Understanding the Market Perspectives – Key Players & Sectors

Myths and Legends

Hard Learned Facts

- Myth A: *The Big Picture Myth*
  Convergence is the Driving Force for the Connected Home

- Myth B: *The Big Pipe Myth*
  Broadband is the Essential Ingredient

- Myth C: *The Big Box Retailer Myth*
  Retailers will determine and shape the industry

- Myth C: *The Big Bang Myth*
  In One Big Event the Connected Home will Manifest itself

- **The Industry Talks**
  - Of the Universal User Interface Device
  - Of the Universal Network Connection
  - Of the Universal Media Standard
  - Of Universal Access

- **The question is:**

  Does the Consumer want that?

  Will it Sell at a Premium?

  Well, Yes.

- **Which begs the Next Question:**

  How to get there?

  Does it mean *Convergence* or *Integration*?

Convergence

Or: Making Things Work The Same

- Pros
  - Less resources wasted on competing designs
  - Grand Big Master Plan appeal
- Cons
  - Ivory Tower Thinking
  - Technology-Focused
  - Slow and Lurching

Integration

Or: Making Things *Appear* the Same

- Pros
  - Short Time to Market, no time spend on alignment
  - Darwinian Approach
  - "Good Enough", Consumer Perspective
- Cons
  - Messy Technology
  - Iterations with Seemingly No-Value

- **Integration achieves the same results as Convergence:**

  Consumers want Interoperability
  - Not a single consumer asked us for Convergence
  - Consumers want “things to work good enough”

- In Short, Integration will occur *before* Convergence.
  We do not need a Master Plan to design the ultimate Connected Home Convergence Standard.

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Connected Home = Broadband?

Who says so?

For the Consumer, there is no “Connected Home”,
only products and services with unique, new features.

Connected Home ≠ Broadband!

Connectivity in the House
WAN: Straight Dial Tone, Broadband, other
LAN: WiFi, Zigbee, Cat-5, Wireless TV, Cordless Phones, etc.

Broadband is but a communication *choice*, not a mandate.
It is a Nice-to-Have.

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- Assumption:
  Large-Scale Retailers will determine and drive the definition of a Dominant Standard for the Connected Home

- Background Story:
  - Consumer's confusion about existing solutions result in more investments by the retailers in shop floor operations
  - Incompatibilities result in higher return rates compared to established products and services
  - Retailer is perceived as mediator between consumer and OEM's

- Realities:
  Retailers are not big enough to actually have an impact on the technology development of the Connected Home

- **Insights**:
  - OEMs are Global Players, serving sophisticated markets across the world
  - No corresponding Global Retailer exists, making the market share of each retailer almost insignificant to the OEMs on a global basis

- **Conclusions**:
  - Retailer, even the big players, do not have enough critical mass to change the Global Technology Direction
  - OEMs and their R&D operations will continue to set critical directions with the involvement of retailers as a “sounding board”

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- **Still Looking for the Killer Application?**
  - **Well, keep looking**, while your competition learns more about the market dynamics through small, iterative innovations that are low-cost, attractive value propositions
  - How about a **portfolio approach** where multiple small value propositions are tested while the technology is matured with each launch?

- Such an approach is not the Big Bang that a killer application will create (think DVDs), but more like a continuous hum (think color TVs vs. B&W TVs)

- There is no Killer Application for the Connected Home, and we are losing valuable time trying to pin one down.

Key Myths and Their Realities

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- Myth C: *The Big Bang Myth*
  Reality: The Connected Home will gradually appear