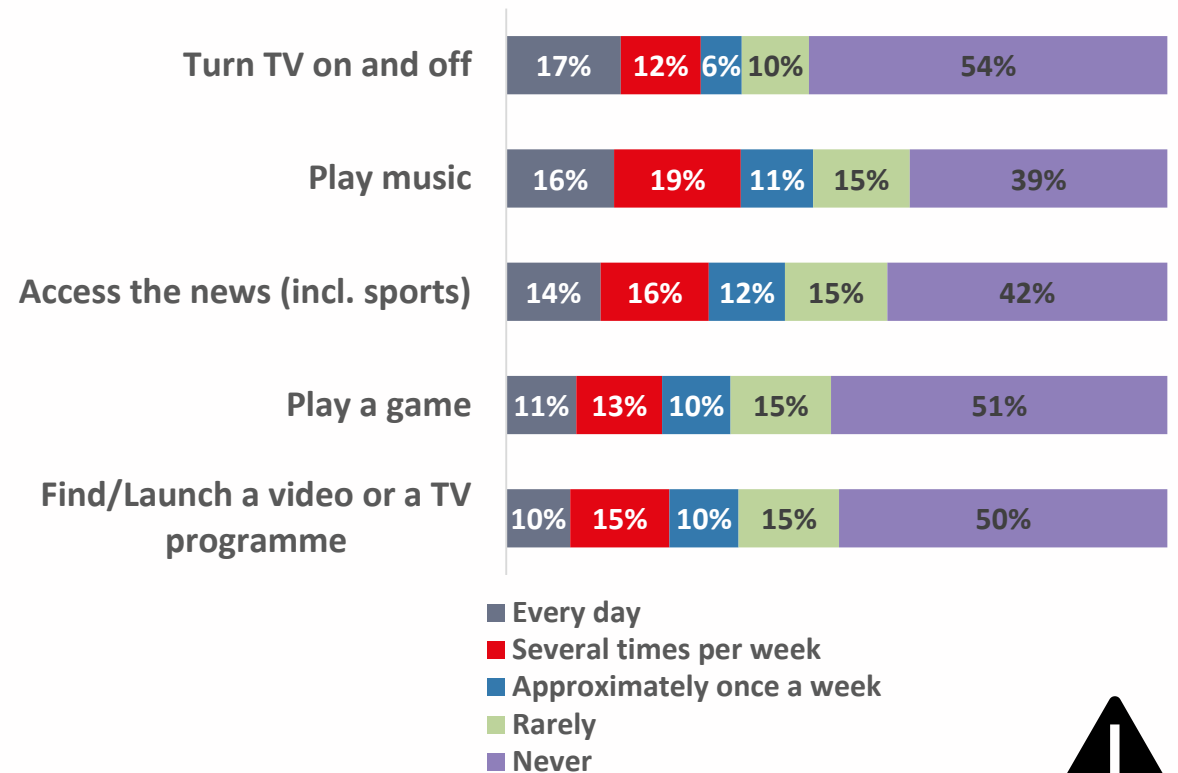


The impact of AI home assistants on media and entertainment

Which devices do you control around your home using your voice via a digital assistant?



How often do you use the following functions of your digital assistant?

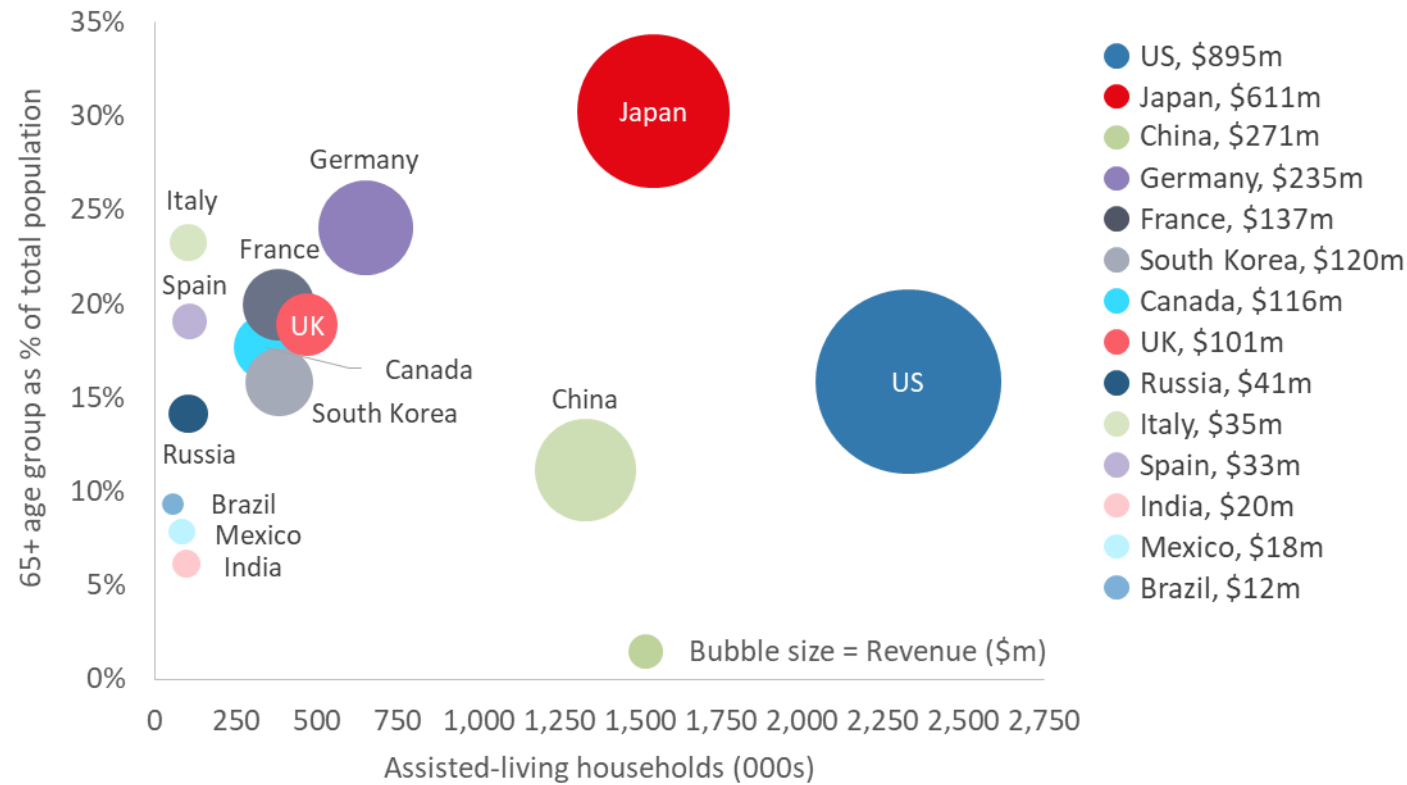


Source: Ovum's Digital Consumer Insights 2018: Smart Living (n=5,093)



By 2022, almost 8.5 m households globally will use assisted living services for elderly care

Assisted-living services market opportunity by country in 2022, based on population aged 65+



Source: Ovum Forecaster

- **Assisted living households:** single occupiers aged 65+ that receive subscription-based emergency support services (panic buttons & GPS trackers), excluding telehealth and standard smart home solutions
- **Key drivers:** interest in technology for monitoring the health and wellbeing of seniors, aging populations, strains on welfare systems, and high costs of nursing homes



Key takeaways and recommendations

The smart home has one the biggest growth potentials in the TMT sector, but will take many years to fully develop and monetization will remain a key challenge

Technology Vendors

- Smart speaker success requires more focus on quality.
- Develop non-hardware revenue. Services revenues are needed for long-term sustainability.

Service Providers

- Develop a solid, long-term strategy with strong links to traditional core business.
- Step outside of you comfort zone. Be innovative around products, pricing and sales channels.



Thank you!

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