

Home Builders Outsource their Home Automation Needs

In the nineties it was whirlpool baths and granite countertops that became a necessity and defining feature for all luxury homes on the market. In this decade we are seeing a similar growing demand for home automation, as the technology becomes more refined and attractive to upscale computer savvy home buyers. Some of the latest must-have features in these systems allow the homeowner to view his security cameras over the internet, as well as to call his house from the road to turn on his Jacuzzi, switch off lights or arm the security system.

But for the builder, home automation poses two difficulties. First, most builders do not have the specialized training to design and program these hi-tech systems. And mistakes in this field are expensive; home automation systems start at \$5,000 and climb to over a \$1,000,000. Secondly, if the builder turns to a local dealer who provides the complete package of service – from custom design and programming, to sales and installation, he will miss out on substantial profits for these large up sells.

The three options open to builders interested in providing home automation systems are as follows:

1. Hire a local home automation installer to handle the entire project.
2. Use an independent home automation consultant who provides only the system design and/or programming.
3. Use an outfit that provides the design, programming and equipment plus provides instruction on how to install the system yourself.

We have already mentioned the first option above. While a local dealer offers the builder peace of mind with a complete design-to-installation package including performance warranties, the high price tag leaves little room for any additional markup to the client.

The second option of a consultant allows the builder to realize maximum profit from his home automation system. The disadvantage is that the builder has to coordinate purchasing all the customized parts for the system from a different outfit than the company who designs it for him, with little guarantee that the program will work. However, he is able to capture the maximum profit margin. A typical system requires approximately four days of pre-wiring followed by another four days of installation. A licensed electrician is only needed for a very small part of the job – installation of smoke detectors and light switches. All other components of home automation systems are low voltage, requiring no special license to install in most areas.

The third option offers a middle ground for the homebuilder. There are companies that offer contractors full design and programming of home automation systems along with supplying the equipment. These companies cater to builders and electricians who want to sell and install the systems for their clients. They offer full service programming and consultation along with extras such as educating the contractor in how to present the product options clearly to the homeowner, providing marketing materials, and handling service calls. The builder is able to offer his client a system at a fair price and make a

sizable profit on his time and effort. When systems are installed in spec homes, the home automation company will customize the system for the new home owner over the internet. This follow up service is included in the price to the builder.

No matter which option the builder selects, equipping his custom home with a quality home automation system is as important in today's competitive luxury home market as providing top of the line kitchen appliances and whirlpool tubs. With such an investment he will attract the growing demographic of young upwardly mobile professionals who are demanding that their new homes be 'smarter'.

Written by Susan Ferguson, a freelance writer from www.Word-Savvy.com.

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