

# 'Sunset' Nears as



## By Gordon Hope

Vice President  
Marketing and Business Development  
Honeywell Security & Custom Electronics  
gordon.hope@honeywell.com

### AT A GLANCE

- A consumer-driven market for wireless products that offer access to security features is fueling the evolution of alarm communications
- The Global System for Mobile (GSM) Communication cell phone standard has emerged as an alternative to AMPS networks
- Security alarm dealers should be taking advantage of the opportunity to upsell existing tech-savvy customers with value-add services

**As the security alarm industry awaits the “Sunset Clause” and the eventual demise of advanced wireless mobile phone service (AMPS), technological advancements and demographic trends are ushering in new opportunities for dealers to reconnect with customers.**

**L**ooming on the security alarm industry horizon is Feb. 18, 2008. On that date, cellular carriers will no longer be mandated by the Federal Communications Commission (FCC) to provide advanced wireless mobile phone service (AMPS).

Known as the “Sunset Clause,” the deadline holds potentially ominous implications. Current estimates show there

are about one million alarm radios and other fixed devices in service on AMPS networks. If cellular carriers choose to terminate the analog networks supporting legacy communications products, customer security systems could wind up in alarm limbo, left with nominal service or abandoned altogether.

When the FCC first enacted the Sunset Clause in 2003, the agency said a transition period was necessary to ensure that

## NEW ALARM COMMUNICATIONS TECHNOLOGY

hearing-impaired people and consumers who rely on analog-only alarm radios for emergency services were not left without communications options.

Currently, the FCC is being admonished to extend the deadline by a lobbying effort that says the alarm industry simply is not yet prepared for the mass upheaval that would transpire if and when analog systems are shuttered.

For some dealers, the Sunset Clause may at first seem like a big headache involving the need to replace countless existing security systems and fend off competitors who offer lower bids. The reality is that even without the deadline, alarm communications were already undergoing evolutionary change fueled by technological advancements and demographic trends.

Personal security has never been a bigger or more scrutinized issue than it is today due to factors such as workplace violence, the increasing migration of violent crime from inner cities into suburbs and the specter of terrorism.

By offering an expanding legion of consumers the enhanced functionality of next-generation security services, which are discussed in depth below, dealers are presented the opportunity to grow their client base and recurring monthly revenue (RMR).

### Tech-Savvy Consumers Are Helping Propel the Alarm Industry

The Global System for Mobile (GSM) Communication — the most popular mobile phone standard — has rapidly gained steam during the past few years as an alternative to AMPS networks.

As of 2005, more than one billion people — about 70 percent of the world's cell phone market — have used GSM phones.

Yes, the industry's new alarm radios provide immediate solutions for challenges such as the Sunset Clause, voice over Internet protocol (VoIP) phone compatibility and homes without landlines. What dealers may not realize is that converting to digital cellular networks, and technology such as GSM, should not be viewed only as a way to protect customer accounts in the midst of the Sunset Clause.



**Advanced GSM alarm radios can allow dealers to offer video notification of system events via wireless devices, including pre-programmed noncritical events such as a child returning from school.**

The truth is alarm communication technology is trailblazing a new path on which tech-savvy consumers are assimilating electronic gadgets into their everyday lives.

For example, consider that standard alarm technologies serve a single purpose: to send alarm signals to the proper authorities (central stations, etc.). Using this approach, the fight to retain customers may ultimately come down to who can offer the fastest, most reliable or, in some cases, the cheapest transmission.

But imagine the advantage a dealer might have, for instance, if he or she offers technology that not only reliably transmits alarms, but enables customers to perform cutting-edge functions, such as arming a system through a cell phone or watching their children return home from school via a PDA.

These features are already being offered to new alarm customers. Clients who use older technology, meanwhile, are rapidly becoming aware of them. Dealers should be looking to seize the opportunity presented by the Sunset Clause and technology advancements to reconnect with their customers by offering them more than an alarm transmission solution.

### A Bevy of Wireless Value-Add Features Can Enhance Dealer Sales

It is hard to believe that analog phone lines were still the norm only a few years ago. Although high-speed cable was beginning to grow in popularity, dial-up services were still the most used method for connecting to the Internet. And many kids were still bringing quarters to school to feed the pay phone.

Today, analog phone lines are losing their place in mainstream society as technologies such as wireless Internet, Ethernet and cell phones have surged in popularity. This technology development is on a fast collision course with a demographic trend: a new generation of consumers who demand instant, tailored information.

What does this collision of trends have to do with alarm transmission technology like GSM?

By serving as a platform for future services — such as being able to check the status of a home security system via cell phone or viewing a CCTV camera on a laptop computer — GSM is an example of a wireless technology that can help dealers take advantage of the convergence of these trends to grow their businesses and RMR.

Alarm notification to a cell phone, for instance, is the type of benefit that can satisfy the demands of a coming-of-age, tech-savvy generation. Among the GSM user-initiated and event-initiated services that have the potential to address the high demand for instant, customized information:

**Remote system control** — Users can control their security systems and receive information through any text-messaging device such as a cell phone, Blackberry or other PDA. This allows the customer to request system alarm status, arm or disarm the system, bypass specific zones, and control outputs without the complications of using a specific, higher-end PDA.

**Web-based remote system control** — Via any Web browser, the security system can be controlled with a virtual keypad. This feature may also be supported on higher-end PDAs where

larger screens and resolutions permit an enhanced user experience.

**Notification of system events** — For customers who require more personal reporting and a more customized communication solution, dealers can now program consumer systems to offer reporting of a wide variety of system events. A highly personalized service, a key element in marketing to the tech-savvy consumer, can report via E-mail to any capable device, even cell phones. Besides system status, users can be notified of activity in specific areas of a home or business.

**Video notification of system events** — Offering customers the capability to remotely view the inside of their home or business is predicted to gain in popularity. By adding cameras to a security system, a picture or series of pictures can be sent to a PDA, cell phone or E-mail address when an event occurs. Video can also be transmitted for preprogrammed, noncritical events such as a child returning home from school.

### Latest Alarm Radios Will Offer a 3rd Communication Path

Ask the average consumer what the advantages are of digital communication and they'll likely describe the benefits of clearer cell phone signals. Flip that question and ask about the disad-

vantages, however, and many might say network reliability can be an issue.

Hence, the recent news of GSM alarm radio manufacturers offering multipath communication to ensure alarm delivery ... if one network is down, another one is there to deliver messages to the central station.

For example, some newer GSM solutions use General Packet Radio Service (GPRS) as a primary communication path with Short Message Service (SMS) as the automatic backup. The GPRS services are used as primary because they have a higher priority on the networks.

This year, the industry will see new radios that use a third communication path — the Internet. The Internet connection can be used along with GPRS as primary communication paths with SMS as the backup. But the use of cyberspace, in particular, represents more than just another way to transmit signals. It also paves the way for Web-based systems that provide many of the previously mentioned user-friendly features, along with low-cost signal transmission.

For instance, using the Internet can enable dealers to deploy software updates for control panels without having to physically visit a customer site. It also enables dealers to offer customer remote control through Web-enabled electronics; again, an important feature to have when considering generation X and Y consumers.

With the use of cyberspace also comes another important issue: the security system's own security. It is critical to ensure broadband connections and firewalls are not compromised by the communication technology.

### Web-Enabled Devices Will Expedite Installation of New Alarm Systems

Offering the newest advancements to customers is always the best way for technology companies to make more money. A situation like the Sunset Clause, however, makes for a more painful process. Offering these new features and protecting customer accounts will ultimately mean dealers will be forced to replace several million alarm systems across the country.

Key to the adoption of new alarm radio technologies, therefore, will be

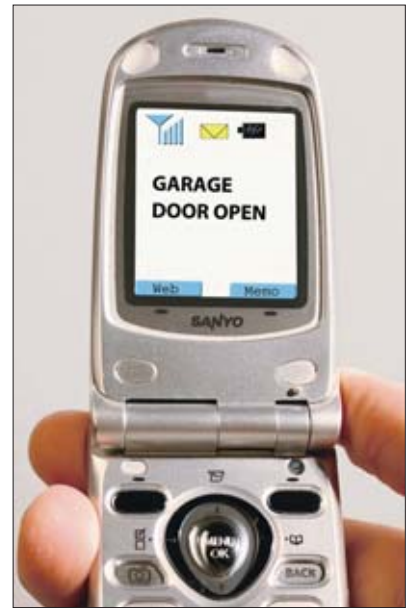


Photo courtesy Honeywell

**GSM alarm radios allow users to remotely control their security systems and receive information through any text-messaging device. This allows the customer to request system alarm status, arm or disarm the system, bypass specific zones and control outputs.**

ease of installation. The easier to implement the new equipment, the easier and faster it will be to retain customers.

Web-enabled technology cannot help dealers avoid the task of physically removing an existing radio and replacing it with a new one. It can, however, minimize the time spent getting the system up and running.

Consider, for example, a newly purchased cell phone. Upon purchasing many phones, dealers inform their customers they will be activated within a timeframe that ranges from five minutes to an hour. Newer GSM alarm radios offered by some suppliers, though, are activated the instant they leave the warehouse — one less step for the installer.

Additionally, new Web-enabled technology allows dealers to register a radio before it ever arrives at the customer's home or business, saving time and resources. ■

*Gordon Hope is vice president of marketing and business development for Syosset, N.Y.-based Honeywell Security & Custom Electronics. He began his career 17 years ago with ADEMCO. Among other responsibilities, Hope is charged with managing the AlarmNet communications businesses, including all GSM digital wireless radio network solutions and Internet products and services. He can be reached via E-mail at [gordon.hope@honeywell.com](mailto:gordon.hope@honeywell.com).*



Photo courtesy Honeywell

**Utilizing the Global System for Mobile (GSM) Communication cell phone standard, alarm radios such as Honeywell's new 7845i-GSM, above, use wireless Internet communication, as well as General Packet Radio Service (GPRS) and Short Message Service (SMS), to transmit alarm signals.**

# a winning hand



## Play Your Cards Right with Honeywell's GSM GPRS Solution

Why gamble with the future of alarm communications? With the sweeping changes facing the industry, Honeywell's end-to-end GSM GPRS digital wireless network solutions are the sure bet. You'll help boost your RMR and safeguard your accounts while delivering powerful communications solutions that address real challenges—including the ability to upload and download without the existence of traditional phone lines! And, in the near future, you can offer profitable, lifestyle-enhancing services including affordable system control via mobile phones, computers, PDAs and more—all from a long standing, trusted leader in alarm communications.

With GSM GPRS, both you and your customers win. Bet on it!

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