

By Zella Rush

control



October 1st, 2004. A NASA-styled countdown clock suspended on Control4's office lobby wall reads, "28 days, 14 hours, 45 minutes, and 36 seconds until first product ships!"

People pop in and out of the lobby every few moments then scurry off — a sense of urgency is in the air.

It's crunch time for this Draper, Utah-based fledgling startup on the eve of launching phase one of its product line — 18 home-automation products designed to bring wireless automation to any house, existing or new.

While Control4 is the new kid in town, its founders have been around the block a few times. Will West, Eric Smith and Mark Morgan are three seasoned veterans in the home automation field going back 10 years.

History

In 1995, West, Smith, and Morgan started a company called PHAST, which provided high-end home automation. When they sold PHAST to AMX in 1997, non-compete agreements prevented them from working in the home automation field, so they started STSN in 1998. This new company brought fast, convenient broadband services to hotel rooms around the world. Now West, Smith, and Morgan have left STSN and are back to the space of home automation with a company called Control4.

Founders

West heads up the company at the president and CEO post. He brings his years of experience, his finance degree from the University of Utah and an MBA from the Wharton School at the University of Pennsylvania to the table. Smith holds the CTO position and oversees R&D and operations for the company. He graduated from Brigham Young University with a degree in Computer Science and has more than 15 years of technology and home automation experience. Morgan took the VP of marketing job, putting good use to his advertising degree from Brigham Young University and over 17 years of experience in marketing. By combining their unique talents and experience, the trio make a good team that has succeeded in the past and hopefully will again with this new venture.

Purpose

Though these three founders of Control4 were out of the home automation space for many years, they kept an eye on what was going on. "We couldn't figure out why people weren't bringing today's technology to the home automation market," says West. The home automation products that have been available until now were very expensive and were designed to fit in newly constructed homes. "We knew," continues West, "that the technology existed to bring these products into the home in an affordable, retrofittable way if someone only had the background and expertise to do it. As it turns out, that was us."

Control4 was founded in March of 2003 "We set about to create a company that would take that lifestyle of the wealthy and bring it to a much broader market," says West. The company offers a full line of affordable products for the entertainment, security, convenience, and comfort needs of homeowners. It doesn't matter if a home was built in 2004 or 1904; the convenience of home automation is available to all. That's great news for those of us whose only affordable experience in home automation so far has been with "The Clapper."

Yes, Control4's products are a quantum leap up from The Clapper, but they are still quite affordable. "With our products you can actually get into home automation for a few hundred dollars," West says, "and

then increase and upgrade your home over time a few hundred dollars at a time."

For example, a customer can start with a home theater controller for about \$595 and add different aspects of home automation, such as lighting, climate control or security at a later time, as the budget allows. And as customers add on, they don't have to worry about getting a new remote. The remote used to control the home theater can also control the rest of the house. Morgan explains, "You can incrementally add home automation without it being an 'all or nothing' sort of experience."

Entertainment

Most of us at some time have dragged a boom box into another room in order to listen to music. Imagine being able to listen to whatever song you want to in any room of your home without having to worry about disturbing people in other rooms of your home and without having to transport your CD player! Imagine also being able to go from watching TV to watching a DVD without having to deal with several remote controls. Control4 makes it so easy that even the most technologically inept person can make the system work.

Control4's audio system even allows for multiple music sources to stream wirelessly into different rooms. The kids can listen to their MP3 collection in their bedrooms while Mom and Dad enjoy a radio broadcast or favorite CD in the kitchen — all controlled by one centralized unit.

Security

Another focus of Control4 is on security and safety. Morgan gives an example how Control4 technology can assist in the case of a house fire.

"What if your house could respond by bringing the lighting level to about 25 percent so that you could see to get out, but it didn't blind you by causing a fog effect with lights coming on too bright? Instead of blowing smoke throughout your entire house, wouldn't it be better if your ventilation system actually shut off so that the smoke stayed better contained? What if your exterior lights flashed to let the fire

department know where to come, or if the system actually called the fire department and could play a message that would let them know there was a fire?"

Morgan puns, "These types of lifestyle and safety enhancements are real 'hot buttons' for people; they like the peace of mind that this technology can bring."

Comfort and Convenience

Home automation is not something that a lot of people fully understand or feel a need for at this point. They look at it as a luxury, as something that would be nice to have. Morgan compares home automation to microwaves, cell phones, and the Internet. At one time people did not really have a need for them, but now most people can't live without them. Once people try home automation, they won't want to be without it. It allows them to deal with all of the different sub-systems in the home in one location instead of having to interface with them individually. "What home automation is about is really integrating all of those things together so they work as a unified whole," Morgan explains.

For example, suppose you are climbing into bed after a long day and you remember that you forgot to turn on the porch light, then you start feeling a little warm and want to turn the heater down, and then you wonder if you turned off the music in the kitchen and locked the doors. With Control4, you don't have to get up to take care of those things; you can take care of them all using one intuitive device.

The Hardware and the Software

"We have a lot of hardware," states Smith, "but when it really comes down to it, we're a software company at heart."

Though Control4 has made it easy for all to have home automation, putting it all together has been no simple task. The technology behind home automation is extremely complex."

Smith continues, "Making computers talk to each other can sometimes be a challenge, and they're supposed to talk to each other; they're meant to marry with each other. The thermostat was never meant to marry with the DVD player, and we have to bring all these disparate items

together, make them talk to each other and do it in a way that's customized for you."

Currently, Control4 makes its own hardware but that is because the devices don't exist elsewhere. They are in talks with some major consumer electronics manufacturers who will be embedding Control4 capabilities into their products. Because of this, eventually Control4 will be able to focus more on software development.

"We could be still building some hardware devices down the road that are more uncommon, but a large piece of our model may be licensing technology for automating on our platform to consumer electronics manufacturers, home gateway manufacturers and broadband providers." Smith says.

Outlook

Control4 recently introduced their products at the CEDIA (Custom Electronic Design and Installation Association) trade show held in September. The company also has 15 patents underway. Some of the patents are in areas such as installation and network security.

Many other opportunities are open to Control4. "There are lots of vertical spaces, besides just the broad residential marketplace, where these products make sense," Smith says. He explains that their products would, for example, be good for energy management in hotels or for automating corporate boardrooms. "There are lots of verticals where we can do a little tweaking to the product and we can open up fairly large revenue streams just by modifying the existing product rather than developing brand new products," he says.

The future looks bright for Control4. It is focused now on its first major shipment, which will take place at the beginning of November and they are working hard to make sure that things run smoothly.

As for long-term plans, West is optimistic. "We're focused on creating a substantial company that's profitable," he says. "We believe that Control4 has the potential to be one of the great technology companies in the state based on the opportunities in front of us." ■