

PRESS RELEASE - 2004
New Report on the Building Management Systems Market – UK 2004.

AMA Research have recently published the 2nd edition of the 'Building Management Systems Market – UK'. The report is informed, comprehensive and up-to-date and represents an invaluable aid to sales and marketing professionals within the industry.

The report analyses market size and trends, key market influences, product segmentation, application mix and key suppliers.

Emphasis is given to both quantitative and qualitative assessments of market developments, with interpretation of relevant data to give an alternative viewpoint on future prospects.

This comprehensive and up-to-date report includes 27 tables and charts, is immediately available and is priced at £565.

Editors Note:

Enclosed is a summary of the report. Please use brief extracts if you wish, **but we would request that references to company market shares are not published without our prior permission.**

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- Please include our web address and telephone number on any review printed, it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

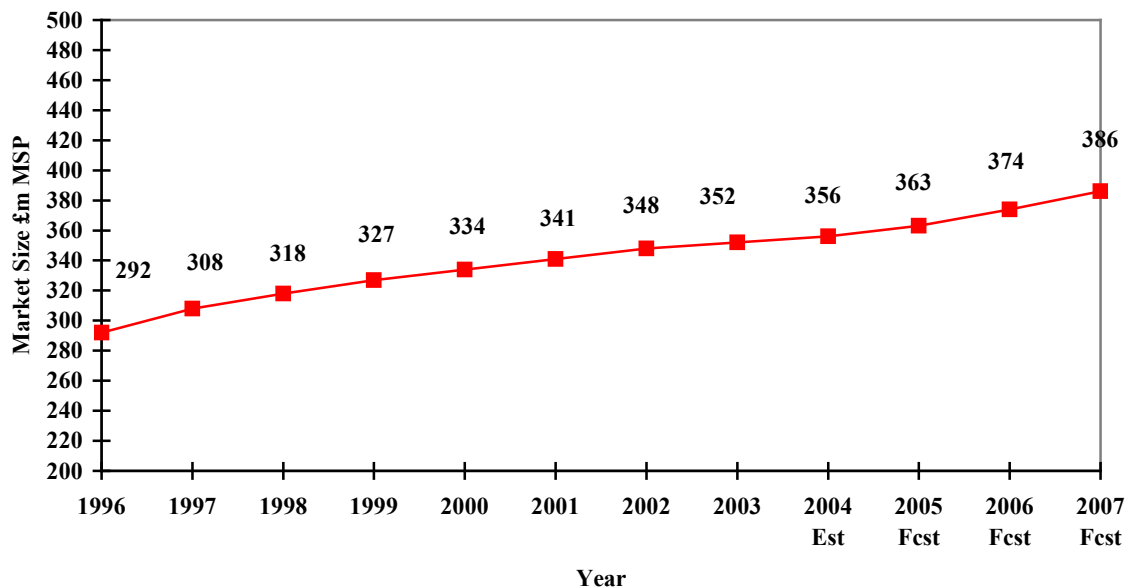
Building Management Systems Market UK - 2004

Summary

The overall market for building management systems is relatively stable with an estimated value of £352m in 2003 at manufacturers selling prices. A substantial proportion of the cost of a complete system is accounted for by design, installation and commissioning costs, with the value of the advanced control product market estimated at £113m in the same year.

Outlined in the chart below is an indication of market trends since 1996, with forecasts through to 2007:

UK Building Management Systems Market 1996-2007 (£m MSP)



Source: AMA Research/Trade Estimates

Although the market experienced positive conditions during the late 1990's, recent performance has been more subdued reflecting relatively stable conditions in the overall construction sector and low levels of penetration in the 'small' commercial building sector. In addition, the concept of energy efficiency has not tended to motivate the market to the extent that had at first seemed possible, although in the long term it is envisaged that legislation will become increasingly more detailed, complex, and 'tougher'. This is likely to have the effect of providing additional motivation for BMS in the long term.

The outlook for the market is relatively positive in the medium to long term influenced by a number of factors including:

- Variable levels of construction investment with health, education and infrastructure viewed as more positive in the short to medium term in terms of the levels of new projects and building programmes, etc.
- Long term low-level motivation from an expanding range of controls and extended BMS's arising from the slowly increasing installation of solar heating and solar photovoltaic cells.
- Long-term motivation from energy-efficiency and building regulations in refurbishment and retrospective applications.
- Niche sub-sector growth opportunities – for example security, protection and detection, access, surveillance (including lighting), fire, temperature control, FM, etc.
- Opportunities for market penetration facilitated by the flexibility, accessibility and cost efficiencies arising from the introduction of BMS systems utilising existing IT infrastructures.
- Growth of facilities management contracts with long-term maintenance agreements encouraging more emphasis on minimising building operational costs.

However, there are also a number of factors which may act to constrain market growth including:

- The adverse impact of the relatively recent but severe decline in commercial construction.
- The relatively high 'front-end' capital investment and difficulty in assessing the pay back period for BMS packages under the present economic climate in the UK which tends to act as a 'disincentive' to potential installers of BMS's.
- Difficulties experienced in market penetration of the small commercial building sector where 'adequate' operational levels of control are already in place and where significant opportunities for capital investment programmes are relatively restricted.

The structure of the BMS market is complex, involving design, installation and commissioning, in addition to the manufacture of controls and other hardware products.

The companies who supply the market fall into a number of broad categories including **Controls Manufacturers**, many of whom supply complete turnkey installations as well as advanced controls, **System Integrators** who buy in controls and other hardware products but carry out design, software engineering, installation and commissioning, and **M & E contractors** installing and commissioning systems, also **Contract Energy Management Systems** suppliers and **Panel Builders**.

The market is dominated by the controls manufacturers, with key companies including **Honeywell, Johnson, Satchwell, (Invensys), Siemens Building Technologies, Inviron and Trend (Novar)**, as well as **TA Controls, York, Serck, Tyco and Andover Controls (Balfour Beatty)**. Systems Integrators include **E-Squared, Schneider, Zutec, etc.**

Whilst the earlier types of building management system usually controlled Heating, Ventilation and Air Conditioning, there has been an underlying trend towards more integrated building management systems which control the full range of building services including HVAC, Lighting, Fire, Security and Access, as well as data and telecommunications, etc. This trend is likely to continue as integrated systems provide more efficient management and monitoring of the growing range of services installed within modern buildings.

Technological developments facilitating the further extension of BMS's include the adoption of communications standards from IT to operate building control field devices, building automation devices, and management/supervisory functions using the existing IT infrastructure. This avoids the capital costs of separate dedicated systems and also facilitates accessibility, multiple entry, etc, although it is indicated that web technology is unlikely to completely displace the more 'robust' systems to implement fire security emergency, and other safety/reliability functions, etc.

The distribution of advanced control products is highly concentrated. The most common route to market is via systems houses, with direct to end user also representing a significant distribution channel. Other distribution channels include via M & E contractors and OEM companies.

The commercial sector represents the most significant end use sector accounting for some 50% of sales, with key end users including offices, hotels, shops and leisure activities. The public sector currently accounts for some 40% of installations and is driven by PFI schemes and underlying growth in government expenditure on hospitals and schools in the short, medium and long term.