Industry Report

Smart Home Platforms for Health

2015

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Attribution

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DATA ≫ POINTS

▶ About 10% of U.S. broadband households understand smart home products and services; among all the smart home use cases tested in Parks Associates' surveys, detecting smoke or fire, receiving alerts about gas leak, and receiving alerts for opened doors/windows garner the highest interest.

▶ As of early 2015, Alarm.com's platform supports 2.2 million subscribers, connecting 24 million sensors and devices. The platform processed 18 billion event requests in 2014.

▶ AlertMe supports half a million families in Europe and the U.S. The U.K. is its biggest market; there it serves up to 350K households through its client British Gas.

▶ AT&T targets consumers for its Digital Life services. AT&T had an estimated 170,000 subscribers at the end of 2014; it is signing up new customers at about 10,000 households per month.

▶ MyFitnessPal reached 75 million users in December 2014. In February 2015, Under Armor purchased MyFitnessPal for $475 million.

▶ RunKeeper is a fitness app with data integration from more than 80 other fitness and wellness apps, through an open API. The app has more than 35 million users globally.

▶ As one of the largest brain health game portals, Lumosity offers more than 40 clinically-tested brain games that improve brain cognitive functions. The company has more than 60 million users from 180 countries.

▶ ZocDoc offers online care service in 2,000 cities and reportedly has five million members actively using the service. In June 2014, the company raised $173 million from venture firms that have valued the firm at $1.6 billion.

▶ Life 360 has attracted north of 50 million family circles to use the free app services that include location tracking and family messaging.

▶ 23andMe, a start-up selling a DYI DNA test kit since 2010, has evolved its 850,000 user DNA database into a data platform for drug companies seeking out significant biomarkers.

▶ According to Parks Associates' estimates, the number of U.S. homes with a smart home controller for home security, energy management, and home control applications will grow from 5.9 million in 2013 to 26.6 million in 2019.

▶ By 2019, Parks Associates estimates that there will be more than 3.1 million homes that will have adopted a PERS service; an additional 1.2 million households will subscribe to either a home activity pattern tracking service or a location tracking solution.

▶ Additionally, almost seven million people in more than five million households will benefit from connected health monitoring solutions for their chronic conditions. Adoption of wellness tracking and virtual care solutions will be much higher, reaching 60 million households and 74 million users by 2019, respectively.

BOTTOM LINE

▶ The smart home industry represents an exciting opportunity for technology vendors and the smart home platform providers in the race stand to gain significant advantages by being flexible, adaptive, and scalable.

▶ The connected health market represents several interesting use cases that cross over to the smart home industry. Consumers spend less than 1% of their time interacting with the healthcare system (i.e., hospitals, clinics, doctors and health coaches). Home, on the other hand, is where consumers spend most time with their family, care for themselves and others, and enjoy life—food, drink, exercise, sleep— experiences that also impact their health and well-being.

▶ Although the home care market is a logical extension to the 'smartness' of a connected home platform, it introduces a bevy of unique challenges and demands that smart home industry players carefully screen for market opportunities through technology assessment, business model evaluation, and business risk analysis.

▶ There are two general types of connected health solution providers—those with a platform strategy of their own and those with a point solution. Companies in the first group are "frenemies" of smart home platform providers, whereas those in the second group are more likely friends than foes.

▶ Adding connected health applications to a smart home platform opens up additional, complementary revenue opportunities, yet some of these paths will not be straight-forward; this is especially true for applications that touch a patient's health and require collaborations with healthcare professionals. For applications that do not require interaction with health professionals, the smart home industry must think "outside the box" to develop channels and related revenue model capabilities.

▶ Smart home platform providers can start from adjacent markets and gradually expand to market segments where there are untapped needs or significant paint points. We recommend that market opportunities not be assessed purely based on traditional metrics of recurring service revenue fee or technology license fee. Like in the smart home industry, we see revenue model innovations in the connected health industry as key to opening up growth opportunities.

▶ Smart home platform providers are more likely to find business synergies with forward-looking market disruptors than legacy health IT providers. We recommend they pursue partnership opportunities more aggressively with the former group.

▶ Parks Associates also recommends not ignoring or dismissing the care provider's role in the consumer health market. The best approach includes working with care provider organizations to leverage their reach and trusted relationships with consumers when that advances business goals of mutual interest.

▶ By 2019, Parks Associates projects that three categories of solutions—safety/independent living, wellness, and health—will benefit 3.5 million, 3.1 million, and 2.1 million U.S. households respectively that have a smart home platform.