Builder's Guide to Developing a Winning Home Tech Strategy

As the US housing industry emerged from the depths of the Great Housing Depression, it met an emerging force of change in homeowner lifestyle wants and needs. Smartphones and smartphone connectivity to, and control of, a wide variety of home devices and systems was blossoming. It started with security systems, spread to home automation and soon became a common feature for HVAC, locks, lights, electrical, stove tops, ovens, washers, dryers, refrigerators, plumbing and irrigation, fireplaces… You name it.

Today, homeowners and homebuyers are demanding tech-enabled convenience, connectivity and efficiency from their homes like never before. And, their preference is not an expensive DIY series of systems installed after they take possession of the home. Their vast preference is that you, the builder, in conjunction with your trade partners, deliver it to them, built in to the home in a high-quality, efficient way.

Consider these findings from recent BDX Research on Technology & Homebuyers:
- 80% of homebuyers believe higher quality homes will come with smart home technology already integrated.
- 76% believe brand new homes should always have smart home technology.
- 75% believe a smart home will have a higher resale value.
- 75% believe a brand new home with smart technology could be a tie-breaker.

Further, the integrated control and connectivity that tech offers today is just the beginning of technology's relentless march into the mainstream of new homes. Artificial intelligence, the Internet of Things, cloud connectivity and processing will be delivering wave upon wave of new technology-enabled benefits to homebuyers and homeowners.

The opportunity for you as homebuilders to leverage technology, differentiate new homes and gain increased market share as a result has never been greater. But the challenge that comes with that opportunity is great as well.

To help, we've put together this simple guide to tech strategy. Due to the ever-evolving nature of technology and homebuyers' shifting wants and needs, we cannot provide you a set of enduring answers. Rather, we provide an organized list of questions and checklist of topics you'll need to increase and maintain your knowledgebase.

Our TecHome Builder Summit and TecHomeX events are designed to help builders dig in and answer many of these questions to help you make significant progress on your home tech strategy. Please keep us apprised of how you're doing and what kinds of assistance we can provide to help you get ahead of the curve on home technology.

John Galante
President
AE Ventures

Understand Market Segments

The journey to a strong tech strategy starts with understanding what your customers and clients are likely looking for in technology. As appropriate to the homebuyer demographic profile you are targeting for your business, grow your understanding of the following:

1. Tech needs and wants by generation
    a. Boomers
    b. Gen X
    c. Gen Y
    d. iGen
2. Tech needs and wants by lifestyle profile
    a. Music lovers
    b. Movie lovers
    c. Sports fans
    d. Work-at-home
    e. Outdoor entertainers
    f. Tech kids
    g. Easy living
    h. Connected living
    i. Entertainer
    j. Green/conserver
    k. Gear head
    l. Golden years
    m. Assisted living
3. Tech needs and wants by market band
    a. First-time buyer
    b. Move-up
    c. Luxury/dream home
    d. Second/vacation home
    e. Home for retirees/aging in place

Understand Products

The first step in responding to the tech needs and wants of homebuyers is developing a good understanding of the TecHome product taxonomy – including knowing the products, what they do and the basic value proposition of each for the homebuyer/homeowner. The TecHome product taxonomy/scope is:

1. ELECTRONICS: AV/HOME AUTOMATION/SECURITY
    a. Electronic Locks
    b. Video Doorbells
    c. Fire Alarm Systems
    d. Home Theaters
    e. Intercoms/Door Answering Systems
    f. Intrusion Alarm Systems
    g. Multi-Room Audio/Architectural Speakers
    h. Home Automation Systems
    i. Structured Wiring Systems
    j. Video Surveillance Systems
    k. Entertainment/Communications Service Providers
2. SMART LIGHTING & ELECTRICAL
    a. Automated Lighting Control Systems
    b. Back-Up Generators and Switches
    c. Energy Monitoring and Management
    d. Energy Storage
    e. LED Lighting
    f. Motorized Shading Systems
    g. Smart, Connected Load Centers
    h. Solar Photovoltaic Power Generation
    i. Whole-Home Power Conditioning and Surge Suppression

3. SMART HVAC & IAQ
    a. Air Filtration and Cleaning Systems
    b. Automated Ventilation Systems (HRVs, ERVs)
    c. Connected/Motorized Windows
    d. Geothermal Heating and Cooling
    e. High-Efficiency Heating/Cooling Systems
    f. Smart/Connected Thermostats
    g. Zone-Controlled Heating/Cooling Systems
4. SMART/CONNECTED APPLIANCES
    a. Dishwashers
    b. Ovens & Cook Tops
    c. Refrigerators
    d. Washers & Dryers
5. SMART WATER/WATER MANAGEMENT
    a. Automatic Hot Water Recirculation Systems
    b. Leak Detection and Protection Systems
    c. Rainwater Harvesting/Greywater Systems
    d. Smart Irrigation
    e. Tankless and Hybrid Water Heaters
    f. Water-Saving Fixtures and Systems

Understand Typical Tech Options Room-by-Room

Rooms and spaces within homes have specific purposes and lifestyle modalities, suggesting typical tech features and options suited to those purposes and modalities. Seek to understand the tech features and options commonly associated with each of these rooms and spaces as appropriate to the homes you build.

1. Kitchen
2. Master suite
3. Bathroom
4. Closets
5. Home office
6. Living/dining/great room
7. Deck/patio/pool
8. Recreation room
9. Kids bedroom
10. Garage/workshop
11. Laundry room
12. Dedicated home theater/listening room

Develop Appropriate Business Processes to Sell and Deliver Tech

With a solid understanding of what homebuyers want and need, what's available and what you can deliver throughout your homes, take the next step of developing and documenting the processes that can make tech a strong sustainable part of your business. Work on process and approach in all of these areas:

1. Sales and marketing. Many tech products require more explanation and, sometimes, demonstration to be successfully sold and marketed. At times, that is more effectively handled by the specialty trades that install the products. Think through what's required to effectively present and sell hand-offs to other trades as appropriate and think about how you can leverage standard packages of tech as clean differentiators to existing homes and new homes lacking tech features.

2. Design. Tech that is designed into homes early looks better, works better and is more profitable for builders and trade partners. Make sure you have processes that secure early homebuyer decision-making on tech and that the layers of your design process allow for the spaces, pathways and electrical infrastructure that enable seamless tech implementation.

3. Production. Because, until recently, tech was not a common inclusion in new homebuilding, the routines and cadence of tech specialty contractors at the jobsite are far from standard for most builders. Thus, carefully define these processes for efficiency, over-communicate to your trade subcontractors and make sure those subcontractors are resourced to comply with your production schedules and requirements.

4. Customer orientation, training and refresh. Tech features are only as good as the ways in which homeowners use them. For that reason, ensure you design processes with your trade subcontractors that make for strong initial orientation and training as well as post-occupancy refreshes as necessary.

5. Post occupancy service and support. Most of today's technology includes the ability to remotely monitor, troubleshoot and manage products, making for more efficient service and support. Be sure to think through how your customers' and clients' tech-rich homes will be serviced and supported for high levels of satisfaction.

6. Tech vendor/trade ally identification and evaluation. Tech isn't like building materials or design options, such as flooring and cabinetry. It's strategic. It interacts with homeowners. It takes more explaining to sell. You need a different template to evaluate your tech vendors and subcontractors that goes beyond price, rebates and margins. Think longer term and think partnership when developing your protocols for identifying and evaluating tech suppliers and subs. The ecosystem of trade and strategic allies you should consider include:
   - Manufacturers
   - Distributors
   - Sales and marketing tools
   - Sales trainers
   - Integrators
   - Other contractors
   - Service providers
   - Consultants
   - Tech-savvy architects and designers

Top Resource for Progress on Your Tech Strategy

There is no richer or more efficient way to make progress on your tech strategy than by attending our TecHome Builder Summit or TecHomeX events. Qualified guests are hosted with all travel and registration expenses covered by AE Ventures, and the events provide an immersion on the key topics of home technology strategy that is unrivalled. As important, the TecHome Builder Summit and TecHomeX help you create connections with peers who are also leaning forward into the opportunity and challenges of tech and vendors and trade allies you'll need to deliver on the promise tech presents.

For more information on attending, contact:

Nancy Franco

Executive Vice President

AE Ventures

nfranco@ae-ventures.com

508-618-4225