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## **Life Cycle Costing is Critical in the Intelligent Buildings Industry According to CABA and Frost & Sullivan**

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The Continental Automated Buildings Association, through its Connected As the building technologies market strides toward optimizing intelligent building investments by managing end-user experiences, energy efficiencies, and monitoring and maintenance of assets, life cycle costing (LCC) proves of paramount importance. Through collaborative research between the Continental Automated Buildings Association (CABA) and Frost & Sullivan, findings show that cost evaluations are not the industry norm; instead, purchases are most often based on the lowest costs and relationships with past vendors. Despite this, industry participants agree the use and adoption of LCC as a valid prerequisite for building technology purchases is a key benchmark in the years to come.

“We recognize the challenges our customers have in balancing the demands of meeting first-cost requirements for the original system investment, versus the longer-term impact of the system usage throughout the life of the building,” said Siemens Industry, Inc. Marketing Director Peter M. Seyfert. “We are excited to be hands-on in this landmark CABA and Frost & Sullivan life cycle research.”

To ease the challenges around long-term building technology purchase decisions for maximum ROI, Frost & Sullivan and CABA are midway through a project aimed at defining the role of LCC in intelligent buildings, with support from CABA’s Intelligent Integrated Buildings Council (IIBC). The analysis is evaluating the current tools and techniques available to accurately measure LCC, as well as LCC’s current and future impact on the market as a key purchasing factor to consider before any major building technology-related purchase.

This Frost & Sullivan and CABA collaborative research project will cover the adequacy of training and education initiatives; collaborative efforts required to make LCC and related methods a mainstream component; as well as issues, challenges and the relevance of current tools to accurately evaluate LCC.

“We look forward to the outcomes of this research, and feel this represents an important and timely analysis that reflects the importance of life cycle costing within our industry,” according to a statement from Honeywell. “We feel the discovery of best practices and appropriate ROI models raises the necessary awareness and provides benefits to all stakeholders.”

Valid concerns come up when discussing the benefits associated with LCC, such as its only slight and irregular application in the design process when developing intelligent building plans and technologies, which causes obvious incongruence later in the process. In addition to this lack of collaboration among building technology market segments, CABA and Frost & Sullivan also find budgetary restrictions often hinder the adoption

of the best suited technology or project, particularly when LCC is not taken into consideration. Demonstrations of LCC benefits clearly reflect the justification of key intelligent building investments, allowing industry stakeholders to take a future-proof approach to buildings that are still standing beyond the lifespan of the purchasers.

“PCN is pleased to be a part of the CABA Life Cycle Costing sub-committee and believes that adoption of life cycle costing will allow acceleration of the intelligent buildings market overall,” said EVP of Business Development for PCN Technology Inc. Daniel Drolet.

“Ultimately, through the CABA research led by Frost & Sullivan, building owners, technology providers and system integrators will obtain critical LCC tools necessary to make decisions as they move forward with intelligent building infrastructure and technology migration plans, and we look forward to our participation in this research.”

The following CABA members are sponsors of this research:

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For more information about this research project, please see [www.caba.org/research](http://www.caba.org/research). Organizations will be able purchase the report after it is made available by contacting CABA at 888.798.CABA (2222) or 613.686.1814 x 226.

### **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**

Frost & Sullivan is an American firm which provides market research and analysis, growth strategy consulting, and corporate training services. Its headquarters are located in Mountain View, California, with offices in over 40 countries.

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