

Gadgets are getting smarter – Perry Sioshansi’s Letter from America

Every year hordes of people gather in Las Vegas for the Consumer Electronic Show (CES). This year was no exception with 4,000 companies showing their latest gadgets to 150,000 delegates from 100 countries between 8 and 11 January.

For the past few years, all sorts of smart devices have dominated the show – and they are getting progressively smarter and increasingly connected to other smart devices in the home, office, factory floor, cars, or whatever. And this year’s CES was dominated by two competing tech giants Amazon and Google, each featuring their voice-activated smart assistants – which are getting more useful, more ubiquitous – and potentially more invasive – as time goes on.

Why talk about gadgets in a newsletter about energy? Because gadgets use electricity and if they are smart and connected, they can be better controlled and managed. No matter who makes the gadgets, they are likely to be voice-activated and compatible with Amazon’s Alexa or Google’s Assistant – or both.

At the core of the smart gadget revolution is that users can simply say play Chopin or Rossini, raise or lower the thermostat, turn on, off, or dim the lights, lock the front door, close the window shades and much more without having to type in any commands, touch any screen or even move a finger.

Voice-activated is the latest rage and Amazon, currently the leader, is trying to keep it simple and hassle-free by offering a chip, which can be added to almost any electronic product enabling it to seamlessly and wirelessly communicate with Alexa thru the Alexa Connect Kit.

Not to be outdone, Google has just released its own version, the Google Assistant Connect. It is fair to say that as time goes on, most electronic devices from refrigerators to toasters will have such chips built-in, allowing them to wirelessly connect to an Amazon or Google’s voice activated device. Amazon enjoys 41% market share in global smart speaker business followed by Google with 28%.

As it often does, Amazon took a lead in 2015 by introducing the Echo speaker with the aim of working – or forcing – appliance and electronic manufacturers to make their hardware compatible

with Alexa, leading to the rise of network-enabled microwaves, washing machines, thermostats, light bulbs and TVs, among other devices. It followed in 2016 by releasing a set of programming tools for developers. Google, followed in 2016 – realizing this was an opportunity it could not afford to miss – while Apple initially fumbled with its rival HomeKit, which originally had to use a proprietary chip in their products. It lost valuable time and market share.

According to Canalys, a market research firm, together Amazon and Google probably account for 80% of the smart speakers sold in the US and 60% of global sales. Apple is trying to catch up. Voice-activated gadgets wirelessly communicating with a smart device have emerged as the standard in smart homes, offices and cars. Voice offers an easy and handsfree means of communicating – as simple as “Alexa, turn on the TV”. Moreover, as the technology improves to better decipher speech, voice-enabled gadgets become easier to use.

What is there not to like? Privacy. For personal assistants like Alexa to be effective, they must be on at all times – constantly listening and ready to respond to commands. They get better at providing personalized services the longer they’ve been around and the more we use them. In view of recent scandals of breach of private data by Facebook and others, many consumers may balk at having such intrusive devices in their homes – which defeats the entire game plan.

But assuming that the privacy issue is not a showstopper, it is easy to imagine a future where virtually every appliance and gadget in new homes will be smart, voice-activated and connected. This will enable an aggregator or intermediary – perhaps Amazon, Google or Apple – to go a step further by managing all the energy-consuming assets in the building, including the solar PV panels on the roof, the battery and/or the electric vehicle (EV) and the charger in the garage.

Tomorrow’s smart home is now finally coming clearly into view.

Perry Sioshansi is founder and president of Menlo Energy Economics and is the editor and publisher of EEnergy Informer, from which we have sourced this article, and which we commend.