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## **A Future-Proof Approach to Intelligent Buildings**

*CABA and Frost & Sullivan recognize the critical need for the adoption of Life Cycle Costing in the intelligent buildings market*

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Intelligent building industry participants indicate the use and adoption of life cycle costing (LCC) as a valid prerequisite in the process of adopting intelligent building design, technology and processes. However, presently, use of LCC to determine long-term return on investment is infrequent at best. As intelligent building technologies are a long-term commitment in most cases, making well-informed purchase decisions is paramount for all involved stakeholders to optimize investments, the end-user experience, energy efficiency, monitoring as well as asset value maximization. With "big data" becoming mainstream, organizations must harness this intelligence in decision making, particularly when cost allocation is such a high determinant of end-user choice. For the intelligent buildings market, this insight has not yet been fully utilized to direct decision-making.

However, for widespread adoption and acceptance of industry standards in terms of intelligent building design, technology and process best practices, there must be agreement in terms of LCC standards as a suitable qualification guideline during the purchase and adoption process. Ongoing discussions on industry issues among the members of the Continental Automated Buildings Association (CABA), through its Intelligent Integrated Buildings Council (IIBC), underscore the limited use of LCC evaluations to guide procurement decisions, and the potential impact this insight could have on the market.

To shape this research on the role of LCC in intelligent buildings or receive more information, please contact Britni Myers, at [britni.myers@frost.com](mailto:britni.myers@frost.com). CABA and Frost & Sullivan have partnered on this research project, specifically looking at the adoption of public and paid LCC techniques and the resultant benefits it offers various industry participants. The analysis promises to create an understanding of the technical complexities, as well as the issue of obtaining buy-in for LCC adoption from the myriad of participants representing the intelligent building industry value chain.

"As CABA gears toward initiating this industry-altering analysis in mid-June 2013, it is clear an overwhelming industry interest and support is paving the way for yet another high-value research partnership among key industry participants," said CABA President and CEO Ronald J. Zimmer. "This landmark analysis will be instrumental in defining key industry metrics and benchmarks in which participants can work from in deciding product design and use to optimize end-user uptake. This ultimately impacts adjacent markets outside of the intelligent building technology sector for a widespread ripple effect."

While the industry recognizes the benefits associated with the use of LCC, its intermittent incorporation in the decision making process for adopting intelligent building designs and technologies raises valid concerns. Where cost perceptions frequently hamper the adoption of the right technology or project, LCC demonstrations can help industry stakeholders take a more logical and future-proof approach to justifying intelligent building investments.

"The comprehensiveness of current LCC techniques in their ability to properly evaluate an intelligent building project is often questioned," said Frost & Sullivan Partner Roberta Gamble. "Further, limited usage of these methods also establishes the fact that the pros and cons behind each of these tools and techniques are not fully understood by the industry to propagate the need for adopting one over another. Through a vast body of collaborative research with CABA and IIBC, we have determined the absence of clear, concise and widespread LCC methods and other value justification standards, which are a key, unmet market need."

#### **About CABA**

The Continental Automated Buildings Association (CABA) is a leading industry association that promotes advanced technologies in homes and buildings in North America. More information is available at <http://www.caba.org/>.

#### **About Frost & Sullivan**

For more than 50 years, Frost & Sullivan have been developing growth strategies for the global 1000, emerging businesses, the public sector and the investment community. More information is available at [www.frost.com](http://www.frost.com).

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