

Google buys Nest Labs for \$3.2bn in bid for smart home-devices market

Nest Labs makes smart thermostats and smoke detectors Nest: customers can still use Apple products with devices

Google has expanded its presence in consumer homes by buying Nest Labs, a connected device company which makes smart thermostats and smoke detectors, for \$3.2bn.

The internet search giant announced an agreement to acquire Nest on Monday, signalling a deeper push into a new market of app-controlled household devices.

“They’re already delivering amazing products you can buy right now – thermostats that save energy and smoke/CO alarms that can help keep your family safe,” Google CEO Larry Page said in a statement. “We are excited to bring great experiences to more homes in more countries and fulfill their dreams!” Google's stock increased 0.53% after the announcement.

In a blog post Nest's CEO, Tony Fadell, called the deal momentous but said the Silicon Valley company would retain its current leadership and brand identity. “In other words, Nest will stay Nest.”

Fadell, who was part of the team at Apple that created the iPod and iPhone, is known as “the father of the iPod”. He left Apple in 2008 and two years later started Nest in a Palo Alto garage with a former Apple colleague, Matt Rogers.

Partnering with Google will help the company realise its vision of the “conscious home” and change the world faster than if it continued solo, he said. “We've had great momentum, but this is a rocket ship. Google has the business resources, global scale, and platform reach to accelerate Nest growth across hardware, software, and services for the home globally.”

Starting a business focused on the lowly thermostat seemed a crazy idea at the beginning, said Fadell, but by 2011 Google executives were expressing interest. “That little device that went unnoticed and unchanged year after year on the walls of our homes was a lost opportunity to save energy and money. We knew we could do better.”

The Guardian named Nest's smoke alarm as one of 2013's notable technological innovations on the grounds it could distinguish burnt toast from a real domestic threat, speak rather than bleep and switch on its nightlight if it detects you walking underneath in the dark.

The smoke alarm, and a smart thermostat that is currently available only in the US, can be accessed remotely with a smartphone app which updates you on battery power and emergency alerts. The alarm also advises users how to respond to alerts, whether a carbon monoxide buildup or full-blown fire, and includes direct contact with the fire service.

The thermostat can learn user behaviour and determine whether a building is occupied or not using temperature, humidity, activity and light sensors.

Fadell has created 300 patents for consumer technology, and began exploring energy-efficient domestic technologies after leaving Apple.

Despite the deal Nest plans to let customers continue controlling devices through Apple products.

The purchase, which is expected to be completed in the next few months after regulatory review, showed that Google increasingly believed in hardware/software solutions rather than just building operating systems for other manufacturers to implement, said Frank Gillett, an analyst with Forrester who specialises in the connected home.

"Google will open up the somewhat closed approach that Nest used to date, to better integrate with interoperable smart home solutions that have entered the market in the last year, such as SmartThings, AT&T Digital Life, and Revolv," said Gillett.

The purchase still leaves Google atop a mountain of money. Last September it reported holding nearly \$57bn in cash, cash equivalents and marketable securities.

Source: <http://www.theguardian.com/technology/2014/jan/13/google-nest-labs-3bn-bid-smart-home-devices-market>