

Dean Clough's Parting Thoughts

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Summary

- This document summarizes my thoughts on Casa Integration; after a successful 15 year + run operating Casa Integration as a traditional residential integration firm, in 2017, I transitioned the business to an online model (AKA "Casa 2.0"). Online Model Major Components
 - A website whose primary features are 1) a questionnaire that captures the technology requirements for new homes up to 5,000 sq. ft., 2) a recommendation/specification engine that properly specifies everything necessary for the project based upon the questionnaire responses, and 3) PDF outputs that provides the homeowner and building team with comprehensive instructions, parts lists, cable specs, etc.
 - The recommendation engine specifies highly capable products that together, would satisfy the vast majority of the public, including the mass-affluent. Yet, the system has zero custom components, and instead relies upon OEM remotes and native app interfaces. The prudent selection of equipment specifically reduces the number of OEM remotes and native app interfaces used. The system also specifically eliminates video distribution, via local sources.
 - Traditional integrators are replaced by 1) the building team's electrician, and/or 2) a handyman via referral, HomeAdvisor, Angie's List, Houzz, etc. This is made possible via 1) the website's outputs, and 2) the elimination of custom interfaces and the related custom programming
- Tried to bootstrap the online model – this didn't work:
 - Preface: finished site is highly functional and attractive
 - Limited launch marketing/ad budget (total spend = \$12,000), but the launch campaign was professionally designed by one of my partners and with many distribution channels, both B2B and B2C

- Months' long, targeted drip campaign to US GC's and Architects – 6,400 emails successfully delivered, with 3x follow-up
- Several articles published in major B2B publications
- ***These efforts – which began on 9/26/17 – have produced negligible results***
- But:
 - Mass-affluent (30 million est. in the United States) and certainly many others would like a one-stop shop for tech?
 - To this day, **no one owns the home tech install/service market** – not:
 - Amazon (they will fail or have limited success with the mass-affluent, etc. because of their reliance on traditional integrators - any quality integrator (i.e., successful) typically would not be interested in participating)
 - Comcast/Xfinity, AT&T, etc. (their brands - at least the service aspects - are damaged beyond repair)
 - Any security company (same problems + lack of expertise)
 - New plays like Enjoy (while 20-somethings can install a couple of Sonos zones, they can't come close to what the target market really needs), etc.
 - ***The reason is that no single firm has been willing and/or capable to own the entire home technology space, from the beginning to the support phase, at scale.***
- Common sense says that a given “system” will be more reliable with fewer pieces
- Today's tech products make it possible to satisfy the vast majority of people with far fewer products (pieces), assuming they are carefully curated
- Casa 2.0 site, even today, specifies a complete solution with that approach
- You must own the home's data network
- The traditional integrator business is evaporating quickly, at least in the lower- and middle-tiers, for many, well-documented reasons.

Findings on Casa Integration 2.0

- Fundamental flaw is likely that people (and certainly mass-affluent) simply want to have a **grand total of one person** to deal with – from design and installation, through on-going support. Buy the products and finance them, as well -> with ONE company
- Architects and GC's are not the way to access the market – it is a pure B2C play
- Still 100% believe what the Casa 2.0 specification delivers would knock out 80% of the mass-affluent market, let alone the general public

- Must support retro-fit, not just new construction as was the case with Casa 2.0 - new construction only is too limiting.
 - Easily done with existing Casa 2.0 site
 - WiFi, etc. technologies will work fine in the vast majority of environments, and will only improve with time
- **There must be a skilled person locally available - this is non-negotiable, and can be thought of as “the last mile”**
 - Casa 2.0 tried to do away with it completely, which, as above, didn’t work - it is my contention and those of others intimately familiar with our efforts that this was our “fatal” mistake
 - Axis and others are trying to rely upon integrators – likely isn’t working and likely won’t because most integrators are failing or will soon
 - Others will try to use electricians – that likely won’t work because they have a different mindset and highly variable customer service abilities

Outside Opinions on Axis, OneVision Resources, Krika, etc. (AKA “New Support Models”)

- Some/most are well-funded, but are they actually gaining traction?
- They will forever struggle with meeting client (in any channel) expectations, primarily because of the extremely disparate base of tech they must support, and because most/all tech is terminally unreliable
- Quality integrators will likely set up their own Service Plan and infrastructure
- Their part is a critical piece of the whole puzzle, but I fear a hard road ahead – perhaps apart from an insurance play (if insurance companies are giving discounts for homes having sensors, someone will have to assure them that they are constantly operational)
- Some lack staff with extensive integration experience?

Ideas Going Forward

- Integrate the Casa Integration and a “New Support Model” company into a comprehensive solution (i.e, Home Integration as a Service)
- Hire ONE qualified individual in the top 20 markets for the mass-affluent, etc. These are our local reps – they are there for design/retrofit consultation, rough-in/etc., and installation - but all under the scope limitations of the Casa Integration model. They are also our truck-roll when necessary.
- Take care of them -> maybe a \$75,000 base (market-driven), nice benefits, a piece of the action, etc. They are our **employees** and if we simply take care of them and they do their jobs, most problems across the board disappear. Safe to say there’d be many interested and qualified candidates in each market, at least in the US.

- There's another staff member whose job it is to solely travel to these 20 cities regularly to keep the local rep engaged and properly supported. This combo would give you skilled national coverage with just 21 employees
- Client process: Local Consultation (Local Rep) -> System Specified (Casa 2.0 Website) -> Rough-in/Trim-Out/Installation (Local Rep) -> Walkthrough/Training (Local Rep) -> Ongoing Support (New Support Model company)
- New Support Model company NOC serves as nerve/data center for every single project, from beginning to end - this is vital to the overall approach
- Since the Casa 2.0 model is used, the scope of the tech IS CONTROLLED – ***vastly simplifying both the training/skills that our local rep needs, and what needs to be supported.*** It also makes it feasible for our rep to handle many, many more clients than would normally be feasible
- We sell product, provide financing, etc. - a true one-stop shop for customers. These are nice revenue streams, at scale.

In my opinion, owning (and being happy to own) the ENTIRE home technology piece is the key - but the only way to do it at scale is to reduce complexity (which implies selling fewer products) and eliminate custom programming. Many surviving residential integrators will resist both, and that is why the opportunity is so large.