

# Construction and the software revolution

## European contractors' association FIEC states its position on the strengthening grip technology firms have on the construction industry

**F**or a couple of years already, FIEC has heard warnings about the ambitions of software giants, which are increasingly moving into the construction industry.

Some of our experts predict that contractors could find themselves as future subcontractors in major contracts won by construction branches of these software giants; others are just pointing to the loss of control by contractors, finding themselves locked into unfavourable software contracts.

These sometimes limit choice and force users into long-term agreements, because of the necessity to upgrade with compatible updates, only available from the existing supplier.

This scenario reflects the one many of us have experienced with our phones and other hardware, for which the operating platforms are geared towards one brand of software products, effectively tying us in to a long-term relationship with our provider, even when we would prefer to choose another.

Convenience and compatibility end up determining our choices and it can often feel like we don't have a choice at all.

### DATA – THE SOURCE OF OUR INTERDEPENDENCE

Looking at the situation in the context of the construction industry, data has become the key driver of the ambitions of the software industry and the subsequent loss of choice and control on the part of the contractors. The new way of designing, building and managing the built environment, increasingly digital in nature, has led to both the generation of critical and valuable data on the one hand and the absolute need for access to it on the other.

Control of this data gives power to the provider of software services, as well as lucrative commercial opportunities.

Not least among these is the kind of contract that locks in the user to a potentially long-term – or expensive – or both – arrangement, for which there is little scope to switch provider, without major inconvenience and/or loss of access to vital data.

In theory, the data should belong to the client, namely the building owner or public body that has procured construction works. However, the untreated data per se is useless without the intervention of a supplier that knows how to gather, process, store and secure it and facilitate its use.

### FIEC'S POSITION ON THE RELATIONSHIP BETWEEN TECHNOLOGY USERS AND PROVIDERS

The thorny issues related to this new reality have been tackled in FIEC's recently published position on the subject. The

paper explains the dominant position that has been achieved by a few software providers. Although these are sometimes referred to as "giants" not all of them have enjoyed such dominance until recently.

As the paper explains, BIM (Building Information Modelling) created an opportunity, which was seized by entrepreneurial software developers. Now they sometimes offer leasing arrangements, meaning that the user does not actually purchase the software.

The release of regular updates, which need to be deployed across an entire team of users involved in the relevant project, render the contractor powerless to decide the pace at which it wants to upgrade.

Apart from the expense of such arrangements, there is another problem; software developers are not usually experienced in the construction industry.

While their interest in the industry is considerable – the potential of smart buildings and infrastructure and the need for services in the use phase making a compelling business case – their lack of expertise means that the new solutions being developed might not be the right ones, meaning the problems of cost and lack of choice for the contractor are exacerbated by the potential difficulties created by the inadequacy of the product itself.

To address the challenges raised by FIEC in its position paper, the federation calls for action from the EU policy makers, including the following:

- Targeted initiatives on relevant competition matters
- An initiative on fair and site-specific contractual conditions
- Choice for users regarding where their data is stored

- The creation of a European cloud network
- The requirement for EU standards, interoperability and open access for non-EU software services
- Greater vigilance regarding infringements of the EU public procurement rules
- Specific measures aimed at protecting the data owner.

### THE EU'S REACTION TO FIEC'S POSITION

At the time of writing, it is too early to report on the reaction of the policy makers to FIEC's position paper in particular. However, even before the paper was published, certain plans had been outlined by the new European Commissioner for the Internal Market, Thierry Breton, who recently spoke of an EU common data market as well as the forthcoming Digital Services Act.

The EU institutions have long been aware of the precarious weakness of the bloc – both collectively and at Member State level – compared with the dominance of other major powers.

This is not only about the speed with which these countries have cornered the market for relevant data services; it is also about the lack of investment in the EU's data infrastructure and its slow response to the potential of new technologies such as Artificial Intelligence.

For the construction industry, which is accelerating in terms of implementing digitalisation, EU policy solutions aimed at protecting users from unfavourable conditions imposed by the software giants, cannot come too soon.

Further information on this subject can be found at: <http://www.fiec.eu/en/fiec-positions/position-papers.aspx>

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