

Comcast XFINITY Home

Residential Connected Life Experiences



EXECUTIVE SUMMARY

COMPANY PROFILE

Comcast Cable is one of the nation's largest video, high-speed Internet and phone providers to residential and business customers. With a footprint encompassing 52.6 million homes in 39 states and the District of Columbia, Comcast is the largest pay-TV provider in the United States. Comcast has more than 22 million video subscribers, approximately 18 million broadband Internet subscribers, and its XFINITY computer telephony service has more than 9 million customers. The company generates additional revenue from other segments of its business, including cable network broadcasting, advertising, and content licensing, as well as theme parks and entertainment through its acquisition of NBCUniversal in 2011.

Executive Summary

Home security and home control solutions have been available in the United States for many years, but to a somewhat limited customer segment because of the high cost of the systems and equipment. As the technology has evolved and the services become more user-friendly and less costly, consumer demand for connected home security solutions is growing. At the same time, U.S. consumers' willingness to buy these services from a broadband service provider is also rising. Comcast introduced its XFINITY Home security and monitoring solution in June 2011 to address the significant revenue potential for these services among its broadband customer base.

Experience Innovation

Leveraging its existing XFINITY branded customer web portal and quick-and-easy installation model, Comcast is able to provide a low-cost, easy home installation, and an apps-and-touchscreen-based user interface with the potential of supporting additional value-added services. The broadband-based security and home control solution offers:

- Traditional home security features such as professionally monitored 24-hour police and fire alarm protection
- Value-added features such as secure live-streaming video surveillance, carbon monoxide monitoring, and the ability to manage utilities such as thermostats, lights, and smoke detectors

In addition, the “connected home” solution enables major service differentiators, including:

- Users may customize and automate setting and scenarios through an easy-to-use apps-and-widgets-based touchscreen user interface
- Customers can access, monitor, and set rules and alerts for control settings when away from home via a web customer portal or via the security app for the iPhone available from iTunes.
- Service allows customers to access features of other Comcast services such as voicemail as well as widgets that provide news, weather, and other information.

Primarily broadband-based, the solution also uses WiFi connectivity to enable wireless video surveillance. But to address the two main vulnerabilities of broadband-based security (power and network outages), each XFINITY Home system includes a wireless modem, which provides 24-hour backup battery power and cellular backup. The mobile network-based wireless modem and airtime runs primarily on the AT&T and T-Mobile networks and is provided by an M2M aggregator partner.

Home Communications Hub

The Comcast solution provides continuous connectivity to the home, the hub of family activities. The service provides premises protection, automatically dispatching fire and police in an emergency or when alarms are triggered. But Comcast also emphasizes the value of (and provides the tools for) monitoring a range of activities, from confirming when the children arrive home to knowing if a package or your dog walker arrived on time. XFINITY Home also integrates with other Comcast services such as accessing Comcast VoiceMail through the home touchscreen user interface.

Figure 1. XFINITY Home Touchscreen Control Center



Customer Cost and Time Savings

Although the primary emphasis of the service is on home security, energy management is an important additional component. Extending the remote control features of home monitoring, the service provides sensor-controlled thermostats, smoke detectors, and lights, with other functionality such as automatic door locks under development. Comcast heavily promotes a potential home energy savings of 15 percent and a potential home owner's insurance savings of 20 percent. Anytime/ anywhere remote access is another key time-saving feature of the service, and it is enhanced by programmable customization and automation such as turning off the lights and heat at a certain time of day or when an event such as leaving the home occurs.

User-Friendly Interface

The use of a touchscreen tablet-like home control unit with apps-based user controls makes the interface much more consumer friendly and intuitive than security systems of the past. Comcast has also added widgets to provide value-added service. One of the reasons, aside from the cost, that past attempts at connected home management products have failed to take off is that most past solutions have been too technical and not consumer-friendly from a user-interface perspective.

Competitive Pricing

Comcast prices its XFINITY home security solution at a significantly lower rate than traditional home security providers such as ADT. Comcast offers three tiers of service, all requiring high-speed Internet from Comcast and a three-year service commitment:

- Basic package priced at US\$29.95 per month, which provides basic security and includes 24-hour monitoring with cellular backup, a starter package of sensors and devices including both the touchscreen and wireless keypad entry, and limited web portal and touchscreen security functionality (that is, arm/disarm only).
- Preferred package priced at \$39.95 per month, which adds full web and touchscreen home control access, mobile monitoring, email and text alerts, and home automation (lights, thermostat, and smoke and carbon monoxide detectors).
- Preferred package with video monitoring for an additional \$4.95 per month and includes video surveillance supporting up to six cameras.
- Installation is also competitively priced. Optional equipment such as video cameras, lighting/appliance modules, or wireless thermostats or smoke detectors range in price from \$90 to \$149 per device.

Potential Barriers

To date, the home-monitoring segment has been dominated by home security specialists such as ADT. For Comcast, the challenge in creating a mass market home security solution was to create a high-spec solution, leveraging broadband while eliminating some of the problems and reducing the cost to the consumer. Comcast's solution relies on an easily-installable system that can be quickly and cost-effectively installed by Comcast XFINITY installation techs based on familiar technology and an XFINITY user interface with minimal specialized training requirements. Other challenges that Comcast has attempted to address with its XFINITY Home security solution include:

- Improving the customer interface
- Pricing the solution to suit what U.S. consumers are willing to pay
- Designing a service that has upgradable tiers, and that can also accommodate future value-added services

As consumer demand for connected home security solutions increases, so too will competition from the top national integrated operators such as Verizon and AT&T. Like Comcast, these companies also provide a variety of broadband-based services including Internet, phone and TV. But these operators also have a large wireless customer base that they can target with home security solutions, some of whom are also Comcast customers. In the midst of this growing market competition, Comcast is taking a disciplined, strategic approach. The company is currently focusing on the more self-contained strategic benefits that the solution offers to enhance its existing cable business and expanding its service footprint across the country.

Opportunity

Comcast's solution is primarily targeted at its own existing broadband customer base; end-users must be Comcast broadband subscribers in order to access the service. The primary opportunity for Comcast is the significant average revenue per user (ARPU) increase potential of \$40 to \$60 per month per household of new recurring revenue.

Parks Associates, a research firm specializing in the security industry, estimated total revenues from the home security market to be \$9.68 billion in 2011. Market studies cited by both Comcast and its software platform provider, iControl, indicate that market penetration of home security in the United States is between 20 and 25 percent, with home security companies owning the largest share of the market. But iControl's market research suggests that as the industry moves towards more interactive and user-friendly home monitoring solutions, penetration could double.

Another important opportunity for Comcast is in building customer value and loyalty for its core XFINITY brand and services. Through providing another valuable core household communications service, Comcast is reinforcing its value to its traditional customer base. Comcast provides widget-based news, weather, and information as well as the ability for Comcast voice customers to listen to their voicemails through the home security panel. Comcast is actively working to further integrate its existing XFINITY services and provide additional value-added features and new functionality in the future such as media sharing, home computing security, and networking management, as well as longer-term development projects such as home health, smart grid, and other as-yet commercially unavailable home services.

Strategic Partnerships

Effective home security solutions rely on a number of partners to provide the technology, software, equipment, and support that the solution requires. Comcast has engaged in a strategic partnership with iControl, which provides the software platform and also manages and certifies a variety of device partners.

iControl's OpenHome broadband home management software platform integrates the technologies and devices, allowing them to be controlled through a central user console, and Comcast licenses the software from iControl on a per-subscriber basis. iControl also plays a pivotal partner role in the solution as ecosystem builder. iControl works with Comcast to define what features are possible, then iControl sources the device manufacturers licensing them to embed the iControl software into their devices. iControl then certifies manufacturers to provide optimal choices among its customers.

In addition to iControl, Comcast works with a number of device and control panel and solution partners that the company relies on to bring its solution to the market. Key partners include:

- SMC Networks, which manufactures the integrated touchscreens, sensors, and security panels that get installed in the home
- Technicolor, an alternate touchscreen manufacturer with whom Comcast has recently signed a new partnership, providing a second home security panel source.
- RadioThermostat, which provides the high-quality wireless thermostats used by the XFINITY service
- Sercomm, which provides high-quality, low-cost WiFi cameras that include iControl software that talks to the control software
- Visonic, an alternate provider of wireless sensors; and
- Centralite, which provides lighting control devices.

Success Factors/Metrics/Monetization

Since launching XFINITY Home, Comcast has expanded to one-third of its footprint, and has plans to deploy in most of its markets and establish further devices and vendor partnerships by the end of 2012. This level of activity, combined with plans to develop the service with a range of possible new features and functionality, demonstrates the company's serious investment in this new line of business and the level of customer interest that the company hopes to attract.

Not only does the service represent an important new revenue stream among Comcast's large subscriber base, but it also serves to increase user loyalty and service retention among existing customers of multiple XFINITY services.

The XFINITY Home service has the potential to be either a core component or additional layer of its XFINITY triple-play home Internet, TV, and phone service, the ultimate extension of which would be a converged XFINITY solution, where the connected home service acts as the anchor product integrating, monitoring, and managing the other XFINITY Internet, TV, and phone services. Comcast is not bundling the product currently with other XFINITY services, but has this option on hand as the market matures and more competitively priced solutions become available.

Company Background

- Read [Comcast XFINITY Home overview](#)

Case study source: Cisco sponsored research developed by [Ovum](#).



Americas Headquarters
Cisco Systems, Inc.
San Jose, CA

Asia Pacific Headquarters
Cisco Systems (USA) Pte. Ltd.
Singapore

Europe Headquarters
Cisco Systems International BV Amsterdam,
The Netherlands

Cisco has more than 200 offices worldwide. Addresses, phone numbers, and fax numbers are listed on the Cisco Website at www.cisco.com/go/offices.

Cisco and the Cisco logo are trademarks or registered trademarks of Cisco and/or its affiliates in the U.S. and other countries. To view a list of Cisco trademarks, go to this URL: www.cisco.com/go/trademarks. Third party trademarks mentioned are the property of their respective owners. The use of the word partner does not imply a partnership relationship between Cisco and any other company. (1110R)

Printed in USA

FLGD 10307 03/12