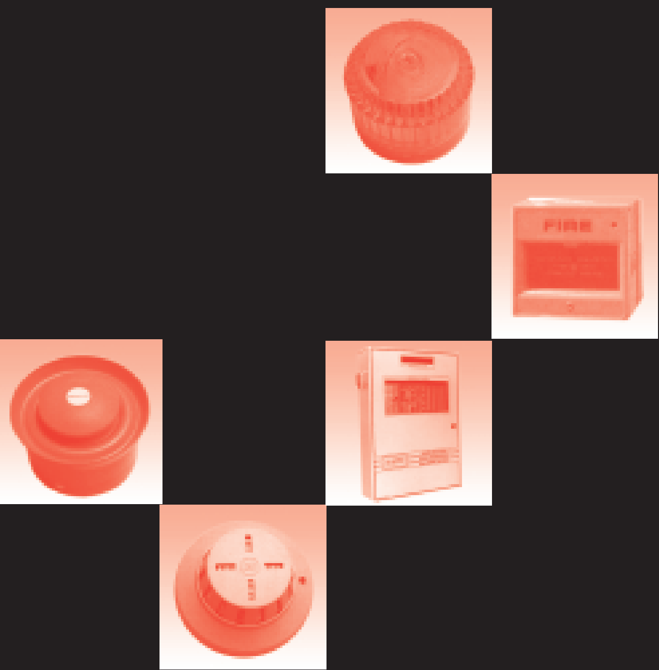
FIRE DETECTION & SAFETY SYSTEMS

The European Market 2003 - 2008

All you need to know to plan your marketing strategy

Intelligent Controls in Buildings



- DEMAND FORECAST
- MARKET DYNAMICS
- ROUTES TO MARKET
- SUPPLIER PERFORMANCE
- STRATEGIC OPTIONS
- INTEGRATION
- TRADING PRACTICES
- TECHNOLOGY - STANDARDS - REGULATIONS

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Review - Market Appreciation

The EU(7)[1] market has grown at an average compound rate of 6% over the last five years. The total product market at factory gate prices in 2003 was worth €838 million, whilst the total systems business achieved sales of €2,259 million. The main demand drivers have been more vigorous implementation of standards, regulations and codes of practice and a definite trend towards buying quality certified products, coupled with the demand for more sophisticated analogue addressable systems. New construction output has been broadly flat, but replacement and refurbishment business has provided growth in demand for all types of fire detection and safety systems. This is therefore a good time for active and ambitious players in this market, for our investigation shows that it does carry relatively high gross margins compared with most others in the intelligent building controls arena and trading conditions will remain favourable over the next three years.

WORLD PERSPECTIVE

This, the second largest market in the world after North America, accounts for 28% by value of the total world market of €8.1 billion. The market is assured growth over the next two years and in addition, there is also a latent potential for further growth through higher levels of penetration - Not bad for a market that is traditionaly regarded as being mature!

SUPPLY STRUCTURE

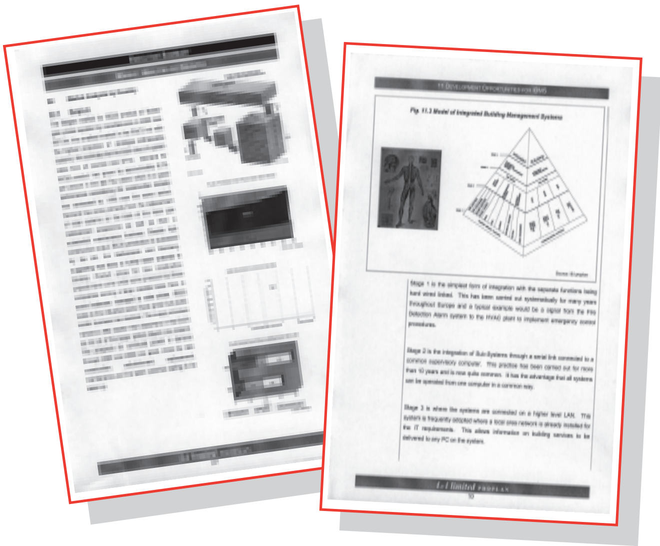
The supply structure has not changed radically since 1999 when the 6 largest product suppliers acquired 60% of the market. Further consolidation has now given these same companies some 68% of the product business. In the system sales business manufacturers account for only 31% of the business and this has marginally declined over the last five years as more companies have entered the already relatively fragmented systems market.

DISTRIBUTION CHANNELS

The influence of Value Added Resellers (VAR's) has grown significantly over the last four years and they are now well established and play an important role, being responsible for some 34% of all product purchases, having grown from 25% in 1999. These specialist installers have strong ties with the manufacturers and in some cases work fairly exclusively with just one. They have the skills to design and commission analogue addressable systems and play a particularly important role in Germany and the UK.

PRICE PRESSURE

This is a price competitive market with no dominant supplier across the EU(7)[1]. Average detector prices have fallen despite the demand for more sophisticated products, but volume sales have risen faster. Margins may come under further pressure in some countries but standards/certification barriers will protect further price erosion in others.



ROBUSTNESS

This is a very robust market for it has grown consistently during the last four years despite a stagnant new construction market and a fall in product prices. Demand drivers such as more vigorous implementation of regulations and standards and the flight to buy quality, certified and more sophisticated systems has more than compensated.

FUTURE STRATEGY

The next five years present major challenges to all those in the supply chain as growth in demand continues across all sectors and the intensity of competition increases. Suppliers that focus on delivering total solutions to particular vertical building types for multiple building owners will grow rapidly and profitably. Those that favour concentrating upon product sales will need to work on strengthening their distribution channels by improving their support services, particularly through specialist installers. The harmonisation of product standards and certification throughout Europe would be the single most important factor that would "open" up this market. This would present manufacturers with a major opportunity and threat. But it is doubtful that manufacturers will need to build this into their strategic plans within the next three years.

Definition

[1] **EU(7):** The countries of Belgium / France / Germany / Italy / Netherlands / Spain / United Kingdom.

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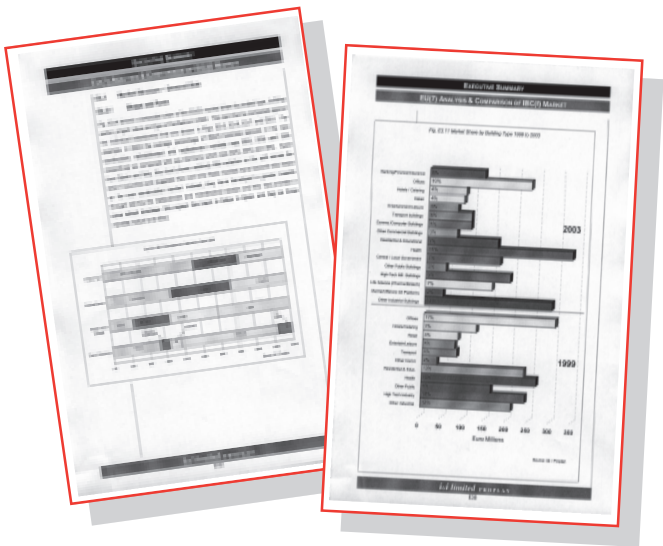
What's in this study?

In its 720 pages and over 275 charts and tables this study tells you:-

- The sales by Product (factory gate prices) and Systems (installed) for direct and indirect channels, since 1995, with forecast to 2008
- The size of the maintenance market
- The market size by type of hardware (5 product groupings)
- The market size by type of detector (14 products)
- The split between analogue addressable and conventional panels & detectors
- The market size by type of project; new construction - refurbishment - replacement
- The market size by building sector; public - commercial - industrial
- The market size by contract value (4 segments)
- The market size by 16 end user building types
- The geographic distribution of sales
- The market size for voice evacuation systems, advanced extinguishing controls and wireless fire detection and alarms
- Profiles & market share bands for all established suppliers by both product and total system sales
- Analyses the major demand forces, industry dynamics and growth prospects
- Analyses the changing role of third party suppliers and value of business each distribution channel handles
- An analysis of the trading practices and contractual relationships
- Expenditure on building construction, renovation; plus forecasts, building stock and future potential
- A review of technology, standards & legislation including comparisons by country and listings of laboratories and certification bodies
- Assesses, by 16 end user building types, how frequently suppliers integrate fire & life safety functions (advanced fire extinguishing / voice evacuation / emergency lighting) as well as the incidence of fully integrated building management systems including HVAC, security, smoke dampers, and "others"

This study takes you through the complex web of interdependent factors in a progressive and logical way, using 275 charts and tables, so that the issues that shape this market and influence change are clearly identified and the underlying trends discerned, in order that their future impact can be assessed. It allows the following key questions to be answered:

- How can product manufacturers reduce costs, make best use of increasingly capable third party routes to market and leverage economies of scale?
- How can systems suppliers strengthen their value added business, better serve the complete building service needs of specific end user types, taking advantage of growing opportunities to integrate safety services and other building management systems?
- How can suppliers increase the robustness of their business mix by securing a bigger share of the sizeable, mandatory maintenance and service business?
- Which candidates offer the most attractive proposition for growth through acquisition?
- What will be the impact of a migration towards information communication technology and Internet protocols for the transmission of life safety information and its integration with the wider enterprise environment?



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Intelligent Controls in Buildings

Why this Study?

This is our second edition of the European market for Fire Detection and Safety Systems and is part of a series of multi-client reports on the world's markets for Intelligent Controls in non-domestic buildings, carried out by the same highly experienced team that has worked for the last 20 years on this series.
This study has been endorsed by 6 founder member sponsors, who are the leading manufacturers in this business and account for more than 50% of its sales. In addition to this, the study was very well supported by most of the other manufacturer suppliers in the market. Building on our extensive existing database, we have updated with detailed quantitative data provided by our sponsors in face to face interviews carried out in each country and supplemented with meetings with consultants and end users. The business has then been analysed by 7 major segmentations and sub-sectored in many more for the markets in Belgium, France, Germany, Italy, the Netherlands, Spain and the United Kingdom. In its 720 pages, the study separately analyses each of these countries in an identical format so that direct comparisons can be made. It segments and analyses the market on both the demand and supply side, establishes the dynamics of the business and the forces that determine demand in order to assess future potential. It investigates the impact and incidence of systems integration and developments in standardised communications although the latter point has yet to make any impact on this business. This market is protected and inhibited from outside forces and rapid technological advances by standards governing product manufacture, codes of practise governing their installation and the need for certification by an approvals body in most of the countries in which they are sold. Nevertheless, real opportunity exists for suppliers to develop a pan-European strategy to offer integrated solutions, targeting specific end user building types and partnering with specialist installers. Support services will need to be strengthened through the use of web-enabled systems to allow remote monitoring, commissioning and diagnostic checks.
This study analyses and reviews the impact of key issues currently affecting this business, enabling suppliers to develop strategies that fully exploit the opportunities on a pan-European basis, including:

- More vigorous implementation of regulations and moves towards self-regulation
- Demand for more sophisticated systems yet increasing price pressures
- Growing emphasis on risk management and more certified products
- Increasing relevance of vertical market and value add strategies in a stagnant new construction market
- Pressure to implement harmonised EU standards to overcome the barriers presented by national standards

Why i&i - PROPLAN?

We are a specialist consultancy that focuses on analysing the market for intelligent controls in buildings. We have achieved our status of being the number one source for market intelligence by retaining the support for 20 years of the world's major suppliers to this business. Our studies are built upon their valuable data which they have entrusted. Our integrity and honesty have given us this privileged and unique position, to deliver insightful analysis based on accurate quantitative data. Our first multi-client projects started 20 years ago and most of the original team are still managing and directing projects today. But more importantly, we can chart the progress and developments in the market, over two decades in some cases, which provides us with much more capability to determine trends in technology and market segments. Forecasting the future and identifying gaps and opportunities in the market is therefore based on a firm foundation. We ensure that we get accurate quantitative data, appropriately segmented, in the way that suppliers want it. This makes for hard work and is time consuming, but only then can we be assured that we can back up our conclusions with hard facts.

All our reports under the series "Intelligent Controls in Buildings" are built upon the same analysis tools and models and this allows us to compare environmental, fire detection, lighting and security controls and more importantly, review their integration and the new business of providing total building solutions.

We support our studies, sometimes with a brief presentation, but you will always have direct contact with the staff that researched and wrote the study. Before making a decision to buy please call us to find out how we conducted the research, learning about our methodology and procedure for carrying out the study and the assistance and cooperation we had from our founder members.

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i&i limited - Building Intelligence & Innovation

i&i limited is one of Europe's leading research and consultancy companies specialising in intelligent buildings. We provide a comprehensive range of professional services encompassing marketing intelligence, technolgy intelligence and user intelligence to suppliers, managers, government and industry. The marketing intelligence division established in 1980 has analysed the markets and technology for building controls and services in 40 different countries throughout the world. Over 100 assignments have been completed in marketing strategy, product planning, market assessment and evaluation and company/product image.

We research the following markets on a global basis under our branded title "Intelligent Controls in Buildings":

- Environmental (HVAC) Control Systems - IBC(e)
- Fire Detection Systems - IBC(f)
- Lighting Control Systems - IBC(l)
- Security Systems - IBC(s)
- Intelligent & Integrated Infrastructures in Buildings
  Such as Retail - Hotels - Health

We can supply tailored, single-client studies on the above subjects across global markets using our models & benchmarking techniques. These can be structured by a wide range of segmentations e.g. type of building, type of project, type of product. In addition, we can produce reports on a range of supporting topics including:

- Communication Elements & Computer Hardware
- Communication Standards
- Engineering and Commissioning
- Maintenance
- Sensors and Field Elements
- Supervisory Software
- Wireless Systems

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