Builders ditching Nest products as Google takes complete control

Residential builders across the nation are ditching Nest smart-home products as parent-company Google limits Nest's compatibility to Google devices, according to a *Bloomberg* report published on Thursday.

When Google purchased Nest for $3.2 billion in 2014, Nest's smart thermometers, smoke alarms and locks were compatible with a wide range of products from other manufacturers through the company's "Works with Nest" program.

However, after a failed attempt to sell Nest to Amazon in 2016, Google decided to merge Nest into its internal hardware division that includes Google's laptop and tablet products, explained *ArsTechinca* in a timeline.

During the company's I/O in May 2019, they announced Nest would be fully integrated into Google — meaning that users would need a Google account and access to Google Home and Google Assistant to use their thermometers, smoke alarms and locks.

"Google's home automation hardware is now Nest," a *Wired* article published shortly after the announcement reported. "But before the smart-thermostat startup – acquired in 2014 – could become one of Google's biggest brands, it had to be broken down and devoured by the tech giant."

Fast forward six months, and it seems Google's bet isn't paying off, as one of Nest's largest consumer demographics — homebuilders — are turning their backs.

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“But for builders, it’s just a pain because Nest devices no longer work so well with the other gadgets they install in homes, such as audio and entertainment systems, and alarms and other security gear,” Bloomberg’s report states.”It’s also a less enticing user proposition with all the privacy permissions that Google Assistant requires.”

Two of the nation’s largest building companies, CA Ventures, and Bravas Group, told Bloomberg they’ve begun using other brands to fulfill their smart home needs.

“We’ve stopped,” CA Ventures Vice President of Technology Mark Zikra said. “In an apartment complex, we’re talking about 200, 300 devices that would be installed in one swoop, and then all of a sudden everyone moves in.”

“We don’t have the luxury of being able to say, ‘Hey are you a Google person or are you a Honeywell person?'”

Bravas Group Chief Technology Officer Sean Weiner says Google’s decision to limit Nest’s compatibility places builders at a disadvantage.

“If we put that control in the hands of Google, we’ve lost that control,” he noted.

“We were more or less forced into the switch,” added independent contractor David Berman. “When people buy a connected device, they expect it to connect. That’s not something that happens with Nest anymore.”

As builders find alternatives, Nest’s sales could take a hit. Google disclosed Nest’s financials for the first time in April 2018 when Nest generated approximately $726 million in revenue.

However, financial news site *The Motely Fool* says that was likely a “one-time peek,” since Google recategorized Nest’s place within the company’s quarterly financial reports.

“Going forward, Nest will be aggregated within ‘Google other revenues,’ which includes other hardware products like Pixel phones, Google Cloud, and digital content sold through Google Play,” The Motely Fool reported.

“The search giant reported $14.3 billion in other revenues last year, and retroactively adding Nest’s sales to that segment brings Google other revenues to just over $15 billion for 2017.”

Google refused to share specifics about Nest during its latest earnings call, keeping in line with what *MarketWatch* calls the company's "habitual reluctance to break out specific financial performance figures."

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