

# ENVIRONMENTAL SYSTEMS

## *The European Market 2000 - 2005*



*Intelligent Controls in Buildings*

- 
- DEMAND FORECAST
  - MARKET DYNAMICS
  - ROUTES TO MARKET
  - SUPPLIER PERFORMANCE
  - STRATEGIC OPTIONS
  - WHAT THE BUYER WANTS
  - TRADING PRACTICES

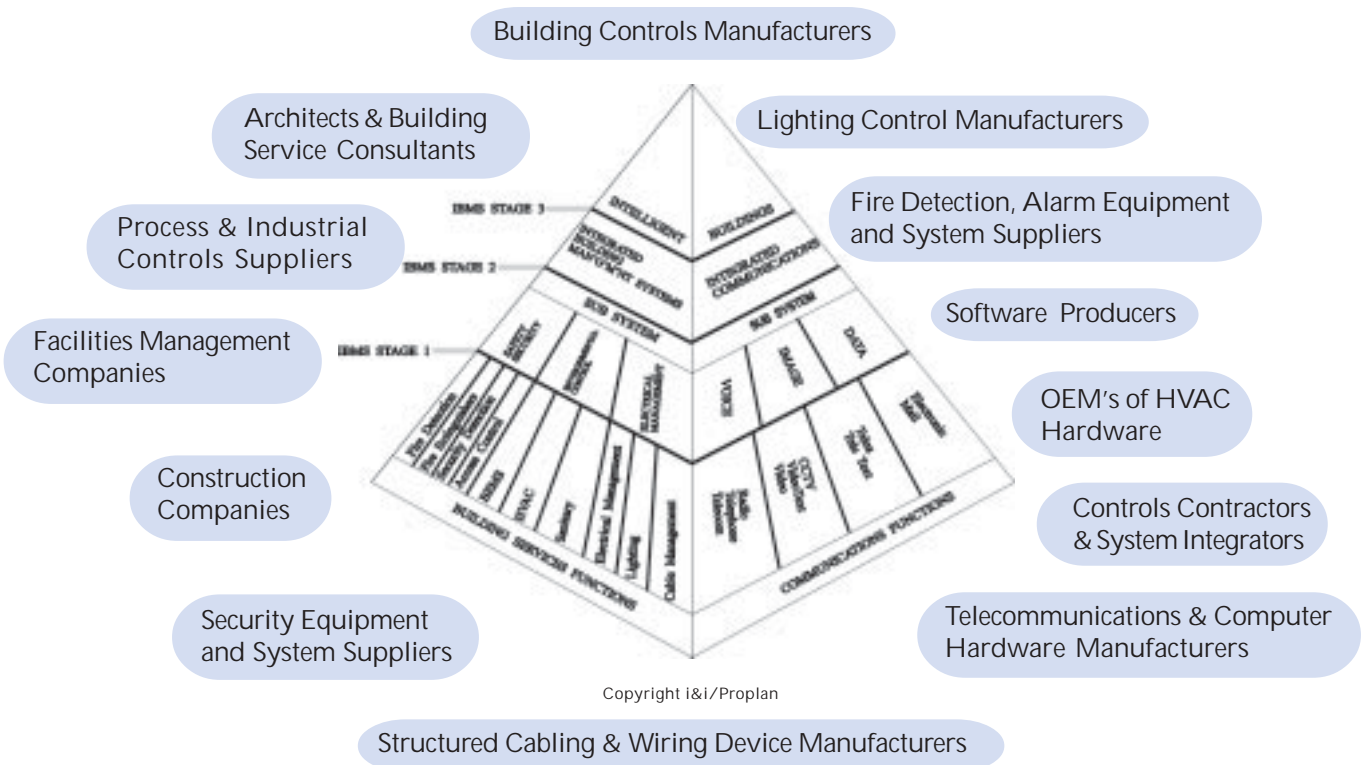


*All you need to know to plan your marketing strategy in Belgium, France, Germany, Italy, Netherlands, Spain, UK*

### Introduction

This study is part of a series of multi-client reports on the world's market for Intelligent Controls in non-domestic buildings (IBC(e)<sup>1</sup>). "The European Market 2000 to 2005" is our eighth edition on the environmental systems business and, based on data from manufacturers representing more than 90% of sales to the market, is the most detailed and accurate report published on this subject. Support from all the major manufacturers and suppliers over the last seventeen years has enabled us to develop a robust business model that takes account of inputs from all distribution channels and trends numerous market segmentations plus product and system cost structure over the last decade. This 725 page report benefits from comparisons with similar studies carried out in different regions of the world and related intelligent controls for other building services. It is split

into two volumes, where volume I comprises the executive summary, comparing findings such as supplier shares and market segmentations across all countries, and volume II provides the detailed analyses using the same format for each of the EU(7)<sup>2</sup> countries. Data on the past, present and future market for IBC(e) is clearly presented in both quantitative and qualitative terms, so that strategies can be developed to fully exploit opportunities on a pan-European basis. Our model below represents the fundamental concept of an intelligent, integrated building, and provides the foundation of this study. This shows the common building services and their hierarchy for integration. It identifies the main players involved in their specification, supply or integration and therefore for whom this report should make vital reading.



### Definitions

<sup>1</sup> **IBC(e)**: Intelligent Building Controls - environmental controls: - Computerised / microprocessor products and systems that control/monitor environmental plant such as heating, ventilation, air conditioning in non-domestic buildings, comprising a central user interface, communications network and data acquisition/direct digital controllers (DDC)

<sup>2</sup> **EU(7)**: Belgium, France, Germany, Italy, Netherlands, Spain, United Kingdom

<sup>3</sup> **IBMS**: Integrated Buildings Management System: Control systems that integrate two or more different building services under one contract



### **Market Appreciation**

Sales by IBC(e) manufacturers reached Euro 1.6 billion in 2000 growing at an annual rate of 9% per annum from 1997. This growth was driven by higher levels of construction activity, development of the small and medium size building business, higher levels of penetration and convergence of advanced controls into the conventional market. Sales through third party channels increased their share of the business to 31% making the total EU(7) market worth Euro 2.16 billion at system sales prices.

#### **PRICE PRESSURE**

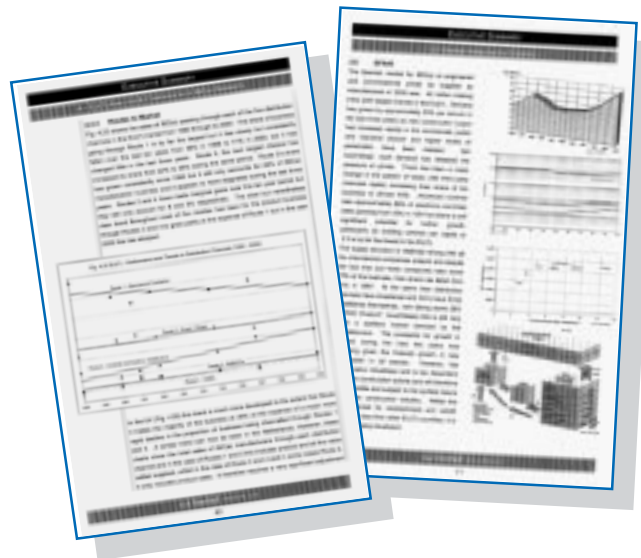
Demand for IBC(e) was sufficiently high during the last three years to reduce price pressures and in some developing markets sales margins increased. Cost per point and margins differ across the EU(7) partly due to the maturity of the market, construction activity, the supply structure and intensity of competition.

#### **WORLD PERSPECTIVE**

The EU(7) market accounts for about 28% of world sales. Despite the last two years having the highest rate of growth recorded since the late eighties it cannot compare with North America where growth over the same period has been a phenomenal 16% per annum.

#### **DISTRIBUTION CHANNELS**

Analysis of the channels of distribution show that the EU(7) countries exhibit different characteristics, and countries who do not support the controls contractor and EMSCO routes to market have a lower penetration of advanced controls.



#### **INFLUENCE OF IBMS**

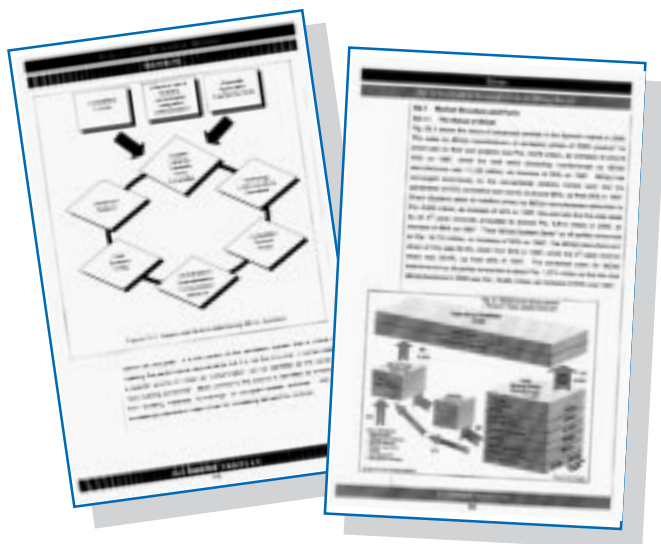
Integrated building management systems developed slowly from 1990 to 1997, but since 1997 this market has rapidly grown. Demand has increased as suppliers have demonstrated the benefits and resistance to change has been overcome. IBC(e) manufacturers now promote integration and this activity has become a major part of their systems business. The major catalyst to the continued development of this business is the introduction of standard communication protocols and the reorganisation of contractual procedures so that end user requirements are included in the conceptual design.

#### **PENETRATION OF IBC(e)**

The sales of IBC(e) systems per capita based on construction output is one measure that we use to benchmark penetration and determine latent potential of advanced controls. Our research shows that markets in Northern Europe including the UK, Germany and the Netherlands are relatively mature markets. Whilst in Southern Europe, including France Italy and Spain penetration is much lower.

#### **FUTURE**

The next five years present major challenges to all those in the supply chain as growth in demand falls across all countries and the intensity of competition increases. Technology will continue to drive product development and there will be a migration towards information communication technology and Internet protocols for the transmission and management of data from building control systems and its integration within the wider enterprise environment.



# ENVIRONMENTAL SYSTEMS

## *The European Market 2000 - 2005*

### **EU(7) Overview**

**Belgium** – is the smallest market in the EU(7) which is dominated by three manufacturers, has grown consistently but modestly over the last ten years despite the fact that it does not support third party routes to market.

**France** – this, the third largest market has achieved higher rates of growth during the last three years than the European average as ddc controllers converged on the conventional market. However, building controls per capita is one the lowest and there is still potential for further growth.

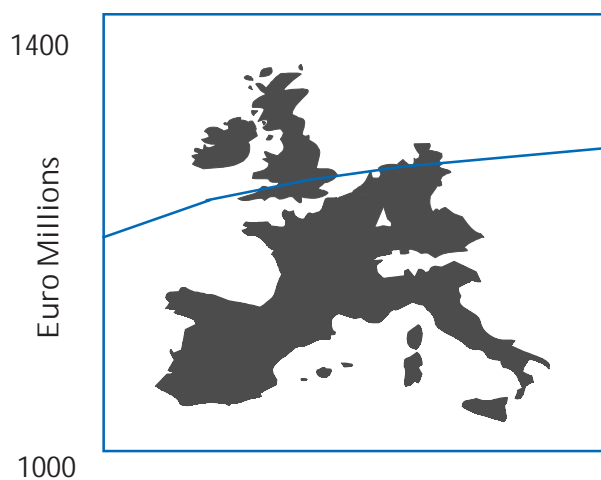
**Germany** – Germany, by far the largest market in the EU(7), is dominated by the major global suppliers and is the most developed market. It has experienced solid and consistent growth over the last ten years.

**Italy** – is the fourth largest market but has fewer suppliers than any other EU(7) country. The market experienced one of the highest rates of growth in the last three years fuelled by increased activity in new construction and higher levels of penetration.

**Netherlands** – this is the fifth largest market and growth during the last three years has exceeded the European average. Robust and well developed, the Dutch market has strong third party distribution channels.

**Spain** – Spain is the sixth largest market but has enjoyed, in the last three years, rapid growth due to a strong increase in new construction output. Increased penetration of advanced controls has occurred due to greater support of third party routes to market.

**UK** - this, the second largest market in the EU(7) is the most competitive. Lower than average growth at 7% is partly due to price pressures although these have relaxed during the last three years. The supply structure is strong and has the most developed and efficient distribution channels in Europe.



Demand for IBC(e) 2000 - 2005

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- Integrated Building Management Systems - IBMS
- Strategic Planning

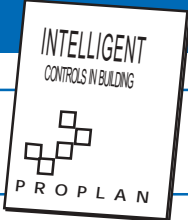

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# CONTENTS

- which are the same for each EU(7) country in this 725 page study

## VOLUME I - EXECUTIVE SUMMARY

1	EU(7) OVERVIEW .....	1
2	WORLD PERSPECTIVE .....	5
3	MARKET ANALYSIS BY COUNTRY .....	6
4	EU(7) ANALYSIS & COMPARISON OF IBC(e) MARKETS .....	13
5	TECHNOLOGY & COMMUNICATIONS .....	46
6	WHAT THE BUYER WANTS .....	48
7	THE FUTURE OF IBMS .....	49
8	STRATEGIC OPTIONS .....	50

## VOLUME II - REPORT & ANALYSIS

1	INTRODUCTION .....	13
---	--------------------	----

### PART 1 - MARKET ANALYSIS BY COUNTRY

(for each EU(7) country)

2	INTRODUCTION -STRUCTURE & SEGMENTATION OF IBC(e) SALES .....	3
---	---	---

2.1	Market Structure and Form .....	5
2.1.1	The Status of IBC(e) .....	5
2.1.2	A Ten Year Performance Review .....	6
2.1.3	Market Size by Sector by Type of Hardware .....	7
2.2	Market Size by Sector .....	9
2.2.1	New Construction - Refurbishment - Retrofit .....	9
2.2.2	Public - Commercial - Industrial .....	10
2.2.3	Single, Multiple and Multi-Site Projects .....	11
2.2.4	Contract Size .....	12
2.2.5	Market Size By End User Sector .....	13
2.3	Geographic Distribution of IBC(e) Sales .....	15

3	BUILDING CONSTRUCTION - STOCK - FUTURE IBC(e) POTENTIAL .....	17
---	--	----

3.1	Public Sector .....	17
3.1.1	New Construction in the Public Sector .....	18
3.1.2	Building Stock in the Public Sector .....	18
3.1.3	Market Size by Building Type .....	20
3.1.4	Future Potential .....	21
3.2	Commercial Sector .....	22
3.2.1	New Construction in the Commercial Sector .....	23
3.2.2	Building Stock in the Commercial Sector .....	23
3.2.3	Market Size by Building Type .....	24
3.2.4	Future Potential .....	25
3.3	Industrial Sector .....	25
3.3.1	New Construction in the Industrial Sector .....	26
3.3.2	Building Stock in the Industrial Sector .....	26
3.3.3	Market Size by Building Type .....	27
3.3.4	Future Potential .....	27

4	INTRODUCTION - SUPPLIER ANALYSIS .....	29
---	--	----

4.1	Supplier Share & Structure .....	30
4.2	Supplier Profiles .....	32
4.3	Third Party Suppliers .....	34
4.3.1	Facilities Management Contractors or EMSCO's .....	34
4.3.2	Controls Contractors and System Integrators .....	34
4.3.3	OEM's .....	35

5	TRADING PRACTICES AND PROCEDURES .....	37
---	--	----

5.1	The Construction Business and Contractual Relationships .....	38
5.2	Purchasing Routes for IBC(e) .....	38
5.2.1	New Construction/Refurbishment .....	39
5.2.2	Retrofit .....	39
5.2.3	Future Trends .....	40

6	INDUSTRY DYNAMICS AND GROWTH PROSPECTS .....	41
---	--	----

6.1	The Dynamics of the Market Place .....	41
6.2	The Present Status of IBC(e) Penetration .....	41
6.3	Factors For and Against Growth .....	43

7	MARKET SIZE AND FORECAST TO 2005 .....	45
---	--	----

7.1	Future Demand for DDC Systems in Belgium .....	46
-----	--	----

8	THE DEVELOPMENT OF INTEGRATED BUILDING MANAGEMENT SYSTEMS .....	49
---	--	----

8.1	Integration by Vertical Market .....	51
8.2	Integration by Building Services .....	52

-----  
*Detailed separately for the UK:*

9	CONTROLS CONTRACTOR BUSINESS .....	55
9.1	Introduction .....	59
9.2	The Structure of Controls Contractor Business .....	61
9.3	Market Size and Performance over the last 10 years .....	63
9.4	Market Segmentation .....	65
9.4.1	New Construction - Refurbishment - Retrofit .....	65
9.4.2	Public - Commercial - Industrial .....	65
9.4.3	Market Size by End User Sectors .....	6
9.4.4	Market by Geographical Distribution of Sales .....	67
9.5	Future Prospects .....	68
9.6	DIRECTORY OF CONTROLS CONTRACTORS .....	71

### PART 2 - PAN-EUROPEAN ANALYSIS

10	FORCES THAT DETERMINE DEMAND .....	10.1
----	------------------------------------	------

10	Introduction .....	10.3
10.1	Demand Side Factors .....	10.4
10.1.1	Energy Conservation & Deregulation .....	10.5
10.1.2	Indoor Air Quality (IAQ) & Green Issues .....	10.5
10.2	Supply Side Factors .....	10.7
10.2.1	Supply Capacity/Capability .....	10.7
10.3	The Future .....	10.8

11	WHAT THE BUYER WANTS .....	11.1
----	----------------------------	------

11.1	Introduction .....	11.3
11.2	Buyer Motivation .....	11.4
11.3	The Relative Importance of Product Factors .....	11.6
11.4	The Relative Importance of Company Factors .....	11.8
11.5	Buyer End User "Wish List" .....	11.10
11.6	E-Business .....	11.12

12	DEVELOPMENT OPPORTUNITIES FOR IBMS .....	12.1
----	---	------

12.1	Introduction .....	12.3
12.2	The Evolution of IBMS .....	12.6
12.3	Organising the Supply Side .....	12.10
12.4	Priority Markets .....	12.13
12.5	Effective Implementation .....	12.17

13	TECHNOLOGY .....	13.1
----	------------------	------

13.1	Overview of Current & Emerging Technologies .....	13.3
13.2	Product Standards .....	13.5
13.2.1	Scope of the CEN/TC 247 .....	13.6
13.2.2	Market, Environment and Objectives of the CEN/TC .....	13.6
13.2.3	Work Programme .....	13.14
13.2.4	European Publications for this CEN/TC .....	13.17
13.3	Communication Standards .....	13.19
13.3.1	BACnet .....	13.20
13.3.2	EIBA .....	13.27
13.3.3	Echelon-LonWorks .....	13.30
13.4	"OPEN SYSTEMS" .....	13.34
13.4.1	"Open Systems" Through Common Supervisory Software .....	13.34
13.4.2	"Open Systems" Through IT Networks .....	13.35
13.4.3	The Internet for Control Systems .....	13.36
13.5	Communication Transmission Systems .....	13.37
13.5.1	Introduction .....	13.37
13.5.2	Structured Cabling Systems .....	13.38

### APPENDIX

General Appendix .....	A3
Glossary .....	A12
Exchange Rates .....	A13
EU(7) Comparison .....	A14
Third Party Suppliers .....	A19
Belgium Appendix .....	A19
France Appendix .....	A27
Germany Appendix .....	A41
Italy Appendix .....	A83
Netherlands Appendix .....	A93
Spain Appendix .....	A101
UK Appendix .....	A111