

MARKET PERSPECTIVE

Signify's Interact Pro: Smart Lighting for SMEs

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EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: Signify's Interact Pro – Smart Lighting for SMEs

This IDC Market Perspective explores Signify's latest offering for the small and medium-sized enterprise (SME) market: InteractPro. This cloud-based solution uses Internet of Things (IoT) technology to address some needs of end users (SMEs), as well as installers and distributors: simplification of the installation process, personalization of lighting environments, energy-related cost control, and remote monitoring, among others.

Key Takeaways

- Signify's ability to respond to customers needs and feedback with the solution.
- Signify understands the key role installers and distributors play in the value chain and they have ensured the solution can also help simplify their job.
- The solution is not dependent on additional hardware, and the associated application facilitates its use and adoption.

Recommended Actions

- Signify should consider expanding the solution to non-Signify equipment by making it available to other equipment providers.
- Signify should continue to focus on supporting the installer and distributor network by providing continuous training and support.
- A continuous analysis of data collected by devices and the app, Signify and its distributor network have access to significant insights from customers behaviors and preferences. In the medium term, Signify must ensure it incorporates these findings into the design process and derives an optimized customer experience, as well as new products and services.

Source: IDC, 2019

NEW MARKET DEVELOPMENTS AND DYNAMICS

Interact Pro: Connected Lighting for SMES

With 2018 sales of €6.4 billion, approximately 29,000 employees and presence in over 70 countries, Signify provides lighting services to corporations, professionals, and residential users.

Previously part of the Philips group, the organization became a separate company in 2016, listed on Amsterdam's Euronext Stock Exchange. The company continues to use the Philips brand for its products under an existing licensing agreement with Royal Philips. In May 2018, the company rebranded to Signify.

Signify's offer spans from professional lighting products and systems (including the platform, hardware, and software) for consumers and corporate customers to professional services (including maintenance, analytics, and other value-added services). Its connected lighting systems and data-enabled services offering operates under the Interact brand.

The Interact proposition uses IoT technology to provide smart lighting connected solutions to business owners. In particular, Interact Pro launched at the end of 2018 is aimed at SMEs and family businesses. The solution is the clear result of an organization listening to end users and channel partners to fulfill customer needs: Signify's electrical distributors urged the company to offer connected solutions as a response to requests from their own installers, which in turn were being asked by end businesses interested in what connected solutions could do for them.

ADVICE FOR THE TECHNOLOGY SUPPLIER

Simplicity for Users and Installers

According to IDC's 2018 *IoT Decision-Maker Survey*, budget constraints have become the second-largest challenge to deploying an IoT solution – 21% of European organizations with less than 500 employees quote upfront costs as a challenge holding back or slowing progress on IoT deployments, and 19% mention ongoing costs such as connectivity and software fees related costs. Signify was particularly aware of the top limitations that SME organizations and electrical installers faced: cost limitations, need for simplicity of use, and easy installation. The need for simplicity includes simplicity of deployments – cable wiring can often be costly and invasive – and simplicity of maintenance, to reduce the need for qualified installers in the medium and long term.

To provide the simplicity required by this particular group of customers, Signify has devised Interact Pro: the first cloud-based solution for SMEs, offering wireless installation. This is important in an environment where minimizing the amount of necessary cables and wires and where simplification of the implementation and maintenance processes are welcome.

Simplicity of Installation: Key to its Success

Signify has kept the installation process relatively simple, with installers placing the Interact Pro gateway and connecting it to the luminaire, power supply, and Ethernet (through the SME's existing router) by following a few simple steps.

In the case of retrofitted equipment, no additional hardware is needed. The sensors and switches do not require additional hardware either as they can be mounted simply wherever necessary (ceiling, wall, desk, etc.). Finally, the Interact Pro App runs on smartphones with iOS and Android.

By simplifying the installation process, Signify reduces the need for additional connectors, command boxes, and other items needed with previous systems (e.g., DALI, KNX). The cost of the gateway is in the hundreds of euros, which can be easily justified by cost savings related to the simplicity of the installation (no need to knock off walls, install cables, drill holes, etc.) and related value added to the new Interact Pro system and its benefits. Commissioning times can be reduced from two days to only a couple of hours, adding significant agility to customers' requirements.

The system has a limit of 50 accessories per gateway, with a maximum of 30 sensors within those 50. These specifications, however, should be sufficient for a great proportion of SMEs'

requirements. The Interact Pro system also provides security capabilities beyond hooking up to the existing router: Interact Pro has its own security capabilities where there is a security check on the cloud every few seconds.

Finally, Signify has been heavily involved in providing a series of Interact checklists and guides for SMEs as a way of supporting the process and ongoing usage, as well as having invested heavily in training installers themselves to ensure they are fully equipped when bringing up solutions to the users. For this alone, Signify has created an online platform to provide modular training to installers on a regular basis, available worldwide.

Business owners have flexibility to select specific employees to access the business portal. These employees then gain control of lighting surrounding their desks/working places and have flexibility to modify a number of parameters such as light intensity.

Interact Pro's software and applications work directly with Interact-ready devices. The solution offers a dashboard and app to facilitate management of SMES' connected lighting systems. Businesses can adapt, automate, and monitor light conditions within the building in real time. The business owner has access to the dashboard and can equally modify settings, creating specific zones/areas, lighting requirements, and parameters based on schedules and business needs.

The solution is devised as a mass-market, affordable proposition for small organizations – a maximum of 200 light points and spaces below 10,000 sq. m – without their own IT department, enabling business owners to minimize IT-related needs for its installation and maintenance. It is served and advised by installers that, in turn, source via electrical distributors. Spaces are not limited to office surfaces and include parking facilities, storage areas, meeting rooms, and auditoriums.

Apart from providing employees with the ability to personalize specific lighting qualities, Interact Pro offers a wider range of features around building automation such as occupancy sensing, daylight sensing, and scheduling, as well as some limited diagnostics options such as power reporting and remote diagnostics when faults occur. The solution also provides preventive maintenance, so users can see how much life is left in luminaires, hence helping plan any necessary maintenance in advance.

By offering information on areas such as diagnostics, personalization of features, and energy consumption, the Interact Pro can significantly reduce the need for maintenance support from installers. Equally, by making this same information available to the installer base, it enables installers to take proactive actions and engage with business owners on more preventive conversations, hence having a direct impact on improving customer experience and satisfaction. In some instances, faults can even be repaired remotely, minimizing intrusions and the need for installers' presence altogether, significantly reducing installers' costs related to field workers and engineers.

At the moment, the solution only works with Phillips's own devices – which could prove a limitation in the longer term but should facilitate its adoption in the early stages and offer a level of control to the different players involved (Signify, installers, distributors, and end users). However, Signify should consider expanding it to non-Signify devices in the future.

Changing the Business Model

Interact Pro is currently being sold entirely as a product, with all required hardware in a box at wholesale prices. However, there will be a unique option available for installers in 2019, where – for a monthly fee – they can obtain live data and gain remote access to an installation they might have done. The dashboard in this case includes health checks, alerts, energy monitoring, remote

adaptation of the settings, and so on. This option will be available for trial for the first five months and five projects.

Signify perceives Interact Pro as a first step toward a change in its business model and the way it interacts with installers and users. By offering a free app, Signify can gather information directly from users, gaining visibility on usage patterns and preferences, which would in turn help in the production and design processes.

On the other hand, the new model would enable partners and installers to offer value-added services to users, as well as grant remote access to information collected from the system, helping them plan repairs, maintenance visits, and ultimately help manage resources more effectively. They can also provide improved customer experience and increased customer satisfaction.

IDC views Signify's Interact Pro offering as a potential game changer for the SME market, capable of approaching the needs of distributors, installers, and end users. Signify and its partners (installers and distributors) have access to a substantial amount of data from the solution – they must ensure this data can provide insights to drive better customer experience and further innovation in terms of improved designs, products, and services for end users.

Early Results

Interact Pro has been installed in 108 countries across the globe and initial feedback from customers has been positive. The benefits relate to efficiency gains on energy consumption, for example, as well as to the noticeable effect of the new features within the working environment.

Furthermore, initial reactions from installers and distributors have been equally encouraging, with usage stats among installers increasing daily and a number of distributors having embedded the solution in their own websites, customer-facing materials, and ongoing conversations with customers.

LEARN MORE

Related Research

- *European Consumer Connected Home Security Market Overview* (IDC #EMEA43957519, April 2019)
- *European Internet of Things Best Practices: Becoming an IoT Hero in 2019* (IDC #EMEA44856719, February 2019)
- *IoT Opportunities and Trends in Western Europe, 2018: Understanding the Differences* (IDC #EMEA44416718, November 2018)

Synopsis

This IDC Market Perspective explores Signify's latest Interact proposition, which uses IoT technology to offer smart lighting connected solutions to business owners. In particular, Interact Pro was launched at the end of 2018 and is aimed at SMEs and family businesses. "The solution is the clear result of an organization listening to end users and channel partners to fulfill customers' needs, and it is a potential game changer for the SME market, capable of approaching the needs of distributors, installers, and end users" says Marta Muñoz, European research director and IoT Practice lead.

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