

Kaer Air

How a “product-as-a-service” business model is disrupting the real estate industry

The Million Dollar Question

Building owners all over Asia are looking for innovative ways to create better experiences for their customers. But before they can get to this important task, they have to put some basics in place. Their buildings need to have power, water and air-conditioning. Without these core services, there is no customer experience to worry about because there are no customers.

So, building owners simply sign a contract with a power provider to buy power on consumption basis. A unit rate and a pay-as-you-use model. Same thing for water. But the question is.

Why is air-con different?



Today, to provide a comfortable environment for their customers many building owners invest capital and resources into owning and operating an air-conditioning system. This comes with a long list of financial and operational challenges and requires continuous investment to ensure the performance of the system.

In short building owners are forced to take on additional business risk and manage a non-core activity that negatively impacts their asset performance, yield and valuation.



Joining the “as-a-service” economy

We are witnessing a mass migration from the traditional ownership model to a world where consumers simply subscribe for access to content and services. This global phenomenon has caused disruption in nearly every industry with large incumbents being toppled by new players in the market. Music, hotels, travel, telecoms, transport, data and even construction and manufacturing.

Seeing the transformative effects of this business model we applied it to the single largest pain point for building owners in Asia to see if we could bring the “product-as-a-service” benefits to the real estate industry.

Kaer Air: Air-Conditioning as a Service

Instead of investing in and operating air-conditioning equipment, building owners simply dictate the conditions they want to achieve in their space.

Kaer assumes all financial and operational responsibility to deliver the conditions and the building owner simply buys air-con at a fixed \$/RTH rate on a pay-as-you-use basis.



Pay-as-you-use

Power: \$/kWh

Water: \$/m³

Air: \$/RTH

A shift in focus

The Kaer Air business model allows building owners to dedicate their time and capital to providing unique experiences for their customers whilst Kaer is fully accountable for providing the conditions they need.

“Think about Singapore Airlines. They will take an aircraft from a Boeing or an Airbus and then customise it and turn it into something that allows them to fulfil their mission. They are best-in-class in terms of delivering an experience to a passenger. They don’t need to be or want to be best-in-class at building aircraft. Because that’s a totally different business. That’s like Kaer Air. We will build the system and give the climate within the building to the owner, and they then take that and turn it into what they want to package and deliver to their customers.”

Justin Taylor, CEO at Kaer

An era of exponential change and disruption

Like many other “as-a-service” brands, Kaer has seen exponential growth over the past 5 years and now serves over 10 Million square feet of space across 3 countries. Customers include Global REITS, Developers, Educational Institutions, Industrial Parks and Data Centres.

In addition to adding assets to the Kaer portfolio, the Kaer Air business model has been recognised by the Business and Sustainable Development Commission alongside global brands like Netflix, Google, Airbnb and Alibaba.

In a recent report Kaer Air was heralded as one of the top 18 Global Breakthrough Business Models to tackle the UN Sustainability Development Goals (UNSDGs).



Investing in the future

The next chapter for Kaer looks nothing like the last. The transition to the Kaer Air Business model has transformed the organisational structure and opened new doors for technology development. Kaer’s first AI algorithms were launched in 2017 with the second version of the software scheduled for release in 2019.



Kaer’s engineers are also experimenting with data visualisation, modelling and VR technologies that could totally change the way we design, build and interact with our buildings.