Supporting The

Connected Home:
Challenges & Opportunity
1. The Landscape: What is the connected home and how is it evolving?

2. The Consumer: What do they want and how do you deliver?

3. How to say “YES”: Enhancing the customer experience with premium technical support and advanced services.

4. Developing Solutions: Considerations for buy vs. build answers in the connected home marketplace.
The Landscape

Home network routers are quickly becoming the focal point of many U.S. broadband households.

However, the home networking environment is fundamentally unsupported and lacks integration.
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By 2018
50 billion devices connected to the Internet

By 2020
177 million connected wearables
By 2020, the average U.S. household will have an average of 12 connected devices.

Consumer Home Networks are not simplistic. Most people simply give up somewhere in the process of interconnecting their home networks.
The Landscape

Who do customers call when they have a problem with a connected device?

- **Computer**
  - 26%
  - 28%
  - 14%
  - 12%

- **Tablets**
  - 30%
  - 27%
  - 14%
  - 2%

- **Smartphones**
  - 28%
  - 54%
  - 10%
  - 5%
  - 3%

- A security software company
- An independent tech support group
- A wireless service provider
- A broadband Internet provider
- A retailer where I purchased the device
- A CE manufacturer

Source: Parks & Associates
The Landscape

Key Questions

1. What happens when the latest software upgrade leads to the data network crashing?

2. Who does the consumer call when the problem is somewhere in the home computer, or its connection to the peripherals?

3. What is the broadband providers responsibility to the home network operator?
   - “It’s your internet!”
The Consumer

Consumers want to leverage the capabilities of their devices but often encounter challenges such as connecting to the home network and interoperability.

Nearly 1 in 3 consumers experience problems setting up their tablets or smartphones, while 50% have issues setting up peripherals to connect with their computers.
The Consumer

Customers are not sure where to look for help. Operators job is to deliver signal to the modem but consumer also expects support.

Devices Considered “In-Scope” by Customers for Technical Support

- Computer
- Smartphone
- Flat-panel TV
- Modem
- Printer
- Tablet
- Game Console
- Home network
- External hard drive
- Streaming media player

% Selecting specified device

Source: Parks & Associates
Say Yes

Consumers want support that extends into and throughout the multi-device connected home.

86% of customers would pay MORE for a product that provides them better technical support services.

The lack of provider answers to these questions frustrates the customer, causes cost increases and service challenges, and denies carriers a source of new revenue.
The top ISPs in the US have recognized the growing business problem, and made their own attempts at a solution.

The average price point for a premium technical support package for a consumer home network is between $9.99 and $14.99.
The most lucrative revenue models are also the models that provide the most choice for a customer. They incorporate both (1) Point-of-pain offers; and (2) Point-of-sale offers.

<table>
<thead>
<tr>
<th>Point of Sale</th>
<th>Point of Pain</th>
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<tbody>
<tr>
<td>New service activation</td>
<td>Trouble tickets</td>
</tr>
<tr>
<td>New service installation</td>
<td>Out of scope support cases</td>
</tr>
<tr>
<td>Bundled with wireless gateways</td>
<td>Truck rolls</td>
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<tr>
<td>Promotional upsell offers</td>
<td></td>
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<tr>
<td>Rate increase scenarios</td>
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Say Yes

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Assumptions:
15,000 data subs
Monthly take rate 0.20% of data subs
Churn of 1.5% monthly (18% annually)
75% take $9.99 pkg / 25% take $14.99 pkg
One $75 P.O.P. case/month/4,500 data subs
Say Yes

Key Questions

1. Who do your customers call when they are having issues with their network or networked devices?

2. How much revenue are you losing due to not offering a Technical Support solution?

3. Wouldn’t you like to **Say Yes** to those customers rather than turn them away to product manufacturers?
Developing Solutions

Consumers clearly need and want robust home networks. More importantly, they are willing to pay for them and the support needed for them.

**Annual Revenue: Consumer Technical Support Services** (Millions of dollars annually)

Source: Parks & Associates
Developing Solutions

This desire creates the perfect proposition for operators to introduce value-added protection, support and warranty services.

But what does that mean for you?

Components of A Comprehensive Tech Support offering: Build or Buy A Solution?

<table>
<thead>
<tr>
<th>Build (License)</th>
<th>Buy (Partner)</th>
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<tbody>
<tr>
<td>Anti-Virus/Malware Solution</td>
<td>One-Stop VAR Solution</td>
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<tr>
<td>Password/Data Management</td>
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<tr>
<td>File/Data Backup Solution</td>
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<tr>
<td>24/7 Specialized Technical Support Staff</td>
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<tr>
<td>Warranty Coverage</td>
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Developing Solutions

• Ticketing system
• Knowledge base and training
• Remote access tools including mobile devices
• Hiring skilled techs who can deliver services
• Scalability
• Chat capabilities
• Marketing
• Staffing 5:30p – 10:30p
Developing Solutions

If you decide to partner with a support provider for a connected home support solution (buy rather than build), here are some key selection criteria to keep in mind.

1. Always do a site visit

2. Inspect their knowledge base and/or decision trees

3. Ask for call recordings

4. Listen to live calls when visiting

5. Inspect service levels and confirm reputation
“Before you can think outside of the box; you must first realize you are in one.”

The substantial desire for home network support and self management tools creates the perfect proposition for operators to introduce value-added protection, support and warranty services.
About

SecurityCoverage

• Founded in 2003
• Located in Cedar Rapids, IA
• Mission: To simplify the use of technology and provide world-class customer service.
• Leading provider of:
  • Mobile and Desktop Security Software
  • Data Protection
  • File Sharing/Backup
  • Technical Support Services
  • Help Desk Support
• Nearly 400 partners across diverse markets like broadband providers, retail stores and warranty providers.

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