

Sent: 02 February 2006 16:57
To: IT Strategy Project Team
Subject: Comment on Transformational Govt : TAHI Broadband
Commercialisation

Dear Project Team,

The Application Home Initiative (TAHI) has been working with DTI support for some time to accelerate the take up of products and services into the home sector. We have carried out research and run DTI sponsored trials to test our ideas and understand the barriers to such adoption and now we feel we understand how the market can be nudged forward into a virtuous cycle of demand for new smart services and systems in broadband enabled homes.

TAHI is an organisation owned by its membership and with the experience of the trials our members want to commercialise their parts of the market. Because there are many stakeholders in the service supply chain, many different services that need to use systems collaboratively and many different Government Departments involved, commercialisation is something that needs to be orchestrated.

While the services infrastructure will enable the delivery of Government e-services it is untenable to expect that Government could pay for the entirety of the necessary equipment, systems and services.

This necessitates a market led approach and with this in mind TAHI has formed a Commercialisation Working Group and they have created a Commercialisation Programme. Because of the wide range of organisations and government departments involved the Programme needs Government support.

We believe that this is exactly what Transformational Government is setting out to do in its interface with the citizen. We also believe that what we are proposing is exactly in line with much of the "Connecting the UK" document.

We have outlined the financial requirements and potential payback with contacts in the DTI and they have pointed us in various directions including the Cabinet Office IT Strategy Unit.

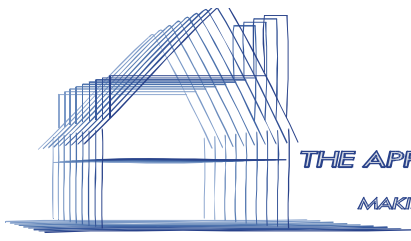
TAHI is determined to make things happen on a large scale but it does need UK Government's help.

I attach a document that is based on the presentation we gave to the DTI in January.

If you would like any more information, members of TAHI would be pleased to make a presentation to the Strategy Unit.

Best Regards

Stephen Pattenden
Secretariat of The Application Home Initiative (TAHI)



THE APPLICATION HOME INITIATIVE LIMITED

MAKING THE FUTURE HAPPEN NOW

TAHI Commercialisation Programme

Introduction

The Application Home Initiative is proposing a programme for the Commercialisation of Services and Applications that utilise the burgeoning Broadband connectivity into the homes of UK citizens. It is concentrating on those sectors that will deliver the maximum commercial benefit to UK Limited.

- Entertainment and Communication
- Social, Wellbeing and Community
- Health and Telecare
- Energy, Conservation and Environmental Issues
- Building, Regeneration and Installation

However because these sectors are interlinked and there will be devices and applications in the tool set of one sector that can be used in another with a synergistic benefit, TAHI also proposes an Interoperable Services Architecture.

Furthermore, because to implement a holistic solution many organisations must be co-operatively involved, TAHI is identifying from its members and others, organisations with the skills and competences to form consortia to roll out its Commercialisation Programme.

The programme is one of promotion, consortium building, planning regional deployments and carrying them out. It aims ultimately at growing the whole sector of services into the home using broadband and increasing GDP.

History

With considerable assistance from the DTI, TAHI was formed in 2001 by a number of UK companies (IBM, Centrica, Olameter, NTL and others) as a Not for Profit organisation owned by its membership.

Its mission is "to accelerate the adoption of applications and services by connected home-based users." This mission is now evolving towards "to accelerate the adoption of *smart* applications and services *through the intelligent use of the broadband infrastructure* by connected home-based users"

TAHI has carried out market research in the areas of services and applications in the home and this research led to two trials sponsored by the DTI in the areas of *home equipment and energy management* and the *aggregation of services* in order to gain synergies through the sharing of infrastructure and systems especially in the home.

The two trials are now complete and TAHI and its members can provide significant experience in bringing services to the whole market and especially to those that are disadvantaged through circumstance, health or age and to help bridge the digital divide.

TAHI believes it has a solution to growing the market that provides services and applications over the Broadband infrastructure now coming into existence in the UK. TAHI believes the home in the future, with these systems and services will provide a cocoon that can make people safer and more secure, can reduce their energy needs, can monitor their wellbeing and allow them to live for longer in their own homes.

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What TAHI thinks needs to be done

TAHI has reached the point where it needs to put its research experience into practice. However, unlike an individual company pursuing a single product, the market that TAHI is in, requires co-operation by many organisations to carry out deployments to large numbers of homes. TAHI also believes that “words are not enough” - that most of this market will only grow as people experience the benefits of smart services and systems and see others experiencing them. TAHI believes this market can be influenced to accelerate this process.

We need to be able to get a whole range of services and applications into everyone’s homes. If we leave the market to early adopters, the take up will be much more gradual, slanted towards entertainment and will miss out the disadvantaged and those identified by the “digital divide”. TAHI’s objectives are very close to those identified by “Connecting the UK: the Digital Strategy” from the Prime Minister’s Strategy Unit.

We need to understand the needs of the whole cross section of people using all kinds of services at home.

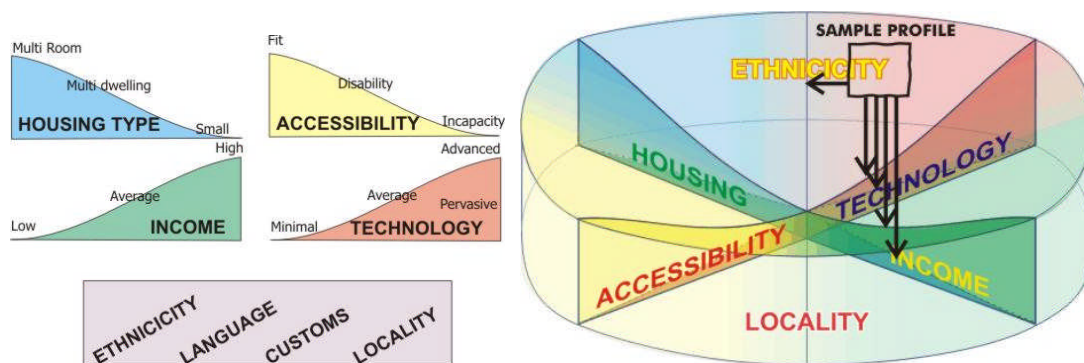


Figure 1. Demographic targeting

We can do this by identifying profile sets of the needs of particular segments of the UK population and designing targeted solutions of services, systems and equipment, “service sets” that meet the requirements of identified population profiles.

Note: One of the areas of identified work is to design a reliable methodology for doing this and this is one of the work packages that needs to be carried out

Because tackling the whole cross section of the market at once is far too complex and therefore not an option, TAHI believes in focussing its members’ activities on where they will do the most good and have the maximum visibility. It believes that this will achieve the breakthrough that is needed. Such areas are those that will result in the maximum benefit to the UK in terms of social cohesion, interactive communication, wellbeing and community care, telecare, resources and energy management and the use of the entertainment sector as a conduit for citizen feedback and demand management.

These areas of activity may be termed the “hot sectors” of the market and Figure 2 shows the sectors that TAHI has identified:

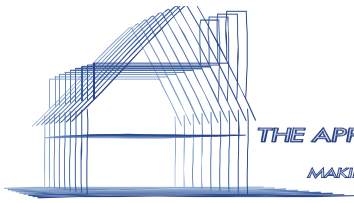
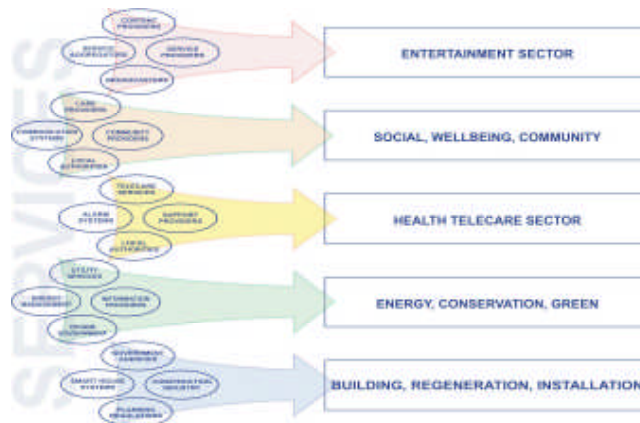


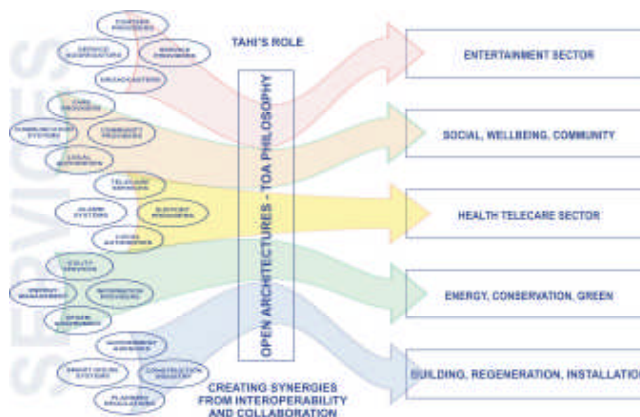
Figure 2. "Hot Sectors"

Note: that the need for an "open service delivery architecture" and the building and construction sector both cover the more specific "hot sectors".

It is also important to ensure that sectors are not developed in isolation, part of the ethos of TAHI's Open Architecture philosophy is that any system in the home can be utilised by any other so that there is minimal duplication of equipment and resources.



i.e. what could be a series of separate systems (above) ends up under an Open Architecture as (below) aggregated services sharing resources.



For instance, a water meter or usage sensor can provide wellbeing information to help look after the elderly or energy management information can be fed back to the occupiers of the home via the entertainment systems so they can see their energy usage and make savings.

TAHI believes that people need to be able to experience the service benefits that are enabled by intelligent broadband connectivity in their homes if there is to be a broadly based demand for new smart systems.

This implies major regional deployments with the infrastructure and utilising smart systems in:

- NEW BUILD (such as the Thames Gateway)
- REGENERATION (ditto)
- RETROFIT (by people in their own homes)

To enable people to

- Learn and experience the benefits by using the smart systems
- Tell their friends and neighbours and create demand

OUR OBJECTIVE IS TO ENSURE THAT ALL REGIONAL DEPLOYMENTS OF HOMES CAN UTILISE SMART SYSTEMS

TAHI believes that where systems can be installed as part of the new build or regeneration process, the actual additional cost will be minimal in proportion to the other building costs.

Importantly, while TAHI can do much of the work of establishing this, we need the support and involvement of Government and we are well aware that what we are trying to do cuts across many government departments.

Our understanding of departmental interest in the identified sectors is shown below.

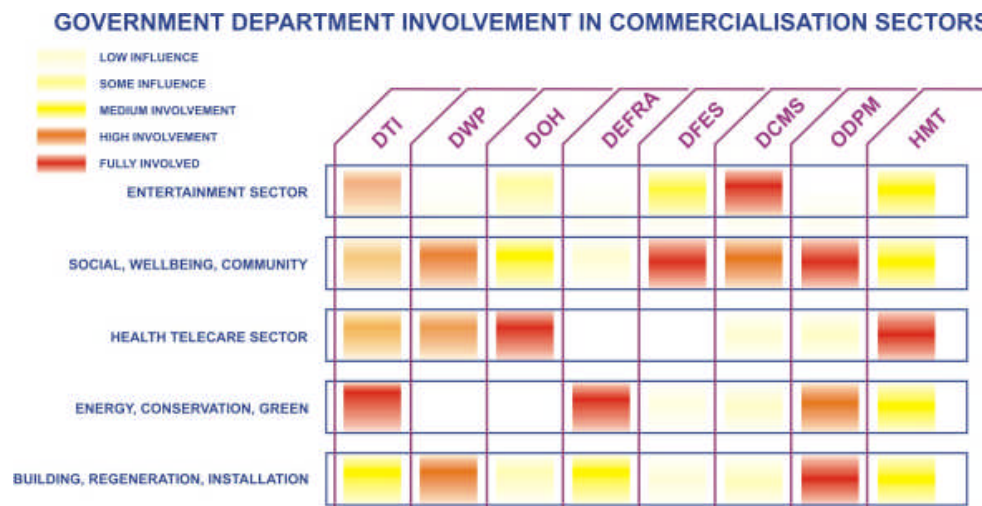


Figure 3. Departmental interest by “hot sector”.

TAHI and its membership cannot do all of this without government assistance. If we are to help deliver some of the objectives of the Prime Minister’s Strategy Unit, we will need support (not significant amounts of money although some funding will be needed) from most of these departments. With this support we believe we can carry the market with us.

We need:

- Links to all relevant Departments and Regulators
 - We have excellent contacts in the DTI, but we will need active support from DOH, DWP, ODPM, Defra, DOH, DfES, DCMS and HMT – we need help to establish these links
- Links to Local Government – Local Authorities, RDAs,
 - DTI and other departments have these links
- Credibility with Politicians, Councillors, Industry, Professionals
 - DTI/Government support provides credibility
- Cultivating Champions
 - The above will help us recruit the Champions we need.
- Links into or with similar work across the EU.

Proposed Programme

The Programme that TAHI is proposing breaks down into three main phases.

1. Promotion and identification. We need to promote what we are doing, build working groups of interested organisations across our defined “hot sectors”. The working groups will consist of experts and champions in each of the defined areas. These working groups will hold regular industry sector workshops to promote what we are doing and ensure that all the stakeholders are present to carry out deployment of smart services and systems in new developments. It is intended that the output of this phase will be a number of consortia with plans to build homes or regenerate estates in a number of substantial regional developments.

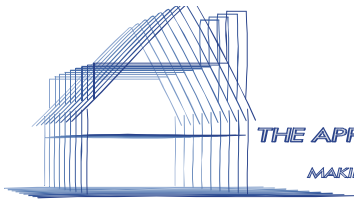
We would hold at least two cross sector seminars per year.

2. Building development and promotion. TAHI is already planning a high level event for the building industry that will concentrate on the opportunities of development in the South East and to help ensure that all new buildings will be capable of utilising smart systems and services.

It is intended TAHI should initially aim to establish at least 4 consortia with development/deployments in at least 3 regions of the UK. We would want the developments/regeneration projects to be of between 1,000 homes to 20,000 homes in the first instance and we would wish to install appropriate systems. (Note that while broadband connectivity is considered essential, the use of PC over TV will be carefully considered as the additional cost will be minimal, will still provide most of the features of a low end PC and have the virtue of being centrally managed.)

3. Promotion

As each deployment is populated, there will be close monitoring of the use of the services and of peoples’ experiences. Friends and neighbours will be encouraged to try out the systems and they in turn will demand their own system to be installed. There will be nationwide promotion of the deployments to include all media.



It is expected that this will be an ongoing process and our objectives are:

- 2006. By the end of 2006 establish at least 4 regional consortia with plans to build, regenerate, refurbish, or retrofit 10,000 plus homes with Smart Home services and systems installed
- 2007. By end 2007 have at least 50,000 people experiencing the benefits of Smart Home living.
By end 2007 have at least 8 consortia actively working on 100,000 homes.
- 2008. By end 2008 have a Smart Home population of 500,000 people and work on 250,000 homes.
- 2009. 1.5 Million people in 500,000 homes
- 2010. 20% of UK Population living in Smart Homes and enjoying ever increasing benefits

The main benefit of this approach is that much of the growth will be demand led and will create a net increase in Government revenue.

Support

The TAHI Commercialisation Programme aims to deliver:

1. Structure for Commercialisation –
 - TAHI Secretariat and Membership provide an excellent structure
2. Involvement of Government, Industry and users through:
 - Workshops targeted at the more attractive sectors
 - Seminars bringing all the actors together to understand the benefits of working together
 - Promotion to all the actors about the Commercialisation activities.
3. Involvement of Champions from (amongst others):
 - National and Local Government,
 - National and Local Politicians
 - Key industries and service providers (especially the building and construction industry)
 - Local community groups

Leading to

4. FORMATION OF REGIONAL CONSORTIA TO ESTABLISH MAJOR DEPLOYMENTS

We need Government support and funding to add to the support of our industry members. We need departmental champions; we need champions from local

government and from the regulators. The DTI can help with making introductions but all relevant Government Departments should be involved (see Figure 3).

We need help to:

Promote at least 4 workshops each year in the 5 areas we have identified as being most attractive to the market

- Entertainment and Communication
- Energy Management, Conservation and Green Issues (including security systems and reduced carbon emissions)
- Social, Wellbeing, Community (includes Education and Community Networks)
- Health and Telecare (lessening the load on NHS – keeping people at home longer)
- Building, Construction, Regeneration and Installation (making sure homes are build that support smart systems and services)

We believe we should hold at least 2 major 2 day Seminars that cover all the sectors and demonstrate the values of collaboration and service aggregation.

We should attend exhibitions (such as Chartered Institute of Housing) and carry out active promotional activities.

Actions

1. Prepare a Roadmap that can deliver the objectives above
2. To work with Government to prepare a funding plan that supports the Roadmap with funding from both industry and government.
3. Set up the Working Groups, organise Workshops and Seminars
4. Increase TAHI's promotional activities and ensure that we get both government and industry buy-in to working groups, workshops and seminars.
5. With the support of regional, industry and government champions, create the consortia for a number of regional deployments.

Conclusion

The TAHI Commercialisation Programme

- Builds out of TAHI Achievements and Trials
- Energises the UK Smart Home market because people experience the benefits.
- Aims to establish at least 4 major regional consortia by end of 2006
- Aims to start 10 major deployments during 2007
- Aims to have 100,000 or more people experiencing the benefits of the Smart Home in 2008
- Fulfils the objectives of i2010 in the domestic area by 2010 (and could export the initiative to all of EU by 2008)
- Delivers major increase in industry activity, turnover and profits.



- Enhances the commercial prospects of TAHI Members
- Needs Government support if it is to help Government achieve the objectives of “Connecting the UK: the Digital Strategy” from the Prime Minister’s Strategy Unit and of EU i2010.

Information on TAHI

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