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## Intelligent Buildings In North America - Why Is It Taking So Long?

*There's recently been tremendous attention paid to the subject of IT-Convergence in buildings and the subsequent benefits that it brings to commercial real estate owners and developers by increasing the value and performance of their buildings. But there has been little in the way of case studies from the demand side showing how this was actually being achieved in practice. In this week's Advisory, we asked **James McHale, i & i limited** to share his thoughts on a study recently conducted by **i & i** on this very subject.*

In late 2005 **i & i limited**, with assistance from Realcomm, compiled data for a multi-client study on building automation systems in North America. This study resulted in the publication of a comprehensive report, "IT-Convergence in Buildings", now available from the [Realcomm Research](#) website.

The report is based on the experience and opinions of some of the largest building owners across the USA, collected through face-to-face interviews. It is a valuable read because it not only explains the reasons and roadblocks contributing to the slow adoption of IT-Convergence, but shows through a series of models how suppliers can overcome them by proving the proper business case to better justify the technology investment to the building owner's satisfaction. This is critical if we are to cross this chasm.

The study shows that there are *three main reasons* why it is taking longer for IT Convergence to come of age.

1. First, *suppliers have all too often failed to prove the business case to the satisfaction of the building owner.* They have failed to benchmark against the value propositions set by the building owner and in some cases have not even considered them.
2. Second, *they have failed to convince their buyers that their solutions are based on proven technology and that they are low risk, delivered by partnerships with all the relevant skills.*
3. Finally, *they have not developed marketing strategies that focus on the priority markets where IT Convergence will deliver true synergy through bringing together the technical infrastructures and the business enterprise operating in the building.* A good example of this is shown in hospitals where the building owners/operators holy grail is delivering "patient care". If all the aspects of delivering this value proposition, from Patient Administration, Medical Engineering Systems and Building services Infrastructures are brought together through IT-Convergence, then new solutions are made possible. Bringing all the information to the bed on patient records and combining with nurse call, lighting and environmental control, plus patient communications and entertainment, provides the best medical care in an efficient way that will reduce both medical staff as well as the time patients need to be in the hospital.

### TOPIC

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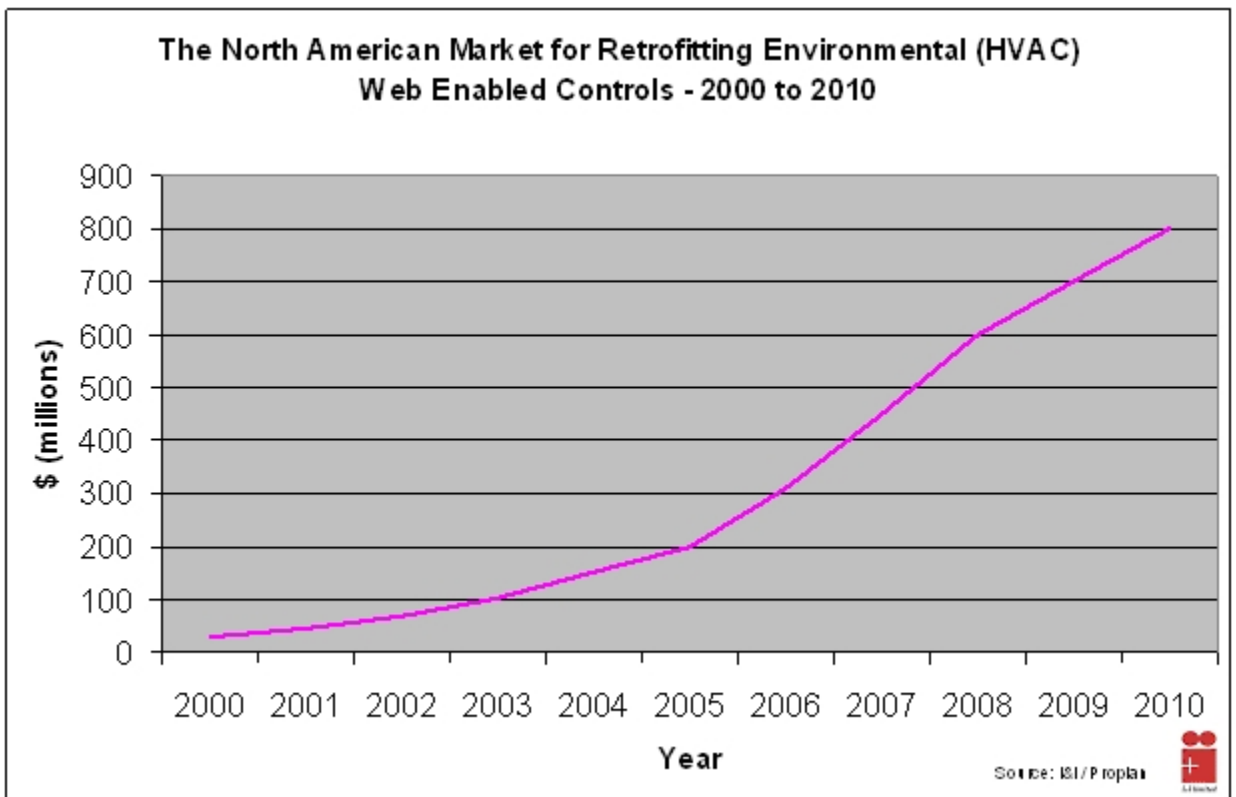
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The case studies detailed in this report prove that *IT Convergence can deliver the value and performance demanded by building owners*. The technology has been proven to work and can provide robust solutions that can be delivered at a first-time cost that will meet the ROI demands of most building owners. *However, it also shows that to do this, consultants and suppliers must work with building owners to understand and evaluate their value propositions and then come up with solutions where performance and value is based upon them.*

The research demonstrates that, if we are to move forward at optimum pace, the supply side needs to develop a new business model built upon partnership, not just with fellow suppliers but also with building owners. The importance of setting a strategy that targets specific building types and owners, where the benefits are most likely to be realized, should not be underestimated.

The effort spent on getting this right will be handsomely repaid for there is a vast commercial potential market to be captured. i & i estimates that just the retrofitting of existing buildings in North America, which is currently worth \$150 million for environmental (HVAC) web enabled controls, will be worth \$800 million in North America by 2010.



The major refurbishment and new construction market in North America was worth around \$20 million in 2004/2005 and could be worth some \$2 billion to the "Super Integrators" in 2010.

These are remarkable figures that will provide organic growth on a scale not realized in this industry before. However, much of this business will replace current solutions and therefore those who do not take up this new technology will see their market share rapidly decline and eventually disappear.

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