

**The European  
e-Business Market W@tch**

# **E-Business in Europe · 2006**

**Industry perspectives on  
electronic business development**



October 2006

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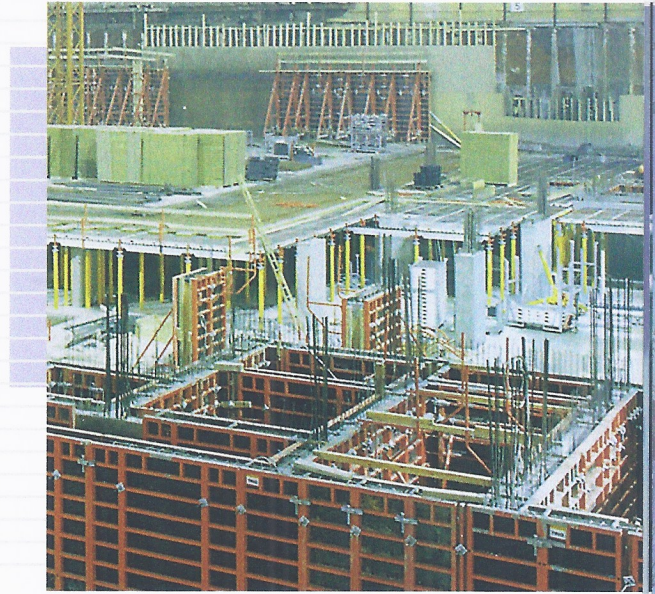


European  
Commission

e-Business Profile:

## The Construction Industry

Large construction enterprises have increased their awareness of ICT-related opportunities. They have started to adopt advanced ICT solutions such as e-procurement systems, collaborative design systems (3D technology) and tools for collaborative document sharing (project webs).



Until recently, the construction industry (CI) was rather conservative in its attitude towards ICT and e-business. One of the main reasons is that the typical nature of the service provided in construction – being an on-site and often highly customised service – does not lend itself to typical e-business concepts.

Nevertheless, large construction enterprises and the public sector are now driving ICT uptake in the CI. They have the financial resources, human capital and ICT capabilities which are necessary to benefit most from ICT. The public sector could further accelerate development, both as a major buyer of construction services and via policy initiatives.

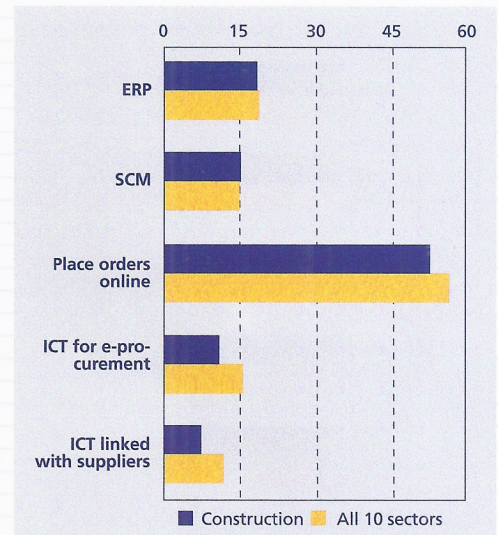
New concepts such as strategic procurement are enhanced by the use of e-procurement as a tool. Centralisation of tendering, establishment of framework contracts, consolidation of the supplier base and products are often aspects of strategic procurement, and construction enterprises use e-procurement as a tool to optimise the price/quality ratio.

The benefits of e-tendering are first and foremost on the buyer side, however, and the development is therefore mainly driven by the public sector (public e-tendering).

Potential benefits for construction enterprises of implementing advanced ICT solutions (such as 3D, project webs) include cost reductions, risk minimisation and more precise communication between stakeholders. Barriers to the uptake of ICT include the strong adherence to traditional work flow processes, a lack of skills and capabilities for e-business, and incompatibility between different ICT technologies.

### More information

This sector study was conducted by Rambøll Management ([www.r-m.com](http://www.r-m.com)). The full study report is available on the website at [www.ebusiness-watch.org](http://www.ebusiness-watch.org) ('resources'). For more information about this study, please contact Mr Anders Pennerup Gantzhorn ([Anders.Gantzhorn@r-m.com](mailto:Anders.Gantzhorn@r-m.com)).



|                 | ERP | SCM | Place orders online | Receive e-invoices from suppliers |
|-----------------|-----|-----|---------------------|-----------------------------------|
| Construction    | 18  | 16  | 53                  | 18                                |
| micro (0-9)     | 8   | 10  | 51                  | 15                                |
| small (10-49)   | 20  | 15  | 54                  | 22                                |
| medium (50-249) | 26  | 13  | 57                  | 12                                |
| large (250 +)   | 37  | 26  | 58                  | 24                                |
| Footwear        | 23  | 14  | 35                  | 17                                |
| Shipbuilding    | 30  | 14  | 62                  | 26                                |
| Pulp & paper    | 45  | 21  | 59                  | 25                                |
| Tourism         | 15  | 16  | 60                  | 24                                |

Data for sectors weighted by employment ("firms representing x% of sector employment").  
Data for size-bands in % of firms from the size-band.

Source: e-Business W@tch (2006)

### Fact-Box

The e-Business W@tch study on the construction industry focuses on business activities specified by NACE (Rev. 1.1) F 45.2 ("Building of complete constructions or parts thereof, civil engineering") and F 45.3 ("Building installation").

|                                 |             |
|---------------------------------|-------------|
| Total employment (EU-25):       | 14 million  |
| No. of enterprises (EU-25):     | 1,5 million |
| % of employees working in SMEs: | 80%         |

(Source: Eurostat SBS, latest available figures)

Construction is one of the largest industrial cluster in the EU, representing about 10% of Gross Domestic Product (GDP) in the EU and about one quarter of total industrial output. Activities of the construction industry can be grouped into house-building (26%), non-residential (29%), civil engineering (20%) and rehabilitation (25%).

Networking and Debate:

## The Advisory Board of 2006

To validate research findings, *e-Business W@tch* seeks regular exchange and debate with international experts on ICT, e-business and specific sectors. The Advisory Board of 2006 consists of 20 industry representatives, researchers and business consultants. Board members offer comments on reports, provide input to the research, and thus help *e-Business W@tch* to identify the relevant trends and to set research priorities. Their services are gratefully recognised.



### Advisory Board

| Member                   | Affiliation                                                                              | Appointed for sector / expertise in | Country   |
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| Mr Jesús Galván          | Schiller International University, Madrid                                                | Telecom industry                    | Spain     |
| Mr Markus Gratzer        | Österreich Werbung                                                                       | Tourism                             | Austria   |
| Mr Tony Graziano         | EICTA – European Information & Communications Technology Industry Association            | ICT industries                      | EU        |
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| Mr John Sarborg Pedersen | ITEK – Confederation of Danish Industries                                                | Construction                        | Denmark   |
| Mr Ulrich Paetzold       | FIEC – European Construction Industry Federation                                         | Construction                        | EU        |
| Mr Axel Pols             | BITKOM - German Association for Information Technology, Telecommunications and New Media | ICT industries                      | Germany   |
| Ms Brigitte Preissl      | Deutsche Telekom                                                                         | Telecom industry                    | Germany   |
| Mr Henry J F Ryan        | Lios Geal Consultants                                                                    | Interoperability                    | Ireland   |
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