



WHITE PAPER

# Smart Spaces: New Opportunities for Custom Integrators

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# Smart Spaces: New Opportunities for Custom Integrators

The opportunity for integrators beyond the home – in smart spaces of many kinds – is significant, especially as businesses in many markets look to technology for increased operational efficiencies and savings, as well as advanced safety and security functions. Custom integrators play a critical role in ensuring technology works as users expect, aligning thoughtful design, smooth installation, and a seamless user experience.

Parks Associates research finds that those with professionally installed smart home products give their devices higher Net Promoter Scores (NPS) than those who self-install, showing the impact of professional installation on smart home user satisfaction. There is strong demand for specialized integration services in education, multifamily housing, hospitality, and quick service restaurants – sectors that are increasingly adopting connected technologies.

Custom integrators' knowledge of technology products, networking protocols, and skill in making end-user applications work for unique customer needs are valuable for many customer types. Custom integrators are uniquely positioned to deliver tailored solutions that enhance user experience, optimize operations, and increase security across various sectors.

This white paper, sponsored by Nice, explores the significant growth opportunities for custom integrators beyond the residential market. It examines the specific needs of education, multifamily, hospitality, and quick service industries, showcasing the successful implementations and strategic insights on how integrators can expand service offerings to capitalize on these opportunities.

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# Smart Spaces: Opportunity Beyond Residential

The advent of new technology opens up a wide field of potential applications and use cases for many industries. Smart spaces, the use of connected sensors and the Internet of Things (IoT) within a physical location, offer a wide variety of benefits to sectors including industrial settings, municipalities, commercial buildings, schools and educational sites, multifamily housing, hospitality, retail, quick service restaurants, and many others.

These connected sensors and devices are at their most effective when they are integrated – with each other, with central control planes, and with a unified data repository that allows technologists to harness the full power of the information at hand. Custom integrators design, install, and manage audiovisual and home automation systems, ensuring that the technology experience is smooth and that products just work – and work together.

**Integrators are the experts that smart spaces need in order to operate at their most effectively.**

Custom integrators have capabilities and experience in the connected that form a foundation for wider business expansion beyond single family housing. Their experience in setting an internet connectivity backbone for devices, sensors, and networks is vital in transforming businesses and campuses into smart spaces. Many properties and businesses likewise demand expertise in automation, universal building controls, and aggregated insights.

**Custom integrators are uniquely positioned vis-à-vis their experience in professional installation and long-term support.**

## Defining the Internet of Things

The Internet of Things (IoT) is a network of devices that transfers data without human intervention. IoT devices possess sensors, processing ability, and software. As a category, IoT includes not just smart home products but also networked equipment of many types.

Parks Associates research finds that those with professionally installed smart home devices give their products higher Net Promoter Scores (NPS) than those who self-install. For example, those with professionally installed smart cameras give their cameras a NPS of 49 versus 41 for self-installed.

OPPORTUNITY AREA 1:

# Education Market

The US school system is a large market with a trillion dollar market value. According to the National Center for Education Statistics, there are over 129,000 K-12 schools in the United States, serving over 49.6M students<sup>1</sup>. The higher education market accounts for an additional 5,900 schools and 19M students.

Schools are increasingly investing in Internet of Things technologies for a wide variety of purposes, such as improving operational efficiencies, enhancing student learning, increasing energy efficiency, and containing costs. These investments were originally driven during the COVID-19 pandemic, when school shut-downs triggered a wave of Federal and state funding to upgrade school technologies, including campus networks. Increasingly, school safety is also a focus, as schools grapple with violence and mass shootings.

## Key School Technologies

### Traditional

- Computers, tablets, & accessories
- Networking equipment (router/gateways, extenders, mesh)
- Printers
- Smart TVs/monitors, projectors, smart boards
- Speakers, headphones, audio equipment

### Next-Gen IoT for Smart Spaces

- Access control systems
- Air quality tools
- Connected HVAC and smart thermostats
- Video surveillance & monitoring
- Water leak detection





The education market has unique considerations compared to other markets, especially for elementary schools:

### K-12

The K-12 market has special privacy and data security concerns and regulations that must be followed by both vendors and by school systems, including FERPA (Family Educational Rights and Privacy Act) and COPPA (Children's Online Privacy Protection Act) as well as relevant state and local regulations. Integrators must be prepared to follow these regulations and best practices to serve this market.



Schools follow an annual budgeting process and have a limited window for purchasing new technologies, which companies looking to serve this market must follow. Integrators must align their sales process with this timeline.



Install and support needs must be aligned with school schedules, including school days and the school year, in order to not be disruptive. Integrators should be aware that installation and support may not follow regular working hours.

The market opportunity presented by the education sector is enormous, but also bureaucratic and dependent on both local and federal players. Players that can successfully navigate school systems' bureaucracy, regulatory environments, and buying cycles stand to benefit.



CUSTOM INTEGRATOR SHOWCASE:

# Sound Concepts and the Northeast Rice Research and Extension Center



Sound Concepts, headquartered in Arkansas, is a custom integrator specializing in custom audio and video for both residential and enterprise settings. Every year, the business handles hundreds of custom integrations in settings ranging from banks to board rooms to stadiums. One of Sound Concept's recent projects includes custom integration for the University of Arkansas's recently opened Northeast Rice Research and Extension Center, a University research center focusing on agricultural research for the state's leading crop export: rice.

At the beginning of the project, the Arkansas Agricultural Experiment Station, the research arm of the University of Arkansas System Division of Agriculture, drafted up plans for the center's distributed A/V design. After winning the University's request for bids, Sound Concepts ran analyses on the Station architect's plans, and after substituting in Nice products, was able to reduce the project expenses by half of what was originally budgeted – a considerable savings for the University.



## Opportunity Area 1: Education Market

Sound Concepts installed distributed audio/video solutions across several areas of the campus, including adding digital signage in the entry, and a full A/V system with video conferencing into the exhibition hall and board room. The televisions – ranging from 85 to 100 inches, are supplemented by a 220 inch Sony laser projector, which is capable of taking content from the exhibition hall and displaying it in the hallway to serve an overflowing crowd. Another major feature of the new NE Rice Center is the demo kitchen, where university staff are able to simply press a button to livestream cooking classes or other demos directly to YouTube or Facebook. Staff are able to easily capture, stream, and even record video for postprocessing and later sharing.

A key selling point of Sound Concepts' design was the simplicity and universality of the Nice system and integration with Yealink's video conferencing solution. University staff are able to control the entire A/V solution from a single ecosystem and app, making the solution both easy for the University to maintain and for the end-user to operate. Another key selling point is the full remote support offered by Sound Concepts – as per the company, 99% of issues are resolvable remotely, allowing for rapid turnaround times for support tickets, and saving both time and expenses.



\*Northeast Rice Center's Greenway Equipment Exhibition Hall, with video wall, video conferencing equipment, and control panel installed by Sound Concepts. Photo provided by Sound Concepts

OPPORTUNITY AREA 2:

# Multifamily Housing

**Parks Associates estimates the total addressable US multifamily market at nearly 29M apartments and 10M condominiums.**

The multifamily market is highly diverse, consisting of a wide variety of ownership types, including privately owned family businesses, equity REITs, and publicly traded real estate companies. Most multifamily units are in low-rise or garden-style buildings, and we estimate that 6.75M units are in larger properties having 50 or more total units – these are the properties that are most likely to invest in smart spaces technologies.

**Property ROI** for implementing smart spaces technologies is high, provided that the right technologies are chosen. Solutions such as smart thermostats and water leak detectors have a direct impact to ROI and NOI, while access control increases efficiencies and improves safety.



Multifamily owners and operators are increasingly turning to technology to increase operational efficiencies, attract and retain residents, and increase Net Operating Income (NOI) and property value. Demand for solutions is high: in a Parks Associates 2024 study of 300 multifamily owners and operators, nearly 90% reported plans to deploy tested smart technologies in the next 12 months on at least one property they served.



## Opportunity Area 2: Multifamily Housing

Properties are investing in several specific technologies that drive value. These include video intercoms, access control systems, smart thermostats, water leak detection, and property-wide Wi-Fi. While these technologies are increasingly common in new construction, the vast majority of the existing multifamily housing stock are older properties that lack these solutions. With multifamily housing becoming more competitive as new inventory hits the market, these existing properties will need to evaluate their opportunities for retrofitting amenities or risk losing prospective tenants.

### Average Reported Impact of Smart Building Deployments

20%

**Increase operating efficiency**

18%

**Reduce operating costs**

16%

**Lower property insurance costs**

19%

**Reduce energy costs**

18%

**Reduce water costs**

21%

**Reduce safety / security incidents**

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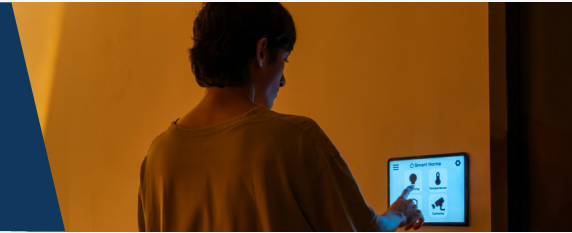
Another key trend impacting the multifamily market is the legacy copper telephone lines, also known as POTS, or Plain Old Telephone Service, lines. POTS and copper networks are being phased out in many regions of the United States, due to their high cost of maintenance and low rate of return compared to fiber, outside of several areas where regulators require they stay maintained. Multifamily properties are increasingly seeing the price of POTS service increase 4-5x per line, greatly increasing their operational costs, or even seeing their POTS service terminate entirely.



These POTS lines serve critical infrastructure in many multifamily properties including callboxes and intercoms, fire alarm panels, elevator emergency phones, and even older access control systems. Properties still using POTS lines must move to new technologies in order to avoid these cost increases, meet regulatory and safety standards, and continue serving their residents and staff. The retirement of POTS is likely to trigger a new round of upgrades in many multifamily properties as decision makers modernize these systems.

# Key considerations for custom integrators to consider

Property owners and managers demand that smart solutions integrate with their property management systems such as Yardi, Entrata, and RealPage. Many will not consider a vendor or solution unless they integrate with the PMS.



New construction projects oftentimes involve working with many different stakeholders from project start to finish, and the company that ultimately ends up operating the property long-term is oftentimes not the same company as the one that started construction. Properties may additionally change hands several times during the lifetime of a solution.

Owners and operators are interested in partners with a strong reputation, companies with long-term stability that are unlikely to exit the market, strong cybersecurity practices, and the ability to quickly and effectively resolve issues such as faulty equipment or outages. For smaller to mid-sized operators especially these factors matter more than a cutting edge solution.

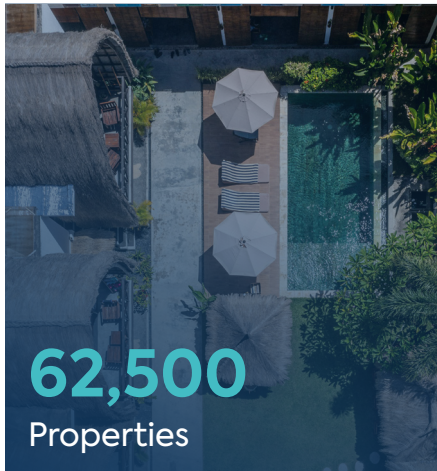




OPPORTUNITY AREA 3:

# Hospitality Industry

The hospitality industry is a major economic force in the US.



Revenue in the US hospitality industry exceeds

**\$100 Billion**

annually for the hotel market alone, with short-term rental platforms such as Airbnb generating additional billions.<sup>4</sup>

This market is investing in new technologies to enhance guest experience, improve business operations, reduce costs, and meet environmental sustainability goals.

IoT is being used to offer personalized guest experience through smart room keys and customized room settings. Access control solutions allow guests to more easily access hotel amenities while also providing greater security. Sensors monitor room occupancy and adjust heating, cooling, & lighting, leading to optimized energy consumption, reduced costs, and a more comfortable guest experience. The guest experience is increasingly driven by mobile applications, enabling remote guest check-ins, amenity reservations, & mobile payments.

Water leak detection and automatic water shut-off is of increasing interest in the hospitality industry, where incidents can lead to potentially millions of dollars of property damage. On a smaller scale, the cost of a single leaking toilet adds up over time: **\$840 per year, on average**. Compounded across a hotel chain's footprint, leak detection stands to add considerable cost savings.

# Key considerations for custom integrators to consider

Hotel ownership and management are fragmented, and new market entrants may find it challenging to find the proper sales channels or contacts to be added to vendor lists.



Cybersecurity is concerning for hospitality executives, with 37% reporting that they are extremely worried about cybersecurity and its potential impact on brand reputation. Concerns about IoT and smart device security has hindered IoT adoption in this industry. Having the proper certifications can help soothe concerns.

Hotels require prompt customer support and maintenance service, given the potential impact of misbehaving systems on guest experiences and the hotel brand.





## OPPORTUNITY AREA 4:

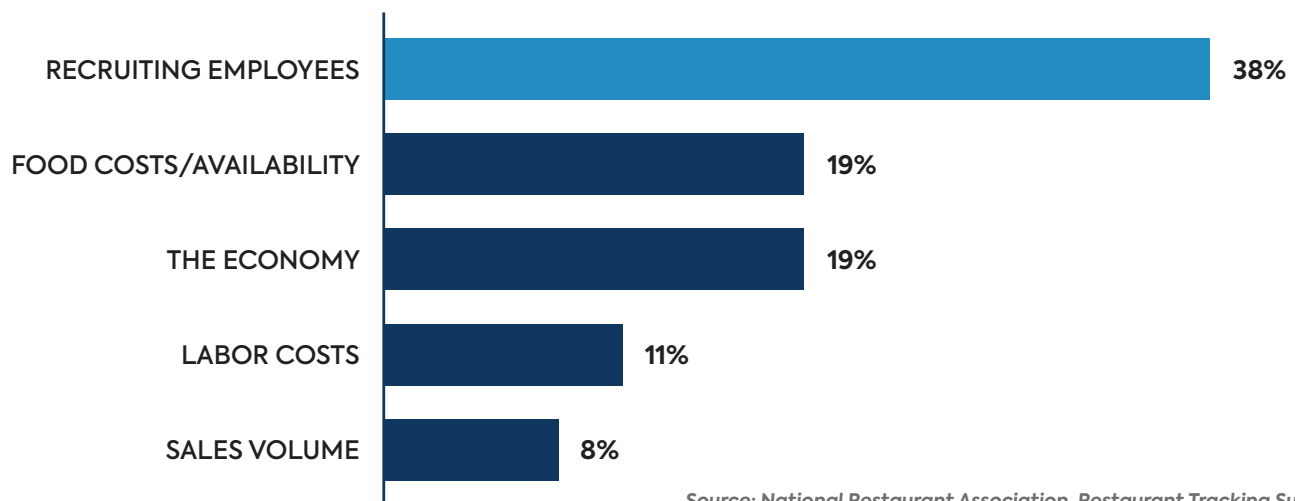
# Quick Service Restaurants

Parks Associates estimates that there are over 200K quick service restaurants (QSRs) – casual-dining restaurants such as McDonald's, featuring limited menus and fast and efficient service – in the United States. These restaurants compose roughly 40% of the \$1 trillion US restaurant market as measured by sales<sup>5</sup>. QSRs are on the leading edge of technology adoption in the food service industry and are uniquely positioned to benefit from technology investments, given their highly procedural methods of conducting business, including food preparation, taking orders, and serving guests.

QSRs are also dealing with a number of challenges, mainly related to overall costs. Both labor and food costs have increased, and customers are increasingly value-conscious. QSRs must now turn to cost cutting in order to offset inflation and grow their profits, or risk losing customers to their home kitchens.



## TOP CHALLENGES FACED BY RESTAURANT OPERATORS IN 2023



Source: National Restaurant Association, Restaurant Tracking Survey

QSRs deploy AI and IoT for automation of labor-intensive, expensive, and time-consuming tasks, as well as cost containment measures. Many of these investments are in the kitchen as well as integrated into the order-taking process. Automation is also used to gain visibility into operations, as well as for safety and regulatory compliance, such as using connected sensors to automatically record food temperatures.

Top areas of deployment in IoT include smart thermostats and smart lighting, automated kitchen equipment such as fryers with auto-oil recycling, self-cleaning appliances, digital inventory systems, and refrigeration monitoring solutions. During the pandemic QSRs began experimenting more heavily with personalized digital signage, self-serve kiosks, and AI order takers at drive throughs, with some locations experiencing high degrees of success.

## Key considerations for custom integrators to consider

QSRs oftentimes have a complex ownership structure, including independently owned operations, franchisers and franchisees, and corporate owned entities. The buying decision for onsite technology will vary by ownership model. Some franchises require that franchisees only work with technology vendors from an approved list.



With QSRs increasingly deploying technologies, integration into centralized systems and data repositories become progressively more important for vendor selection, following the trends set by other industries.



A high-angle photograph of a construction site on a rooftop. Several construction workers wearing hard hats and safety vests are standing on a flat concrete surface. In the background, there is a complex network of rebar and green plastic conduits laid out in rows, likely for a future installation of HVAC or electrical systems. The scene is brightly lit, suggesting a sunny day.

# Seizing the Opportunity: Strategic Approaches for Custom Integrators

Custom integrators (CI) have a generational opportunity to expand their reach to target non-residential markets. These small and medium size business markets are large and dynamic, with needs that CIs are uniquely positioned to solve. While each market is unique, several common technologies – smart thermostats and energy management solutions, access control, video surveillance, and water leak detection – are highly useful across multiple industries.

By diversifying client bases and leveraging expertise in automation and connected systems, integrators can capture a share of this lucrative market, positioning themselves as essential partners in digital transformation initiatives across industries. Expertise in serving the residential market translates well towards serving other verticals, with CIs well-versed in installing and integrating these highly desired solutions. CIs have a right to win.

Moving into commercial markets offers integrators a path to higher revenues, as budgets in sectors such as multifamily, hospitality, education, and QSRs significantly outpace typical single-family residential projects. Multi-property contracts and corporate equipment installations can generate steady, recurring income, with clients often prepared to invest in comprehensive maintenance and technology refreshes.

In the commercial space, custom integrators find not only high-value projects but also a strong demand for comprehensive service and maintenance agreements. Unlike single-family residential clients, commercial customers rely heavily on uninterrupted functionality for connectivity, security, and access control, making them more likely to invest in ongoing support. By offering tiered maintenance plans, regular system checkups, and rapid-response services, custom integrators can build predictable revenue streams and deepen client relationships, establishing themselves as critical partners in the technology lifecycle management for commercial properties.

## About Parks Associates



www.parksassociates.com  
info@parksassociates.com  
972.490.1113

Parks Associates, a woman-founded and certified business, 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 new media, digital entertainment and gaming, home networks, internet and television services, digital health, mobile applications and services, consumer apps, advanced advertising, consumer electronics, energy management, and home control systems and security.

## About Nice North America



Nice is a global leader in Home and Building Management solutions, and a leading manufacturer offering a complete ecosystem of integrated products for smart home management, security and automation, perimeter access, protection and control, sunshade solutions, energy management, and whole-home entertainment. The company leverages the expertise and innovation of its global network to expand its portfolio of connected technology and deliver high-quality customizable solutions that seamlessly integrate into everyday lives. Today, Nice spans five continents and owns more than 14 R&D centers and 13 production plants serving its partners and customers across 100 countries. For further information, visit [www.niceforyou.com](http://www.niceforyou.com).

## About the Author



### Kristen Hanich, Director of Research, Parks Associates

Kristen Hanich heads Parks Associates' consumer electronics and mobility research, with expertise in other verticals including connected cars, mobile networking, healthcare, wellness, and independent living. She leads a mix of custom and syndicated research projects throughout the year, with a focus on major players and emerging trends. Kristen specializes in bridging the gap between data-driven and narrative approaches to understanding the consumer markets via a mix of qualitative and quantitative research approaches.

Kristen has dual master's degrees in applied anthropology and public health from the Universities of North Texas in Denton and Fort Worth. She earned her BSc in health at the University of Texas at San Antonio and has a graduate certificate in Geographic Information Systems.

<sup>1</sup>[https://nces.ed.gov/programs/digest/d22/tables/dt22\\_105.50.asp](https://nces.ed.gov/programs/digest/d22/tables/dt22_105.50.asp)

<sup>2</sup>[https://www.ahla.com/sites/default/files/impact\\_report\\_2023.pdf](https://www.ahla.com/sites/default/files/impact_report_2023.pdf)

<sup>3</sup>[Bureau of Economic Analysis](#)

<sup>4</sup>[Statista](#)

<sup>5</sup>[Kroll](#)

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### ATTRIBUTION

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# RESEARCH, CONSULTING, & MARKETING SERVICES

for the Connected Home,  
Multifamily and SMB Markets

With over 35 years of experience, Parks Associates is committed to helping our clients with reliable and insightful consumer and industry research.



Streaming & Pay TV Services



Connectivity & WIFI



Home Networks & Support Services



Independent Living & Wellness



Smart Home Devices



Home Control & Security Systems  
Platforms



Consumer Electronics



Energy Efficiency & Management



Wearables and Mobile Devices



Multifamily Living



Hospitality



Software & AI



Standards & Interoperability