

WHY GAINING OUR TRUST IS IMPERATIVE TO THOSE BUILDING AUSTRALIA'S SMART CITIES

ALISTAIR LEATHWOOD and **JOHN CUCKA**, Kantar TNS, discuss the Australian smart cities of the future, and why we must all get on board.

The world's population is expected to double by 2050 driven by urbanisation. This means the demand for what IEEE Smart Cities define as "intelligent, sustainable environments that reduce environmental impact and offer citizens a high quality life" can, in part, be resolved by developments that "bring together technology, government and society to enable a smart economy, smart mobility, a smart environment, smart people, smart living, and smart governance".

However, it's important to recognise every city has a different makeup, different needs, and its people different dreams.

Property has long been a key investment vehicle for Australians, but it's a dream becoming more unattainable in the current environment. Smart cities may provide a new investment platform, and while the advent of real estate tech startups will exert a degree of influence over how Australian smart cities are designed, those incorporating IoT monitoring and machine-learning algorithms to optimise processes are

the way of the future.

WHY WE'RE BEHIND

Australia has some of the world's most liveable cities but we're behind Asia in the smart race. There are several cities in South East Asia: Taipei in Taiwan, Chiang Mai in Thailand, and (famously) Songdo in Korea, which all showcase the benefits of connected infrastructure as being more efficient in terms of energy usage and government spending, being better for the environment, and providing a more comfortable living environment for their populations. And we need to take their lead to compete.

As Australia's economy transitions from the mining boom to one reliant on services, it's imperative we're at the forefront of high tech, knowledge-based innovation and capitalise on our proximity to Asia. But it's not enough to just plaster technological innovations over existing infrastructure – we need to get inside the minds of the people who will buy and rent smart city properties now and in the future, in order to understand their needs and build a relationship of trust.

For example, the Australian Government's 'Smart Cities Plan' acknowledges the critical issues of congestion and affordability in our capital and major cities, and the low or negative growth of many regional cities due to slow replacement of jobs lost in manufacturing, resources and energy. As such, improving connectivity between housing and job centres is crucial.

However, Kantar TNS's 2018 *Domesticate* study of 1,000 people reveals 80 per cent of regional-dwellers and three-quarters of those living in cities are intending to visit a non-city destination in the next 12 months, suggesting a boost in regional tourism development opportunities exists, as well.

Australia's unique energy situation is also important to consider. We have long battled the elements and our grid is in crisis. The Federal Government's Clean Energy Finance Corporation is financing the deployment of new technologies and more efficient systems in cities, while its \$1 billion Clean Energy Innovation Fund will invest up to \$100 million annually in the smartest, cutting-edge domestic

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clean-energy technologies and businesses. So, property developers need to look to consumer attitudes and ascertain what their tenants and buyers are looking for when it comes to energy and waste efficiencies.

THE OPPORTUNITY

Connected consumers will demand shorter frictionless journeys to access new products and services. These changes create powerful opportunities for disruption if you find new ways to leverage touchpoints in order to give people what they want in new properties, from a smartphone app that allows remote heating control, to a connected fridge that restocks essentials automatically.

The deeper your understanding of how people interact with these different touchpoints, the greater the opportunity to develop these new, direct-to-consumer business models.

And, as more and more of us employ smart technology in our homes, there will be a push for increased intelligence in our metropolitan areas. Critically, the challenges of building smart cities are also about tapping into and evolving the mind sets of people – and in Australia, that's a playing field of its own.

DATA AND PRIVACY

Australians are way more cynical than the rest of the world when it comes to connectivity. Kantar TNS's 2018 *Connected Life* study of 1,113 Australians found over half of Australians (56%) are concerned about the amount of personal data companies know about them and object to a connected device

monitoring their activities, even if it makes life easier (54%). Even the Government is not exempt, 47 per cent of us do not have confidence they use our data to provide better services.

However, we can take cues from other industries disrupted by tech advances – financial services and cars. In this age of big data, arguably no-one should know their customers as well as banks. Access to spending habits should tell them volumes about who customers are and what support or products they need. The hot house of intense competition looks set to create some of the most interesting innovation to date; and for 'smart banks' the opportunity is huge. The wealth of customer data that banks hold is marketing intelligence brimming with potential to personalise offers, allowing prediction and response to individual needs as they evolve. They can also identify the moments most important to their varied customer base and build the customer experience to capitalise.

On the other hand, connected car owners are distrustful, and their lack of knowledge when it comes to connectivity benefits is worrying. Kantar TNS's 2018 global *Connected Car* report of 8,500 people found almost half (47%) of connected car owners don't even know the features they have mean it is classed as a connected car; many were unaware of its existence. Others didn't trust it, while a significant number failed to see how it could benefit their everyday lives. In the minds of many car owners, connectivity is complex. Rather than following the 'build it and they will buy' model, auto brands have an opportunity to grow their market

share by simplifying their interfaces and aligning their features with people's lives.

CONCLUSION

Connectivity is complicated, but success in building smart cities depends on some real-world simplicity. Data and analytics can inform city planning and infrastructure investment and digital communications have the potential to revolutionise the way governments and private operators engage with communities – perhaps helping remove some of that distrust.

Some estimates put the number of connected devices globally at 31 billion by 2020 ([Statistica.com](http://www.Statistica.com)), with over 300 million in Australia alone ([nbnco.com.au](http://www.nbnco.com.au)). The technology to create, put in place, and connect so many devices is not an issue, nor is the large-scale distributed data backbone to collect and house the data, as proven by cloud suppliers such as Amazon and Google. The real challenge is going to be making sense of all that data – unlocking all that potential by identifying the learnings that will lead to the efficiencies and quality of life improvements we need.

Whether it is a top-down evolution in how we think about data, a bottom-up revolution in the tools used to tap into the data pool, or some combination of the two, it'll be critical to consider whether data will change everything ad hoc or whether we will step up to the challenge of applying a human lens of ethics and morality within the emerging systems to deliver the societal benefits that Australia values most. ■