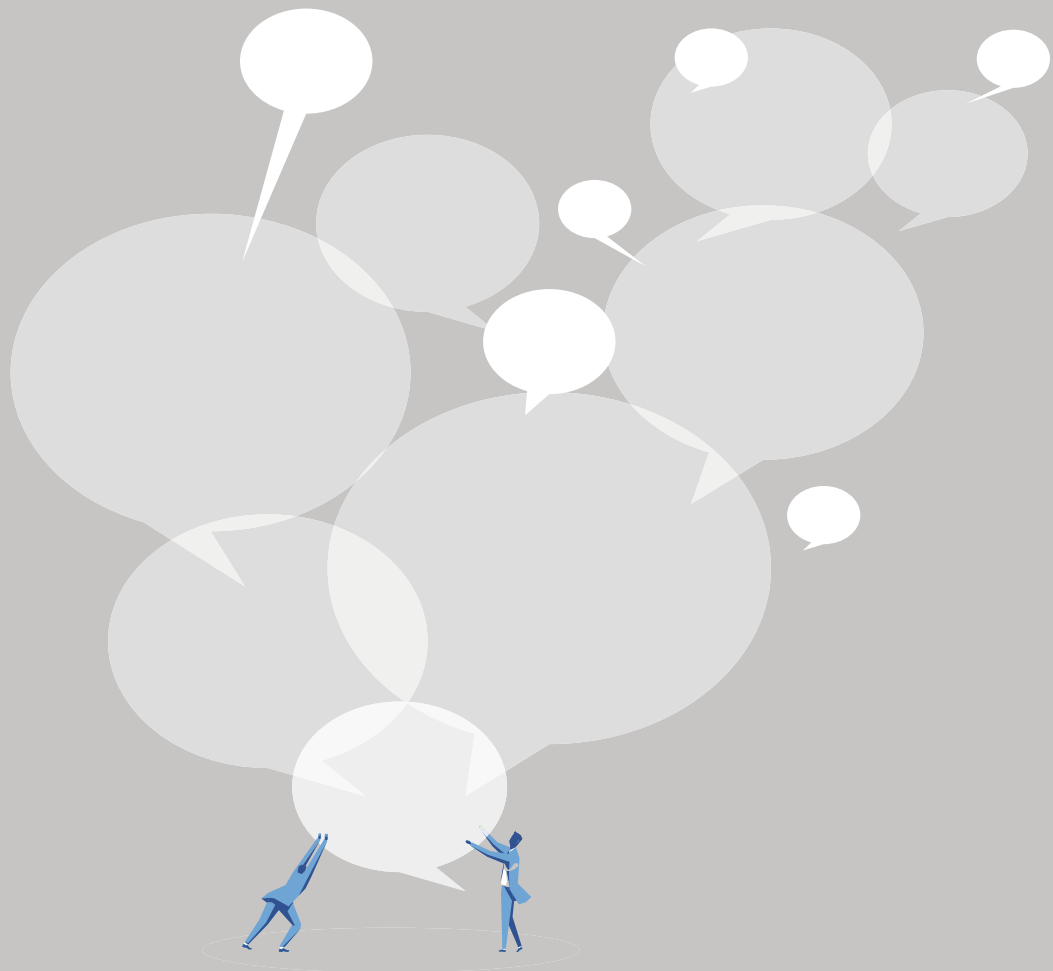


# NETATMO

## IoT Business Solutions

Creating Smarter Homes together

# Raising the stakes in HVAC



VAILLANT AND NETATMO'S  
UNIQUE DEVELOPMENT PARTNERSHIP

[www.netatmo.com](http://www.netatmo.com)

When one of the top boiler manufacturers, Vaillant, launched its new Smart Thermostat in September 2015, it threw down the gauntlet to the whole HVAC sector.

For although other manufacturers and distributors had been selling other suppliers' Smart Thermostats, Vaillant had just dramatically raised the stakes. Not only had it developed an own brand product based on the European market leader from Netatmo, it was also offering a remarkably simple user interface and some functionality that was not available in any other product in the world.

The relationship with Netatmo was initially the result of Vaillant's research into European boiler controllers, which persuaded Head of Strategic Portfolio Development, Georg Fleischer that a new generation of wireless products offered mass-market opportunities. Netatmo had been on the company's general watch list through its Weather Station product, and initial meetings set up by Vaillant's product line manager, Sylvain Reteuna identified that the Thermostat was in Netatmo's development pipeline. When he reported his findings, Georg took on the relationship.

'We saw that UK utilities were using Smart Thermostats as a route into new business models and decided to explore potential partnerships with Internet start-ups that were developing products, as an alternative to an own development' says Georg. 'We decided to work with Netatmo because we thought we could align our two companies' strategies. Fred Potter (Founder and CEO) had the maturity to understand how to work with a big company and was very flexible from the outset, agreeing to create something new for us that wasn't going to be in Netatmo's own product. He signed our standard NDA within 24 hours whereas it took one of the other companies we looked at four months and they still couldn't sign it.'

The Vaillant version of Netatmo's Thermostat launched in September 2015, with additional functionality and a great original design adapted to Vaillant's brand guidelines.



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According to Fred Potter, the partnership got a great product with a remarkable short time to market.

“When we met, Vaillant had already developed a platform of services for installers controlling multi-equipment systems. They were looking for a complementary solution for single equipment system targeting directly end-users. For strategic reasons, Vaillant decided to partner with Netatmo, whose expertise fit all project requirements. The thermostat works very well because it’s been designed for their product family, so the bundle provides the best heating and comfort at a cost optimised for consumers. It also gives Vaillant the potential to work on special tools to enable installers to capture additional value from end users.’

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Working with us meant they didn’t need to learn a whole new business in end user digital products or compete with us for their own relationships.

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Vaillant initially tested and sold Netatmo's Thermostat for Smartphone from September 2014 and then launched its own label version of the product in September 2015. The quality and openness of the conversation between Georg Fleischer and Fred Potter has been fundamental to the success of the project, and has overcome issues such as:

- Culture clash, between the conventional and relatively slow moving German engineering business and the agile and technically advanced French Internet startup. This has manifested itself at many stages, often as real scepticism from lower down Vaillant's organisation ('You want to work with an Internet startup, you're crazy,' Georg was told), and lack of understanding of the rigour of Netatmo's own processes. However, as a leader in the competitive and blindingly fast moving Internet of Things sector, Netatmo has brought expertise in areas such as the mobile app lifecycle, user experience certification and remote update. As Fred Potter says, 'once a gas boiler is installed you can't develop it any further, whereas for a product like ours development never stops.' Both companies have learned to draw on each other's strengths.
- Quality standards have been an issue, particularly as Netatmo conforms to domestic regulations but Vaillant adds industrial standards and rigorous testing that exceeds that of many other manufacturers. Netatmo has adapted by adding higher standards to the product.
- Data ownership issues. Netatmo normally has all the data on the appliance and the user but Vaillant insisted on data through its own-brand Thermostat to enable it to support and create new services for end users and its crucial network of installers. Netatmo now has access to data needed for operation, monitoring and improving the service but the product is only sold by Vaillant.

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Netatmo has now become a permanent partner for product co-creation. Netatmo has already invested a lot in Apple and Android certification and works continuously to remain at the state of the art. As one of the 12 names chosen by Apple to launch HomeKit, Netatmo has leveraged its investment in R&D to Vaillant's advantage, particularly in its Thermostat's ease of installation, which is a key benefit for installers and end users alike. This partnership also enables Vaillant to dedicate even more development resources on heating system R&D and services platforms.

The next step has already begun: working closely with regional sales teams, to promote this innovative product that disrupts the traditional heating business models. While initial sales forecasts had been cautious during the development phase, they rose rapidly as the launch approached with product samples in hand for both sales person and installers. In the Netherlands which was not one of the main targeted country at first, the team was successful enough to double the number of units ordered in advance by the installers and then to treble that. Georg is confident that numbers will take off quickly once the product in the market and asserts the company is ambitious.

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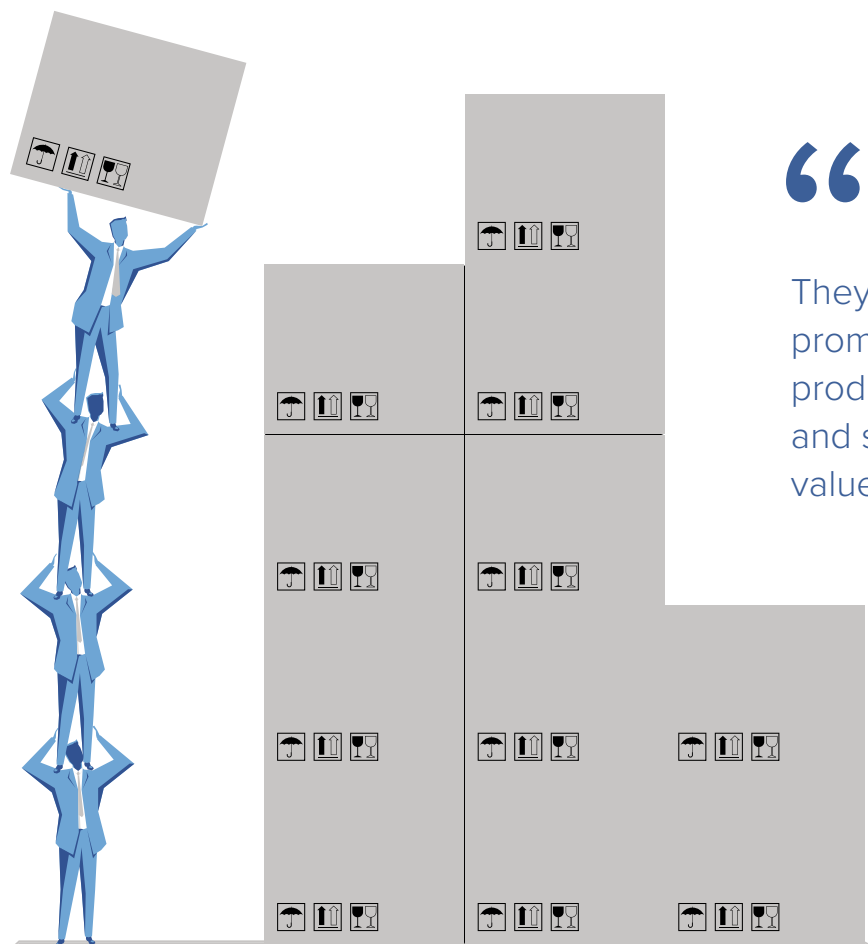
The next step is to persuade the company's conservative regional sales teams, who are always reluctant to commit to stretching targets for innovative products that disrupt traditional business models. While initial sales forecasts had been conservative, they rose rapidly as the launch approached with product samples in hand.”



‘Netatmo is a very good partner and I would certainly recommend them to a business seeking a similar relationship. They were definitely the best and most professional of the startups we looked at and stayed completely true to their philosophy of not seeking to compete for our relationships with installers or end users. They kept all their big promises and delivered good product quality while creating and sharing a lot of new value,’ says Georg Fleischer.

For Netatmo, success in this challenging partnership has taught it a lot, as well as allowing it to make clear and confident statements to other manufacturers, as Fred Potter concludes: ‘We’ve shown a number of qualities that make us a very attractive partner to other HVAC companies as well as utilities:

- We’re flexible enough to deliver products that meet our partners’ strategies rather than insisting they fit in with ours.
- We’re technically strong enough to comply with the processes and quality standards of the world’s biggest and best manufacturers.
- We’re mature enough to overcome the inevitable culture clashes that will occur when two such different businesses work together.
- Finally, our business model is to share the value we create with our partners, rather than trying to take it all ourselves.’



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