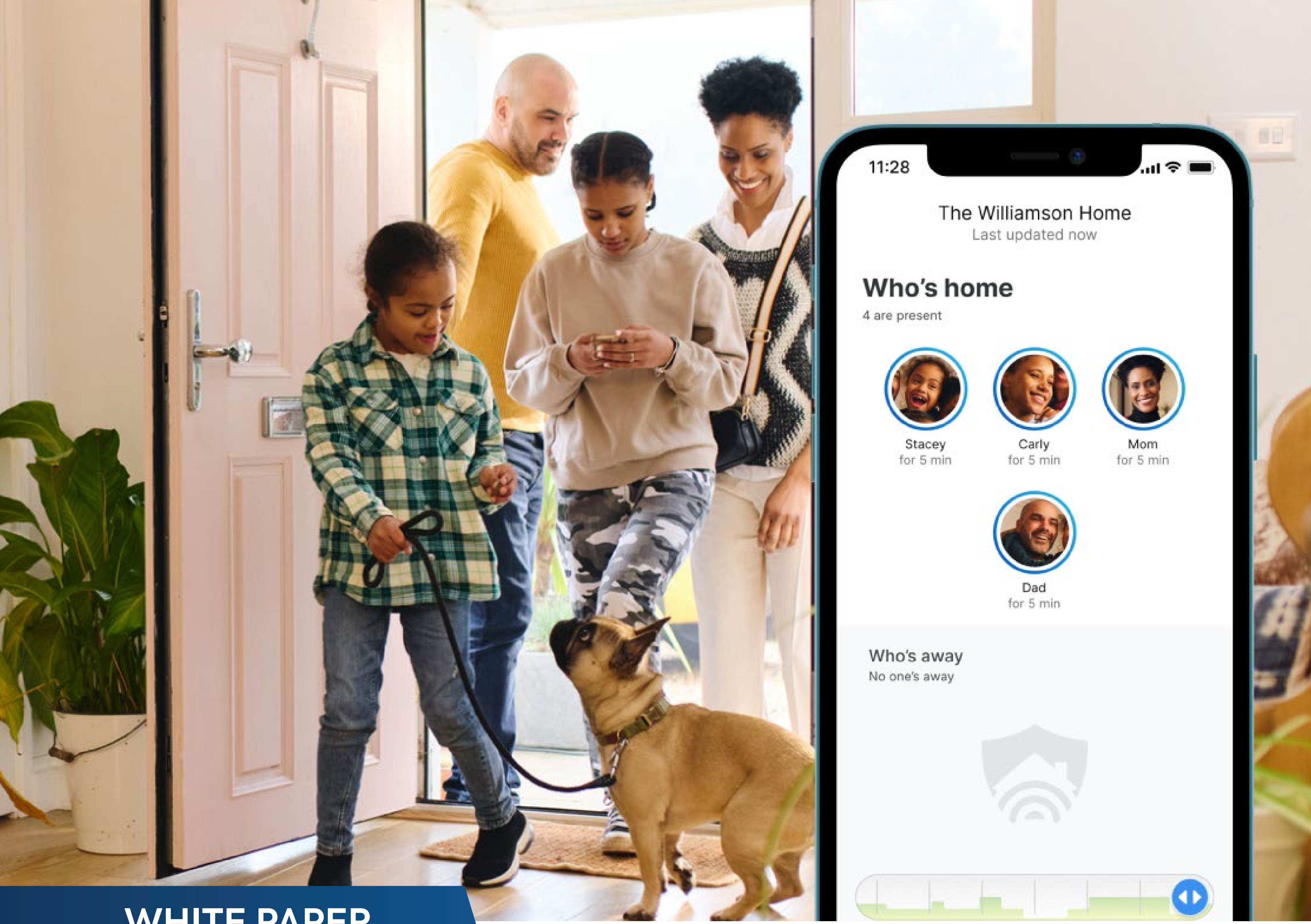

WHITE PAPER

Home Security Reimagined: Intelligence over Hardware

PARKS ASSOCIATES IN PARTNERSHIP WITH: ublety

Home Security Reimagined: Intelligence over Hardware

For decades, home security has been synonymous with professional monitoring services enabled by control panels and hubs, motion sensors, and a public-private partnership between security companies and first responders. This traditional model, built on expensive hardware installations and long-term service contracts, has shaped the industry's economics. As consumer expectations shift and technology advances, this approach is becoming increasingly ineffective. The high upfront costs, fleet installations, and maintenance demands of legacy security systems are challenged by new software-driven solutions that offer greater flexibility, scalability, and cost-effectiveness. The industry is undergoing a fundamental transformation — one where security is less about physical devices and more about intelligent, adaptive solutions that expand beyond the doors and to the perimeter, as well as integrate other ecosystems in the home.

One indicator of this shift is the movement of functionality from the security panel to software or embedding functionality within existing infrastructure— routers, smart plugs, and cloud-based platforms — shifting hardware dependencies and moving communications to a central hub. This shift presents both challenges & opportunities. Outdated hardware models risk obsolescence. This whitepaper explores the forces driving this transformation, the economic & technological shifts reshaping home security, and the steps the industry must take to remain relevant in a world where the value of home security shifts to intelligence & new applications.

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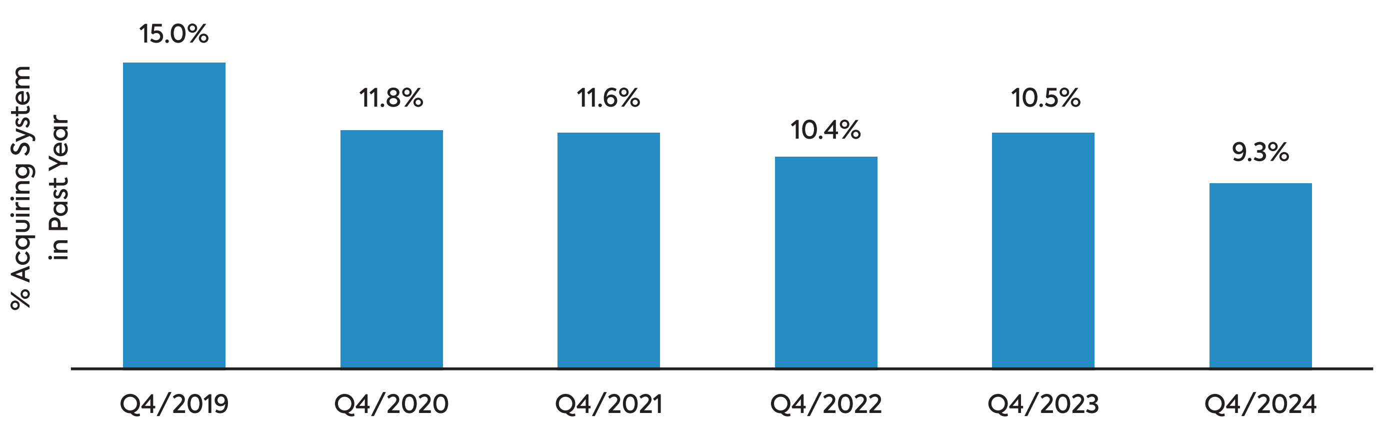
Shifting Landscape of Home Security Systems

The Traditional Model of Home Security

The traditional model of home security revolves around physical hardware: security panels and hubs to arm/disarm the system and control communications, sensors that detect intrusion, and expensive hardware installations around the home. However, equipment costs, fleet installations, and long-term maintenance result in high upfront costs for consumers and substantial OPEX costs for security providers.

At the same time, the slow housing market, depressed consumer spending, and more affordable alternatives like stand-alone smart video devices are having an impact on security system sales. Ownership of pro-install, pro-monitored systems is essentially flat over the past two years and down from pandemic highs. Parks Associates research reveals less than 10% of security system owners reported purchasing their system in the 12 months prior to the survey, reflecting low sales in 2024, a nine-year low.

Home Security Systems Acquired in Past Year



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Leading security providers are growing their business by acquiring accounts, increasing service prices, and attaching smart home devices to increase the system sale. While better monetizing the existing subscriber base remains a strong strategy for security providers, attracting and onboarding new customers is essential for sustained growth and long-term market success. Equally as important is re-evaluating the cost of hardware and the value the equipment is providing relative to its cost. **Providers must be able to deliver a security experience that attracts and retains customers at a cost that is competitive with alternatives on the market but with an approach that ensures margins are strong enough to sustain the business.**

The Disruptive Shift: From Hardware to Outcomes

With more choice than ever in security solutions, consumers expect smarter, more efficient, and less expensive solutions. Systems with extensive installations drive up costs for consumers and dealers. This includes wiring and truck rolls as well as more invasive and expensive costs associated with retrofits. This puts the onus on security providers to delight their customers and meet growing expectations around technology experiences.

The need for lower costs and more efficient security solutions is triggering a re-evaluation of where the most value lies in security systems, particularly as software-based solutions enhance scalability and reduce costs for both providers and customers.

The value of security devices and systems is in the benefit they provide – the use case unlocked, rather than the hardware itself.

Functions that can be virtualized into software (e.g., knowing that someone is home, knowing who that someone is) or combined into multi-functional hubs (e.g., detecting environmental inputs like light, temperature, humidity), are most likely to shed their hardware casing.

THE "A-HA" MOMENT:

Security Panel Transformation

The wired wall-panel is a staple of the home security industry, but more and more players are offering wireless hub alternatives. This shift to a hub (stand-alone or embedded in another connected device) instead of a traditional panel creates industry-wide ripple effects — both opportunities and challenges.

OPPORTUNITIES

- A stand-alone hub can be self-installed, or result in less time spent on-site by professional installers
- The controlling software can be embedded in other/existing hardware in the home, removing the need for a hardware hub/panel entirely
- Enables providers to better compete on price

CHALLENGES

- Stand-alone hubs offer a cost advantage over panels, but have yet to provide "new outcomes"
- Lowers barriers to competition, in an increasingly crowded marketplace
- Operational modernization is difficult, especially for local dealers
- Some consumers may prefer to have a traditional wall panel experience

Reevaluating Legacy Security Technology

Security providers must re-evaluate their portfolios to scrutinize the value provided by panels, sensors, and other equipment – and whether a better job could be done more efficiently by software – and at greater scale.

Devices that generate outcomes that can't be replicated via software alone—such as producing light, physically opening or securing a door, or generating images and video—are the least likely to be virtualized.

Minimizing the use of hardware for knowing things (sensors, keypad input, etc.) means consumers can spend on hardware with functional benefits: door locks, video cameras, thermostats, lights. These devices are also some of the most popular to attach to security systems. Cameras are the top devices that consumers add to a security system after the initial system is acquired and installed, and the percentage of security system owners adding smart locks and smart lights after the sale has grown three years in a row. These device types all add distinct – hard to virtualize – functionality and value.

Even so, thinking broadly, much of what cameras are used for today – detecting presence, confirming identity, providing context – can increasingly be provided by alternative intelligence solutions, more affordably, and at scale. A forward-looking security strategy considers what cameras are necessary for and whether software-defined context could provide the same valuable information about what's happening in/around the home without the hardware costs, opening deep contextual value even for security packages without

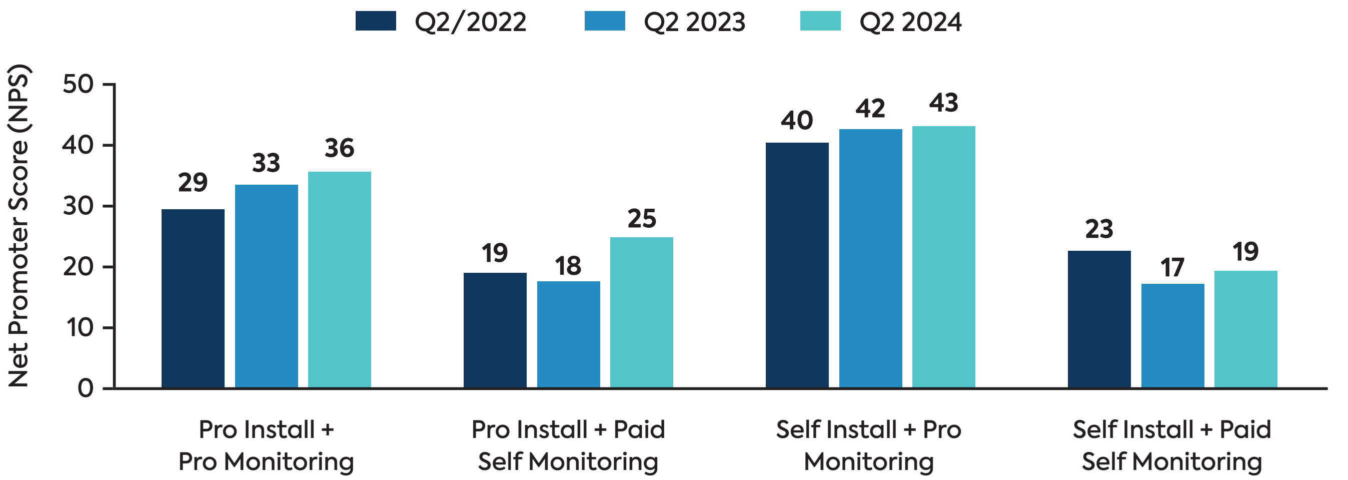
Assessing ROI: Building the Value in Home Security

The core value of home security solutions lies in the peace of mind they provide. While features like emergency response, intrusion detection, and 24/7 monitoring are important, what consumers are truly paying for is confidence that they know what is happening at home, that their homes and households are in their control, and they can get help in an emergency. The sense of safety, trust, and control is what truly defines the value of home security.

The Value of Emergency Assistance

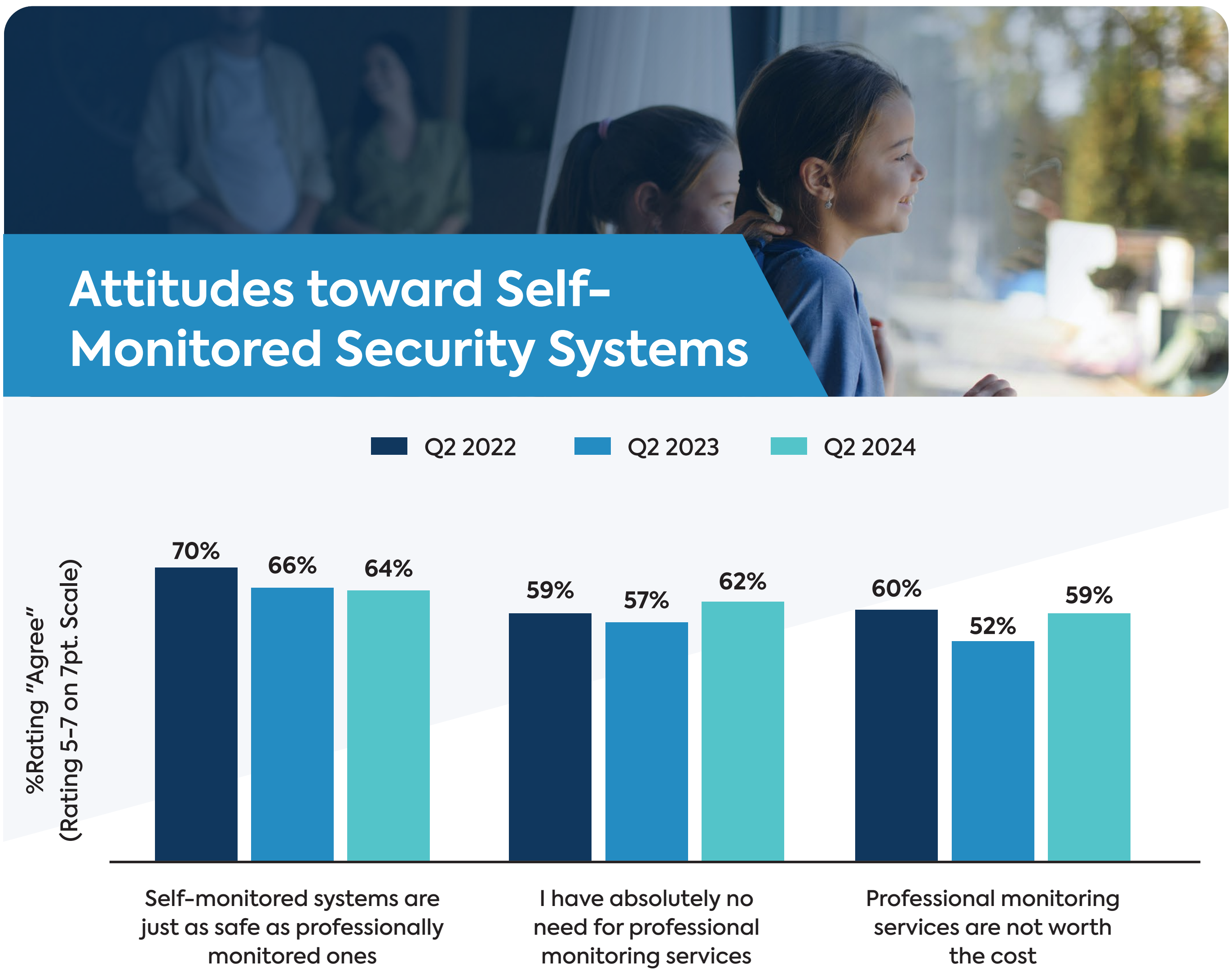
Consumers expect and are paying for fast, meaningful response during emergencies. Security system users confirm pro monitoring is a superior customer experience and that sentiment has grown over the past few years. Regardless of installation method, those with paid self-monitoring of systems are less satisfied than households with professional monitoring. The trade-offs a customer must make to get "good enough" security may be too much.

Security System Service Provider NPS



Most self-monitored system users feel their systems are just as safe as professionally monitored ones – but that sentiment is waning. In order to upgrade self-monitoring subscribers to higher-priced pro tiers, the differences between services must be crystal clear. Additionally, professional monitoring may need to expand beyond its core emergency services value proposition to move these types of subscribers to a pro service.

Moreover, false alarms, alert fatigue, and municipal limitations undercut the core value of professionally monitored systems. If law enforcement doesn't respond to an alarm, then customers question the value of pro monitoring. The industry is responding to this with the AVS-01 standard and alarm verification processes. Systems and services that do not incorporate next-generation verification techniques will fall far behind their competition and eventually become completely antiquated.



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The Value of Home Awareness

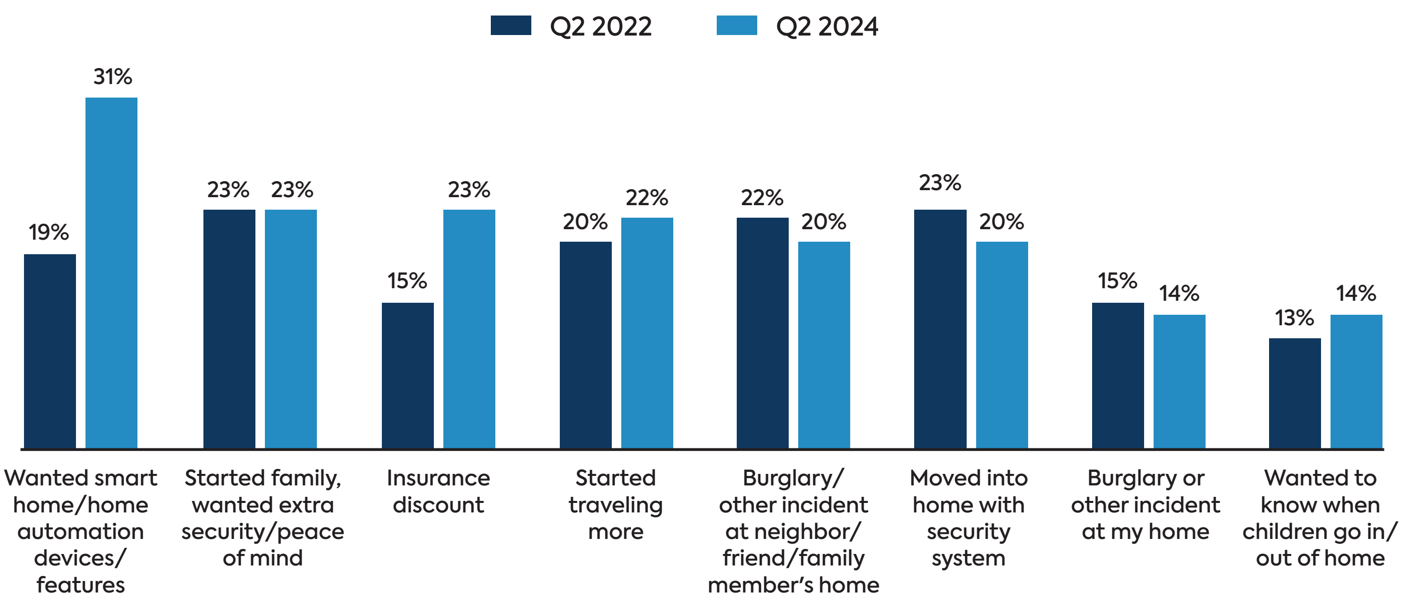
Consumers want to be aware of what is happening in their home: *who is home, is there something wrong, is someone there that shouldn't be, is my home functioning optimally, how can I save money and/or time?* To date, many of these questions have been solved by point solutions, or add-on devices. The next generation may need far less hardware to provide the same benefits.

The desire for smart home benefits is the top purchase trigger for security systems. Demand for home automation is getting stronger as seen both in this trending view and when considering age of system.

- 31% select smart home benefits as a purchase trigger in 2024 vs 19% in 2021
- 38% of security system owners who purchased their system in the past 2 years cite demand for smart home features as a purchase trigger compared with just 22% of those whose systems are 5 years old or older.

Security providers who do not already message home awareness and automation as a major (if not the primary) benefit of home security systems, may be missing out on the most powerful messaging to relate to today's buyers. A variety of secondary triggers are also important, including lifestyle changes, insurance discounts, and local crime, but the value of a home security system to know who is home, what is happening in the home, and to give the residents control and support to adapt to changing conditions is now central to the home security value proposition.

Triggers for Security System Acquisition



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Expanding Value: Unlock Software-Driven Experiences

Security providers have a significant opportunity to expand their value by offering premium software-defined solutions that enhance protection, convenience, and connectivity—both within the home and across the broader smart living ecosystem.

PERSONAL SECURITY

Securing the person in and out of the home, through mobile and wearable apps

SAFETY

Detecting fire, gas, stoves left on, monitoring of pool area, falls, lights come on as you approach door

ASSET PROTECTION

HVAC operation, appliance operation, water monitoring; use cases that provide peace of mind for their largest investment (the home) the largest purchases in the home (HVAC/appliances), and insurance cost savings.

ECOSYSTEM VALUE

The intelligence, context, and control providers offer are valuable to other ecosystem players, not just consumers. Technology solutions can help skilled trades evolve their own services with next-generation or premium tier service levels. Offer companies in the HVAC, plumbing, electrician, and pool services industries new ways to connect with and support their customers, generate leads, and smooth out seasonal spikes in business.

ISPs and mobile carriers have a strong opportunity in the future of the smart security space, as they are uniquely positioned to integrate security services seamlessly into the home ecosystem, offering added value beyond basic internet and mobile plans. Traditional security players can take a page from the telco playbook in offering bundles of services and tiers of value to reach an even broader customer segment and make services stickier.

Adapt to Survive and Thrive in a Shifting Market

Legacy security models will not survive unless they adapt. Companies that fail to recognize this shift risk obsolescence — those who embrace it will thrive.

Re-evaluate Sources of Value and Cost

DIY systems and devices are capturing the growth in the current market. Parks Associates forecasts stronger growth rates for self-installed systems and devices than professionally installed systems through 2029 as DIY systems are easily accessible, available online and in-store with transparent pricing, and affordable.

Security providers must get more competitive with a more compelling value proposition while reducing their own costs, which will translate to lower prices for consumers. One way to bring down costs is to scrutinize the value of security-specific hardware. Security sensor, compute, and communication needs can be embedded in devices people already own, including routers, thermostats, plugs, hubs, smart TVs, streaming media players, and more. This eliminates unnecessary, expensive hardware and integrates security into everyday or multifunctional devices.

ubiety

PRESENCE VERIFICATION THROUGH SOFTWARE INTELLIGENCE

Ubiety Technologies is flipping the high price / low value mismatch offered by conventional security systems. Conventional security relies on expensive panels and hubs to install. Ubiety, the innovator in AI-driven security intelligence, delivers high value, low cost presence verification through its Halo Connect plug-and-play device, while also enabling software integrations of additional presence detection solutions directly into Halo Connect. Ubiety brings situational awareness to homeowners and law enforcement by directly integrating with monitoring centers. Eliminating false alarms, scoring alarm threat levels, and no more expensive equipment.

Enrich Core Competencies to Differentiate Pro Monitoring

Professional monitoring is challenged to continue to prove its value with low-cost monitoring providers undercutting established players and many municipalities de-prioritizing police response to home security system alarms.

To stay competitive, security providers must invest in their core competencies and focus on what they can do better than their smart home competitors: system integration, interoperability, and premium monitoring services. While smart home players are betting on the commoditization of monitoring, security providers can position professional monitoring as the central point of value and build a strong competitive advantage around it.

As the industry shifts towards software-based solutions, AI-driven technologies are redefining home security by enabling scalable, intelligent monitoring that goes beyond traditional motion detection—delivering real-time threat analysis, false alarm reduction, and predictive alerts across thousands of connected homes. These capabilities can help build a moat around professional monitoring to clearly differentiate it from DIY alternatives.

Embrace adaptive alarm response: verify security events dynamically through APIs with home intelligence platforms

Shift towards software-based presence verification: improve accuracy and trust, with minimal hardware

Leverage AI to scale monitoring where human-monitoring would be cost-prohibitive to do so

The future of home security lies in smarter solutions, not more hardware. As the market evolves, the industry must move beyond the legacy model of threat detection to deliver adaptive, intelligent systems that enhance home awareness and integrate seamlessly into the broader connected ecosystem. Security is no longer just about deterring intruders—it's about empowering households with knowledge, control, and peace of mind.

With a new approach, security providers can build a future where security is smart, contextual, and built into the very fabric of the modern home. **Providers who embrace software-defined value, invest in differentiated professional monitoring, and meet consumers where they are—at the intersection of convenience, cost-effectiveness, and intelligence—will lead the next era of secure, connected living.**

About Parks Associates

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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 Ubiety

Ubiety develops solutions that enable situational awareness for residential, commercial, and government security applications. Ubiety can sense, categorize, and identify people and their presence in a location using the devices they are carrying. Ubiety's proprietary AI engine ingests high-velocity radio frequency data and generates real-time inferences about a person's identity using only passive RF signaling (wifi, Bluetooth, and cellular). This unique dataset can significantly reduce false alarm rates by providing the context necessary to augment alarm monitoring providers' confirmation, verification, and notification procedures. Learn more: www.ubiety.io.

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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.

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- Energy Efficiency & Management
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- Multifamily Living
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