

# The Value of Professional Monitoring

A Parks Associates Whitepaper Developed for Rapid Response Monitoring

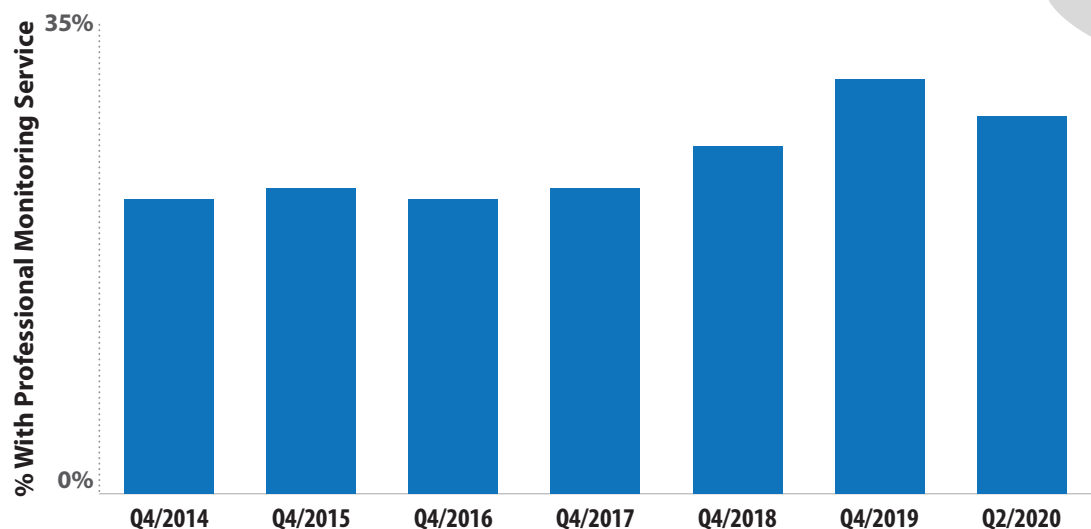


# The Value of Professional Monitoring

Security systems with professional monitoring are considered the standard for safety, theft prevention, and threat detection for homes and businesses. They have a strong and straightforward value proposition, as consumers and companies alike worry over the safety and security of their homes/businesses, loved ones/employees, and assets/personal property. In the commercial space, fire alarms and monitoring systems are required in most public buildings to ensure the safety of occupants.

Residentially, adoption of home security systems is significantly on the rise for the first time since 2014, even more promising is the considerable rise in professional monitoring alongside it. The professionally monitored industry experienced a 5% increase from 2018 to 2019, a rate that previously stayed relatively steady. Adoption in the first half of 2020 has largely preserved those gains, a tremendous win in light of larger economic and health issues.

## Professional Monitoring Service Subscription US Broadband Households



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Companies and consumers have an array of anxieties—beyond the protection of their assets—that can benefit from professional monitoring services, including; energy consumption, risks from flood and fire, health of aging relatives, safety of package deliveries, and even the condition of the company's fleet. In many instances, smart home solutions have moved into these areas, enabling users to monitor conditions on their own.

**As more aspects of daily life get connected, they are creating new opportunities for professional monitoring services, which can expand beyond security to deliver a variety of new benefits to today's connected consumers.**

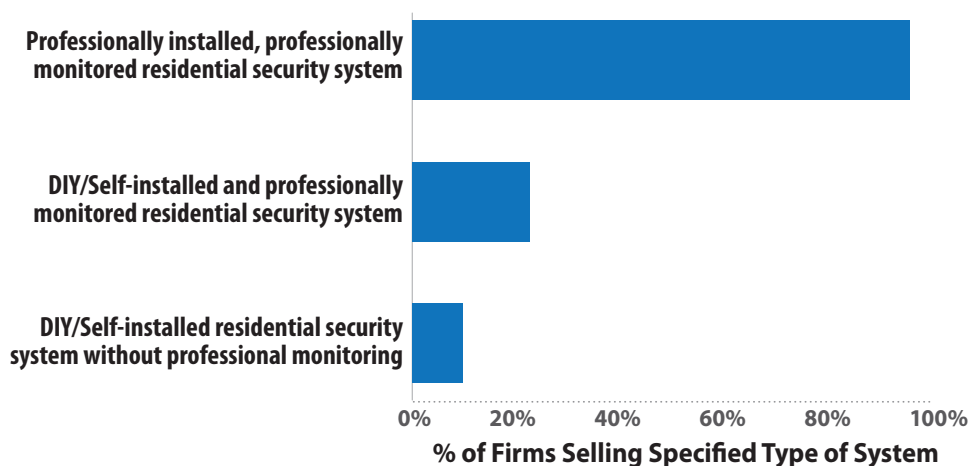
# The Monitoring and Security Landscape

Modern advances in security and safety devices offer consumers and companies an array of solutions designed to transform worry into peace of mind.

Professionally monitored services offer a dedicated, 24/7 staff for monitoring and serve both residential and commercial properties. Among security dealers surveyed in Parks Associates' annual **Security Dealer Survey**, dealers report a roughly 70/30 split in unit sales of residential security systems vs. commercial security systems, with over 90% offering professionally monitored and professionally installed systems.

## Type of Residential Security System Sold

Among US Security Dealers



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Monitoring centers provide the professional monitoring behind these services. They keep watch for real-time emergencies and risks using humans who operate computer stations, automation software, and redundancy technology.

## The Benefits of Professional Monitoring

Several types of monitoring are available, with varying levels of appeal:

- **Non-monitoring** means a user does not observe, keep track of, or check the alerts he or she may receive from their device when motion is triggered. For example, a networked camera may be purchased as a deterrent for intruders but is not being actively monitored for such instances by the user.
- **MIY (Monitor-it-yourself)** enables a user to remotely monitor and receive alerts – the user will actively open alerts once received, when possible. Monitoring is top-of-mind and intentional for the user. If an incidence occurs, the user will alert authorities by calling 911.
- **MIY with direct emergency dispatch** allows users to call 911 and dispatch emergency services once an alert is received and identified as critical. This is done through a dedicated button in an app, tablet, or computer. The user is required to be actively monitoring their device at all times.
- **Professional monitoring** provides 24/7 monitoring through dedicated staff, from a certified Monitoring Center with facility redundancies and fail-safes, where they receive alerts, verify the alert with the user, and request emergency dispatch if necessary.



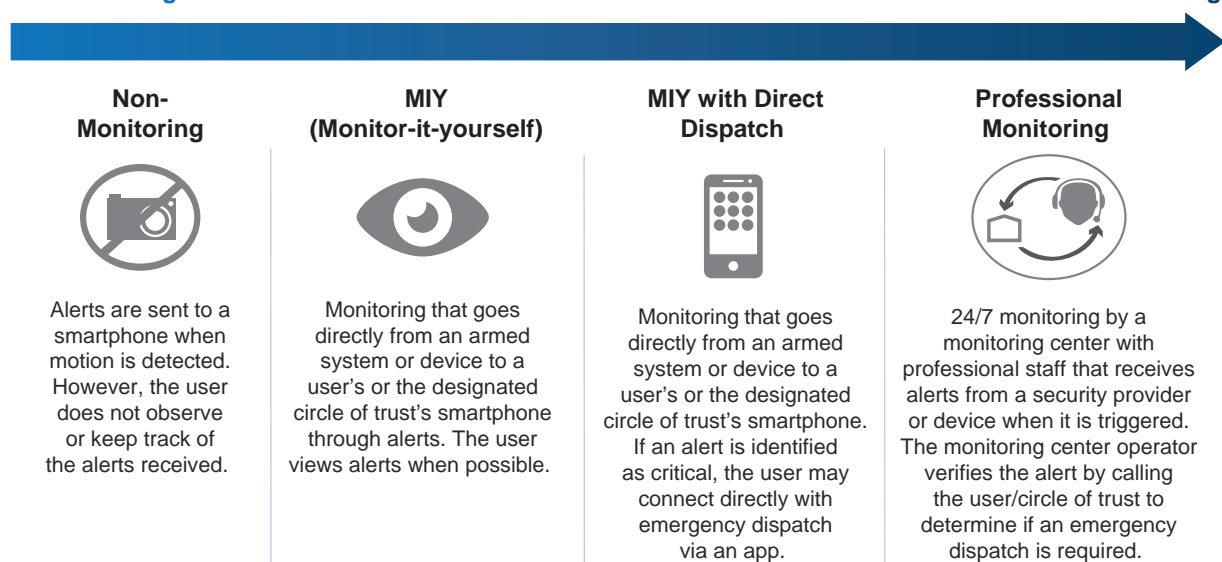
The Value of Professional Monitoring



## Spectrum of Household Monitoring

No Monitoring

Professional Monitoring



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**The value of professional monitoring is in the dedicated and trained staff that will always be available if an emergency occurs.**

**"A consumer that is aware of events happening in the home is not necessarily a secure and protected consumer"** is a thematic statement from professional monitoring providers. A networked camera, for instance, will notify consumers via their smartphone about events in the home when it detects motion, but only when the notification is opened and identified will a consumer be able to act on the related event. Users cannot initiate a call for help if they are sleeping or too busy to review an alert or if their phone is dead or unavailable.

MIY resonates with a segment of the market who are unwilling to adopt professional monitoring but want some form of security, but that does not make these consumers unattainable.

**The limitations in MIY can provide a path towards professional monitoring.**

Professional monitoring operators can leverage their strengths in being always on and always available to communicate with the user to demonstrate the value they add beyond MIY solutions. They can also diversify their communication methods, incorporating new technologies such as bi-directional text messages, secure chats, app-free interfaces, and push notifications to provide speed and convenience and to demonstrate the flexibility of their services.

# The Challenges of Professional Monitoring

Traditionally, only a fragment of the market is willing to pay a monthly fee for the service, but this user segment is growing.

More options for lower cost and contract-free monitoring subscriptions have opened the door for first-time subscribers. These lower costs will also help consumers keep their services. Among consumers who canceled their professional monitoring service, only 33% did so because the monthly fee was too expensive.

**False alarms** are another problematic issue as consumers consider whether to adopt and then to keep professional monitoring – 32% of dealers surveyed in Parks Associates' **2019 Security Dealer Survey** report false alarm fees and penalties are one of the industry's biggest challenges.

- Industrywide, false-alarm rates of 90 to 99 percent are common.<sup>1</sup>
- Improper disarming/entry and improper arming/exit, service or installation errors, and equipment failure are the main causes of false alarms.
- Every year, Chicago police respond to more than 300,000 burglar alarms overall, 98% of them false, which translates to 195 full-time officers that do nothing save respond to false alarms over the course of a year.<sup>2</sup>

## False alarms...

- exhaust public safety resources
- desensitize communities and authorities to actual burglaries
- undermine faith in security systems overall
- result in costly fines that may prompt residents or businesses to disarm their systems

<sup>1</sup> Dexheimer, Eric. 9 times out of 10, a burglar alarm means no crime, Statesman, September 2018

<sup>2</sup> Sampson, Rana. False Burglar Alarms. Washington, D.C.: U.S. Dept. of Justice, Office of Community Oriented Policing Services, 2007

# Solving False Alarms

**The impact and consequences of false alarms are significant, creating the need, and thus an opportunity, for a solution within the security industry.**

Innovative monitoring centers have added more consumer-facing technologies such as video verification and one-click buttons to request a dispatch or cancel an alarm from apps.

Monitoring operators also have installed automated systems (ASAP) that integrate with the public service answering point (PSAP). Electronic notification eliminates delays and errors associated with communicating directly with an operator. First responders have more accurate data as a result; electronic address data eliminates translation errors when communicating the address information from the monitoring center through the 911 operator to the dispatcher.



While automation is meant to simplify and improve efficiencies, it may not be the best solution for every problem until it reaches the level of sophistication and reliability that is required of professional monitoring for critical situations overall—whether it be security, health, connected car, or fault-detection related.

There is immense value in a professional, human operator who can resolve unique emergencies. These human operators also serve as a filtering agent for alarms that come in to the monitoring center. While false alarms are a recognized problem in the industry, human operators help to mitigate the issue by evaluating situations and helping to reduce calls to dispatch.

**Most monitoring centers filter between 80 to 90 percent of all alarm events and only deliver the rest as calls for service.**

# Opportunities for Professional Monitoring Beyond Security

## Smart Home Devices

Safety and security are the leading value propositions for the smart home. Protection of loved ones and property is a universal need, and manufacturers of smart products such as networked cameras, video doorbells, and more, sell their products on delivering peace of mind to consumers. In fact, 37% of smart product owners state that keeping their home safe was a main purchase driver for the purchase of a smart product, which is defined as a product that can be remotely monitored or controlled with a mobile app.

Adoption of smart products such as lights, locks, and thermostats is limited to 8-13% of households per product, but as smart product adoption increases, they will become a greater threat to professional monitoring as well as an opportunity. As many as half of households who currently subscribe to professional monitoring may consider the remote monitoring and notification services provided by smart products to be a sufficient substitute.

At the same time, 76% of smart smoke detector owners or purchase intenders indicate interest in having their smoke detector connected to a professional monitoring service for a monthly fee of \$5 - \$10. Fifty-seven percent of those intending to purchase a device in the next year report that they would pay \$10 per month for that monitoring service. Monitoring critical events such as the occurrence of fire and smoke/carbon monoxide are clearly understood value propositions that consumers are willing to pay for.

Similarly, networked cameras serve as a viable smart home device for professional monitoring and are increasingly popular for monitoring children, pets, and home services such as nannies, housekeepers, and delivery personnel.

### Willingness to Pay for Professional Monitoring for Smart Smoke/CO Detectors



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## Connected Health

The number of Americans ages 65 and older will double in the coming decades, resulting in the growing use and need of various connected health solutions for the home, including smart home devices, on-demand services, and security-related solutions that can enable independent living and improve quality of life for seniors. Service providers and professional security monitoring and PERS (Personal Emergency Response Systems) monitoring companies are exploring their potential role in consumer wellness, remote patient monitoring, and aging with independence. Providing solutions for aging consumers and their caregivers is a natural first step.

The emergence of connected health products and monitoring services gives a new opportunity to serve consumers at home.

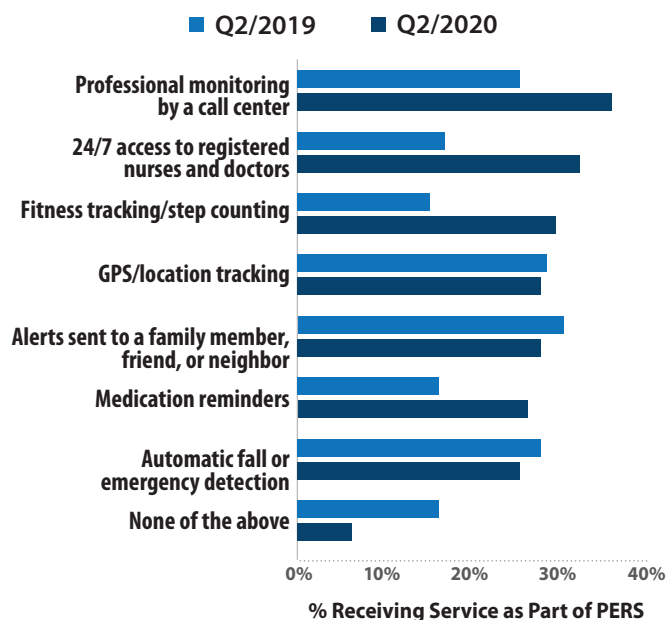
In the same way that home security monitoring services protect in case of intrusion, this same technology and training can provide safety monitoring services for seniors and those at risk of medical emergencies. Personal emergency response (PERS) systems can provide 24/7 emergency monitoring for those at home or when mobile outside the home (mPERS). Special monitoring staff training develops map reading skills and location interpretation, as well as communication strategies for seniors and those suffering a medical crisis. Safety and security lie at the core value of the home and serve as key drivers for security and connected health solutions alike. Security providers can diversify their consumer base by providing security-related packages with connected health and independent living solutions designed for protecting loved ones.

Consumers with security systems in place are willing to pay for in-home monitoring services that alert them of dangers and let family members know of any health emergencies.

Among the 7% US broadband households that report using personal safety or panic button technology, their top five main service uses are **professional monitoring, 24/7 access to nurses and doctors, fitness tracking, GPS and location driving, and alerts sent to the appropriate individuals.**

The integration of connected health solutions with monitoring services creates an opportunity for a source of recurring revenue. Companies from device manufacturers to monitoring providers are enabling independent living solutions. Philips Lifeline offers medical alert systems and location technologies for caregivers and seniors. Similarly, Rapid Response provides monitoring for PERS and mPERS.

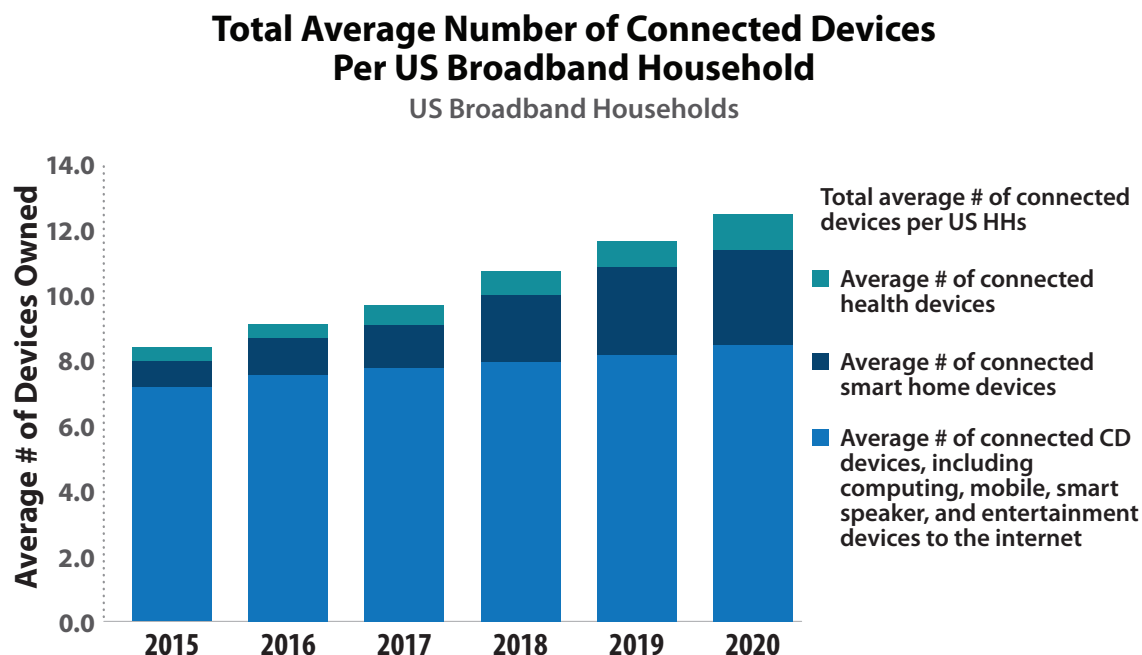
**Features of Panic Buttons**  
Among US Broadband Households Owning Personal Emergency Response Systems





## Connected Devices and Consumers

Connectivity in the home and the number of connected devices continue to expand year-over-year. Consumers now have an average of 12.3 connected devices in their homes, and 29% of US broadband households own at least one smart home device from a list of 20 core devices.



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While intrusion, fire, and carbon monoxide alerts to monitoring centers and consumers remain critical functions, the security industry has eagerly pursued business options to make their overall value propositions more valuable—and in a daily way—to a broader set of consumers than those previously served. IoT and connected products serve as an opportunity to provide professional monitoring in a number of ways:

- **Fault Monitoring** – Security companies can bundle security with electrical fire hazard detection technology to prevent fires rather than just monitoring smoke alarms that only detect fires. Electrical fires are particularly devastating, causing over 1,300 injuries, 420 deaths, and \$1.4 billion in residential property damage each year.<sup>3</sup> Monitoring solutions that detect, prevent, and protect against these fires are an increasingly valuable part of the safety and security landscape. The risk from electrical fires is a function of the severity, the occurrence, and the ability to detect these fires. Anything that delays an occupant's response to the smoke alarm can have a dramatic impact on their survival—while only 24% of all electrical fires occur between midnight and 8 a.m., these fires cause 57% of deaths from fires in this time period.
- **Water Level Monitoring** – The average cost of water damage/leaks is \$9,633 and \$8,625 for flood/weather-related damage.<sup>4</sup> Responding to a leak or flood as quickly as possible is important to mitigate serious damage. The ability to professionally monitor sensors in the home or at a business enables quick detection and notification of the incident once it occurs.
- **Asset Tracking** – For a business that transports goods and merchandise regularly, asset tracking is critical to their operations. Asset tracking with RFID tags or tiles for real-time identification and location of goods paired with professional monitoring will ensure that when a critical situation arises such as a theft or environmental disaster, the owner will be notified immediately.

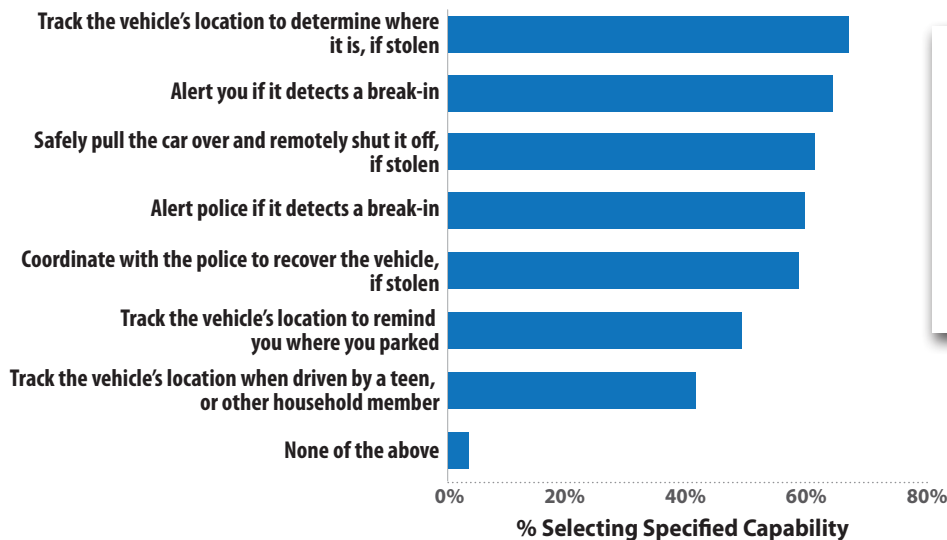
<sup>3</sup> <https://www.nfpa.org/News-and-Research/Fire-statistics-and-reports/Fire-statistics/Fire-causes/Electrical-and-consumer-electronics/Electrical>

<sup>4</sup> Youngalfred.com

**Car alarms are often ignored.** Notification of an alarm and alerting the police along with tracking and disabling a stolen vehicle make a highly credible offer to both consumers and businesses. Another important form of vehicle monitoring includes telematics services to provide automatic accident response in the event of a vehicle crash. Professional monitoring of telematics data enables the monitoring center operator to detect both the occurrence and severity of an accident to best respond to the scene.

## Desired Capabilities of Vehicle Monitoring Service

Among Home Security System Owners Interested in Vehicle Monitoring Service



Connecting a car alarm to a security monitoring service provides strong value to consumers.

## Conclusion

Professional monitoring delivers a strong value proposition to consumers and businesses that exceeds the standard benefits of IoT solutions—regardless of a power outage, offline network connection, or inability to respond to a sensor-based alert, someone is available to swiftly respond to an emergency.

**It is clear the professional monitoring market is expanding and these services are creating additional value in providing safety and security.**

To widen appeal and grow the subscriber base for professional monitoring services, providers must continue to message the value of 24/7 support, improvements in curbing false alarms, the importance of a filtering agent, and the benefits beyond the universally understood safety use cases that can encompass protection from fire and flood, health monitoring, energy usage, and even safety when traveling. In today's connected world, monitoring services can expand their scope to cover multiple aspects of the connected lifestyle and provide peace of mind across many use cases.



## About Rapid Response Monitoring

Rapid Response is a leading provider of professional monitoring services. Our fully redundant dual UL, FM and FDNY-certified monitoring centers are located in Syracuse, NY and Corona, CA and house rigorously trained and certified specialists providing those we protect with unmatched service. We specialize in leveraging our experience in protecting life and property and combining that with the technologies of today to develop customized interfaces, applications and workflows that are based on our Dealer's business, their customers' needs, device capabilities, and go-to-market strategy. As stewards of the industry, Rapid Response is committed to cultivating the future of professional monitoring through collaboration with partners, constant innovation, and our dedication to the protection of life and property. Our monitoring services include but are not limited to audio, video, GPS, PERS/mPERS, lone worker, mobile personal, IoT connected devices, residential and commercial protection which are augmented by advanced mobile connectivity for our Dealers and their Customers. [www.rrms.com](http://www.rrms.com)



## About Parks Associates

Parks Associates is an internationally recognized market research and consulting company specializing in emerging consumer technology products and services.

Founded in 1986, Parks Associates creates research capital for companies ranging from Fortune 500 to small start-ups through market reports, primary studies, consumer research, custom research, workshops, executive conferences, and annual service subscriptions.

**The company's expertise includes** the Broadband of Things (IoT), digital media and platforms, entertainment and gaming, home networks, Broadband and television services, digital health, mobile applications and services, support services, consumer apps, advanced advertising, consumer electronics, energy management, and home control systems and security.

For more information, visit [parksassociates.com](http://parksassociates.com) or contact us at 972.490.1113, [info@parksassociates.com](mailto:info@parksassociates.com).

## About The Author



### **Brad Russell, Research Director, Connected Home, Parks Associates**

Brad leads Parks Associates' connected home team, exploring leading-edge issues converging in the connected home—smart home devices and services, home networking, IoT data privacy and security, data-driven applications, and platform services. Brad's custom research work includes market sizing and forecasts, ecosystem and competitive landscapes, channel analyses, and go-to-market strategies. Brad balances the art and science of market research to generate insights that lead to more astute business strategy and value-generating practices. He has a background in marketing communications, technology startups, and online media.

Brad received his Bachelor of Science degree in advertising and marketing from the University of Texas at Austin. He also earned a M.Div. and a D.Min. with concentrations in ethics and cross-cultural collaboration.

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