

Networking: Consumers eyeing home networks

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New research indicates that demand for home networks -- to connect home theaters, security cameras, home lighting systems, and the like -- is increasing rapidly, even though the percentage of new homes which feature these broadband powered networks still remains relatively small.

Experts are telling United Press International's Networking column that many home buyers are asking builders to install the networks as a standard feature in new homes today.

Research to be released later this week by the Consumer Electronics Association indicates that home builders are, indeed, including such technologies in their newest construction projects.

"Broadband proliferation is a fundamental driver of connected entertainment opportunities inside the home," said Harry Wang, a research analyst at Parks Associates. "But more importantly, better network configuration tools and easy-to-navigate user interfaces will assuage consumers' concerns about setup difficulties or application glitches."

For example, demand for automated lighting controls increased from 31 percent to 41 percent from 2003 to 2005, according to CEA. What's more, new home buyers are demanding that these technologies be installed. Two years ago, only one percent of new home buyers added automated lighting controls, but last year the overall number rose to 7 percent, CEA indicates.

Thus, according to additional research by Parks, home networking is poised to become somewhat commonplace, increasing from today's 4 million households to 30 million in 2010.

In a sign that the industry truly does believe that the market is taking off, one leading research house, ABI Research, last month launched a new research service focused exclusively on home networking technologies.

According to Michael Wolf, the analyst heading the project at ABI Research, the digital home market is fast becoming the newest "battleground" for consumer technology dominance.

Firms in the digital entertainment, PC, consumer electronics and broadband markets are seeing that all-pervasive connectivity -- as well as the digital distribution of entertainment -- are the touchstones for a new business model that concentrates on conquest of the digital living room.

"The variety of broadband IP based services available to the home user is increasing dramatically, as is the need to distribute real time audio and video signals between consumer electronic devices within the home," said Trevor Sokell, chief executive officer of SiConnect, a powerline networking firm targeting the home market.

Major companies are targeting the market too. Microsoft Corp. has reached deals with telecom companies like AT&T, Verizon Communications and even Germany's Deutsche Telekom to bolster their plans to provide television over the Internet, or Internet Protocol TV. The strategy there seems to be for the telecom companies to improve their networks and provide video services directly to consumers' homes.

Security of the networks, however, is a major problem for the purveyors of this technology.

"More and more people want to set up home networks to share information and digital content across PCs, printers and other devices," said Martin DeBono, vice president of sales and business development, Network Magic, a home network technology developer. "But for many people the set-up and security of home networks is a huge barrier."

Last month the company teamed with Anaheim, Calif.-based ZyXEL Communications Inc. to integrate and distribute ZyXEL wireless consumer routers with Network Magic's management software.

Studies have shown that installation of home networks usually lags local adoption of broadband technology by five years.

But, interestingly, consumers are apparently growing tired of paying for extra features from broadband providers, raising a possible challenge to the spread of home network technologies in the future, analysts said.

The Yankee Group, in a study to be released today on European consumers, reports that two-thirds of broadband users purchase multiple services from the same provider, but that advertised access download speeds are losing relevance as overall bandwidth availability increases. Since Europe is ahead of the United States in broadband, this data seems to be relevant to American and Asian audiences as well.

"European broadband consumers' willingness to pay for more than access is reaching a plateau," said Jonathan Doran, Yankee Group's broadband and media senior analyst for Europe.

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