

COPELAND RECEIVES THE 2023 COMPANY OF THE YEAR AWARD

*Identified as best in class in the North American smart
thermostats industry*



Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Copeland excels in many of the criteria in the smart thermostats space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Accelerated Demand for Energy-efficient Solutions Stimulates Market Growth

Frost & Sullivan’s independent research signifies that the escalating energy costs and environmental concerns are accelerating the demand for energy-efficient building solutions. Smart thermostats easily and effectively minimize energy consumption and cut costs on heating and cooling bills. Furthermore,

“Copeland’s strong stance on data privacy, ability to build and evolve its feature-rich products according to customer needs, and rich legacy in heating, ventilation, and air conditioning (HVAC) solutions magnify its competitive and innovative edge.”

- Dennis Marcell Victor
Industry Analyst, Homes & Buildings

consumer demand to automate and control home environments is catalyzing the popularity of smart thermostats. Demand for these devices will likely increase with consumers becoming more mindful of the potential energy savings achievable with smart thermostats. These thermostats can integrate with other smart home devices (e.g., smart speakers, lighting, and security systems), amplifying their attractiveness to consumers. Some governments are also offering incentives and introducing regulations to promote the implementation of energy-

efficient technology, further stimulating market growth for smart thermostats.¹

With technological advancements driving the smart thermostat market, market players must adopt innovative capabilities to stay competitive. Moreover, the smart thermostat market is immensely price

¹ Global Smart Thermostats Technology Innovation and Growth Opportunities (Frost & Sullivan, March 2023)

competitive. As a result, companies that cannot manufacture products at low costs face growth restrictions. Smart thermostats have Internet connectivity which makes them prone to cyberattacks. Companies must have vigilant cybersecurity to safeguard their products and customers' data. Additionally, market players must be transparent about the collection, storage, and utilization of users' data gathered by smart thermostats. Therefore, they should have proper procedures to protect users' privacy.²

According to Frost & Sullivan's research analysts, North America, followed by Europe, is leading the smart thermostats market. Owing to the COVID-19 pandemic, users are spending more time at home. Generation Z and Generation Y spend 70% more time at home than other generations, and this shift will boost the home ecosystem solutions trend in developing cities. The penetration rate of smart thermostats in North America is 22% (2022), up from 11.7% (2018).³

A Leader's Path

Sustainability is core to the value that Copeland delivers to its customers and the planet. Leveraging the Copeland brand's 100-year legacy, global recognition, trusted expertise, industry relationships and influence in the heating, cooling and refrigeration industry, the company focuses on sustainable innovation, creating meaningful change in the world by helping its customers drive decarbonization and energy efficiency at scale.

Sensi Smart Thermostats: Delivering Privacy, Convenience, and Cost Savings

Copeland's Sensi smart thermostats provide an easy solution to homeowners seeking to simplify their home comfort experience while reducing their energy footprint. Some of the features that consumers look for when selecting a smart thermostat include a modern and clean design, a user-friendly mobile app, and of course, reviews and recommendations from other consumers – all things where the Sensi thermostat portfolio rates high.

But the Sensi team is always monitoring emerging market trends and evolving customer demands closely, to respond with novel solutions. In 2022, the company conducted a survey to understand the motivations and barriers to purchasing smart thermostats and identify their most attractive advantages and features. Through this survey, Copeland learned that both smart thermostat users and non-users have concerns about data protection and privacy. However, consumers do not usually research data privacy policies before purchasing a smart thermostat. Moreover, owners are unaware of what the manufacturers use their smart thermostat data for and believe they are using it responsibly. Due to increased data privacy knowledge, "four in five homeowners (80%) are concerned about smart thermostat manufacturers having access to personal data."⁴ 70% of smart thermostat users expressed interest in replacing their device with one that offers better privacy, and 45% of non-users said they would be more likely to buy smart thermostats in the next 12 months from a brand with higher privacy.⁵

Frost & Sullivan opines that a market leader must offer pioneering capabilities to meet the industry's shifting requirements. Keeping customers' concerns into consideration, Copeland offers game-changing smart thermostats under its Sensi brand, enabling them to secure energy savings and protect their data. The company's thermostats exceed its broad expertise and best-in-class capabilities, with customer value

² Ibid.

³ Ibid.

⁴ *Smart Home Data Privacy Survey* (Sensi Smart Thermostats, October-November 2022)

⁵ Ibid.

as a strategic imperative. It does not use consumers' smart thermostat activity for targeted advertising and does not sell their data. Moreover, users have complete control over their settings, and the Sensi smart thermostat does not change them. Copeland's solid focus on respecting users' privacy is an excellent selling point, as its Sensi smart thermostats do not require customers to trade their private data for energy savings. Copeland's strong stance on data privacy, ability to build and evolve its feature-rich products according to customer needs, and rich legacy in heating, ventilation, and air conditioning (HVAC) solutions magnify its competitive and innovative edge.

Available for homeowners and professionals, Sensi ENERGY STAR-certified smart thermostats (the first to be named an ENERGY STAR Partner of the Year) help customers save about 23% on their HVAC energy costs⁶ through features like remote access, temperature adjustment, flexible scheduling, and geofencing proximity detection. Customers can also search for [rebates](#) for Sensi thermostats from their local energy

“Due to the company’s unsurpassed focus on product excellence and exemplary business execution, it sells every thermostat soon after building it, demonstrating its dedication to revolutionizing the industry and its customers’ lives. Its extensive in-house testing ensures consistent performance and empowers long-lasting customer relations.”

- Iqra Azam
Best Practices Research Analyst

provider, lowering the initial cost of their devices. Paired with Sensi Manager multi-thermostat system, Copeland's smart thermostats allow professional customers (i.e., facility managers) to control all their Sensi thermostats in one place. Understanding that most consumers opt for smart technologies for convenience, security, and remote monitoring and control of their devices, Copeland equips its Sensi thermostats with an easy and quick do-it-yourself installation and user-friendly mobile app. Sensi offers several thermostats that do not require a common wire, and the app offers step-by-step

directions for installation. Sensi's mobile app is the #1 rated thermostat app on Android and Apple Stores, signifying customers satisfaction.

In addition, Sensi thermostats are the same shape and dimensions as conventional thermostats, eliminating the need for wall patching and painting. Although these thermostats work with most heating and cooling systems, Copeland advises customers to check their homes' wire compatibility through its website using a [compatibility checker tool](#), which can help customers to verify that Sensi thermostat will work with their system. The website provides transparency to customers before they purchase its products.

Sensi thermostats are highly versatile. Customers have the option to integrate with popular smart home platforms like Amazon Alexa, Google Assistant, Apple HomeKit, and Samsung SmartThings. This capability further boosts Copeland's competitive advantage as a unified platform can rate high with consumers for convenience. Users can also control their homes' temperature through voice using Apple's Siri, Google Home and Amazon Alexa, augmenting handiness for tech-savvy customers. Copeland has made Sensi products available through most major retailers (Amazon, Best Buy, The Home Depot, Lowe's and Walmart), catering to the current consumer trends in electronic commerce (e.g., online shopping).

⁶ Energy savings are calculated by comparing operation time for a nationwide sample of Sensi users with temperature adjustments averaging 4° in comparison to users with no adjustments. Savings vary based on equipment type/condition, insulation, climate & temperature adjustment size/frequency.

Frost & Sullivan recognizes that Copeland incorporates high reliability and quality in its products, from developing robust, user-friendly solutions to working closely with customers and partners. With an unsurpassed focus on product excellence and exemplary business execution, they perform extensive in-house testing to ensure consistent performance and empower long-lasting customer relations.

Copeland: Partner of Choice

With a long history in the HVAC business, Copeland's sterling reputation and customer-centric framework led to its coveted preferred partner status. In March 2022, Itron, Inc. collaborated with Copeland to offer thermostats as part of their Bring Your Own Device (BYOD), direct install demand response (DR) and distributed energy resource (DER) programs. Copeland's Sensi smart thermostat and Sensi Touch smart thermostats help users better understand and control their energy utilization and allow utilities to enhance grid reliability and sustainability.⁷

In 2023, Sensi smart thermostats also received the 2023 ENERGY STAR Partner of the Year Award for the fourth consecutive year and ENERGY STAR's Sustained Excellence Award (the highest honor among the categories), the first smart thermostat to receive this award.⁸ These accomplishments testify to Copeland's focus on developing technologies that drive energy efficiency and promote sustainability while enabling unmatched comfort and condensing costs for customers. As a part of its portfolio expansion, in 2023, Copeland launched two new Sensi thermostats (Sensi Touch 2 and Sensi Lite thermostats) and Sensi room sensors to address shifting consumer preferences and drive broader category adoption.

Frost & Sullivan believes the company is well-positioned to drive North America's smart thermostat space into its next growth phase, capturing market share and sustaining its leadership in the coming years.

Conclusion

A pioneer and transformational leader, Copeland's corporate culture revolves around sustainable innovation. Its product roadmap incorporates user feedback, ensuring its offerings meet customers' dynamic needs while driving energy efficiency. Backed by its years of industry-leading expertise, the company's customer-centric Sensi smart thermostats take the industry further than any competing solution. Emphasizing the consumers' growing concerns about data protection and privacy, Copeland's advanced Sensi smart thermostats do not use consumers' thermostat activity data for targeting or advertising purposes or sell their personal data to anyone. Additionally, users have complete control over their settings, and Copeland's Sensi thermostat does not change them. These fully-integrated thermostats enable users to practice sustainability and save around 23% on heating, ventilation, and air conditioning energy costs. Copeland's purpose-built smart thermostats set it apart, with superior design, reliability, and quality as its central pillars.

With its strong overall performance, Copeland earns Frost & Sullivan's 2023 North America Company of the Year Award in the smart thermostats industry.

⁷ <https://investors.itron.com/news-releases/news-release-details/itron-and-emerson-collaborate-offer-smart-thermostats-demand>

⁸ <https://www.emerson.com/en-us/news/commercial-residential/energy-star-partner-of-the-year-2022>

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

The Growth Pipeline Engine™

Frost & Sullivan’s proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

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Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

