

F R O S T & S U L L I V A N

2024 CUSTOMER VALUE LEADER

*IN THE NORTH
AMERICAN BUILDING
AUTOMATION SYSTEMS
INDUSTRY*

F R O S T & S U L L I V A N

BEST
2024 PRACTICES
AWARD



Delta Intelligent Building Technologies

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Delta Intelligent Building Technologies excels in many of the criteria in the North America building automation systems space.

AWARD CRITERIA	
<i>Business Impact</i>	<i>Customer Impact</i>
Financial Performance	Price/Performance Value
Customer Acquisition	Customer Purchase Experience
Operational Efficiency	Customer Ownership Experience
Growth Potential	Customer Service Experience
Human Capital	Brand Equity

Connectivity, Convergence, and Energy Efficiency Drive Transformational Growth

Buildings consume a significant amount of energy, with usage increasing by 1% annually and emissions projected to double by 2050. Inefficient practices in commercial buildings waste about 30% of energy, making improvements in energy efficiency crucial.¹ Building automation systems (BAS) help optimize heating, ventilation, air conditioning (HVAC), lighting, and other systems based on real-time conditions. These systems monitor energy consumption and enable informed decision-making to enhance efficiency. According to Frost & Sullivan, there are several growth drivers in the BAS sector.

Firstly, as smart cities develop, they will increase the demand for BAS, which reduces energy consumption, lowers operational costs, and minimizes environmental impact. Additionally, post-pandemic building solutions prioritize occupant health and well-being by focusing on effective HVAC systems, improved ventilation, and high indoor air quality (IAQ). Frost & Sullivan projects that the IAQ systems market will reach \$11.94 billion by 2026, growing at a compound annual growth rate of over 7%.² BAS equipped with sensors for ventilation, humidity, and air filtration can improve IAQ by reducing harmful pollutants and allergens. These systems also optimize lighting and HVAC settings based on natural light availability and occupancy, enhancing energy efficiency and occupant comfort.

¹ *Global Building Automation System Growth Opportunities: Connectivity, Convergence, and Energy Efficiency will Drive Transformational Growth* (Frost & Sullivan, March 2023)

² Ibid.

Furthermore, rapid advancements in Internet of Things (IoT) technology enhance building capabilities, leading to improved energy efficiency and cost savings for operators. Cloud-based BAS offers scalability and effective management while leveraging artificial intelligence (AI) and machine learning for predictive maintenance and operational optimization. Building Information Modeling facilitates digital planning, allowing teams to integrate BAS early in the design process, which contributes to further energy efficiency

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and cost reductions. Thus, the convergence of these digital technologies with BAS promotes automated control and enhances overall building performance and user experiences.

Moreover, emerging economies experiencing significant growth and urbanization drive the demand for new buildings and advanced infrastructure, such as smart buildings with BAS. Governments have increased their investments in infrastructure and implemented regulations that promote BAS in both new and renovated structures to reduce energy consumption and greenhouse gas emissions. Some governments even offer financial incentives, such as tax credits and grants, to encourage BAS adoption.

However, the shortage of skilled technical operators poses challenges for BAS implementation. The complexity of integrating various technologies makes it difficult for users without technical expertise to manage these systems fully. As a result, some building owners choose to automate only parts of their buildings or hire professional firms, which raises costs and limits comprehensive adoption. Additionally, high initial capital costs for BAS often lead to skepticism regarding the return on investment, especially when retrofitting existing buildings. The emergence of as-a-service business models and performance contracts helps address these financial constraints while promoting awareness of the long-term benefits of BAS. Also, BAS's increasing connectivity to the Internet raises concerns about its vulnerability to cyberattacks. Consequently, market participants prioritize product security and enhance cybersecurity measures to mitigate these risks.

Frost & Sullivan's independent analysis indicates that the BAS market in North America expanded by 7.3% in 2022 and projects a compound annual growth rate of 6.7% until 2028.

A Leader's Path

Founded in 1972 and based in British Columbia, Canada, Delta Intelligent Building Technologies is a global leader in the BAS market. The company boasts over 300 distributors and thousands of installations across 80 countries. Delta Intelligent Building Technologies delivers advanced cloud-based solutions that enable customers to monitor, control, and analyze their systems remotely, offering flexibility and scalability. The company's systems integrate seamlessly with various building technologies, including IoT devices, energy management, and security systems. Additionally, Delta Intelligent Building Technologies features AI-powered energy optimization capabilities in its building management system, driving innovation and sustainability.

After Delta Electronics acquired the company in 2016, Delta Intelligent Building Technologies has continued to thrive by providing state-of-the-art hardware and software solutions tailored to customers' unique needs. Its North American facility offers comprehensive support while overseeing research and development (R&D) and manufacturing operations. Throughout its efforts, Delta Intelligent Building Technologies and its extensive partnership network uphold the core value of "Do it right."

Roadmap to Success: Customer-centric, Continuous, Proactive

Delta Intelligent Building Technologies takes a strategic approach that prioritizes customer value, leveraging its extensive expertise and top-tier capabilities. This focus enables the company to consistently deliver best-in-class solutions and services. One notable example is the innovative O3 product line, which includes the O3 Sense and O3 Edge, acting as a remarkable sensor hub with a wide range of applications. The O3 sensors connect wirelessly to customers' devices, providing outstanding environmental monitoring. By incorporating multiple functionalities into a single unit, these sensors allow for customizable monitoring and data-driven insights, essential for effectively managing building environments.

Key capabilities of the O3 sensors include occupancy detection through passive infrared and audio, infrared temperature measurement, humidity sensing, temperature tracking, audio output, adjustments to light color and intensity, a light-emitting diode (LED) ring, and EnOcean wireless technology. They also feature an infrared blaster and wireless connectivity. The devices come equipped with dual-port Ethernet, ensuring straightforward installation and fast data transfer, which grants building managers access to critical information at any time and from any location. Compatible with a wide range of devices, the sensors fit seamlessly into nearly any Building Automation and Control Networks (BACnet) Internet Protocol setup. With audible alerts and an LED ring, users receive immediate feedback on environmental changes. For instance, the O3 sensors can adjust settings when individuals leave a room, such as turning off lights or regulating heating and air conditioning. Additionally, the O3 sensors incorporate built-in algorithms to monitor their performance and reliability, ensuring precise data collection and responsiveness to changing environmental conditions.

Building on its established history of Direct Access Control/Direct Sensor Connection solutions, Delta Intelligent Building Technologies has launched Red5, a series of BACnet-native controllers that offer secure and scalable IoT connectivity. This product generates excitement due to its enhanced capabilities, including improved processing speeds, increased memory capacity, and modular Input/Output (I/O) systems, along with various retrofit options. Red5 facilitates room-level integration through built-in I/O at the equipment level, enhancing modularity and flexibility. Thus, Delta Intelligent Building Technologies empowers customers to continuously upgrade their building control systems with the latest technological advancements.

Most importantly, the company integrates user feedback into its product roadmap to maximize short-term growth opportunities while establishing a pathway for future revenues. Delta Intelligent Building Technologies employs structured processes to gather and incorporate input, such as stakeholder reviews, feedback buttons in its software, and developer visits to customer sites to better understand users' needs.

Another initiative is the company's Connect workshops, aimed at optimizing workflows. These workshops bring together partners, system integrators, and customers, including both seasoned users of Delta Intelligent Building Technologies and newcomers. Experienced participants share valuable ideas, tools, and databases to enhance efficiency, while new partners contribute fresh perspectives and innovative approaches based on their experiences with other products. This exchange of ideas benefits all involved by improving profitability. Furthermore, the highly regarded Equip program has led to its expansion within Delta Electronics, ultimately benefiting the entire Delta Group.

Given today's landscape, Frost & Sullivan believes Delta Intelligent Building Technologies is well-positioned to increase its market share in the highly competitive BAS industry. The company's transparent approach and strong relationships establish it as a preferred partner.

Earning Clients' Trust and Loyalty through Excellence in Customer-centric Practices

While evolving from a technology standpoint, Delta Intelligent Building Technologies never loses sight of its customers' perspective. Its brand maintains its North American presence while meeting customer-specific needs. The company drives operational efficiency by adopting a process-oriented approach and making continuous improvements for better outcomes.

In 2024, it concentrated on enhancing customer service by setting a more ambitious internal target for on-time delivery. For third-party devices, Delta Intelligent Building Technologies is committed to

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***- Riana Barnard
Best Practices Research Analyst***

processing and confirming email orders by the next business day and promptly placing these orders with the relevant vendors. For online orders, the sales team completes this process within four business hours, allowing partners to receive their products almost as quickly as they would if they made direct purchases. This strategy ensures a consistent and reliable experience for all customers.

To further improve lead times and efficiency, the company actively collaborates with its vendors. Some vendors specifically stock items for Delta Intelligent Building Technologies, while it maintains its own inventory of certain complex products to ensure quicker response times and improved service delivery. These new goals reflect Delta Intelligent Building Technologies' commitment to service excellence, and the company also plans to introduce dashboards for

users to help optimize costs and make better purchasing decisions. Another key change is the integration of the inside sales team with the customer service team, bringing them together in the same physical space within the manufacturing area. This setup encourages closer collaboration among team members. Additionally, the company created a Field Device Coordinator position responsible for managing processes related to field devices and overseeing delivery. Delta Intelligent Building Technologies has also welcomed

new team members who are making a significant impact, including the Director of Customer Services and the Supply Chain Manager, who both bring extensive experience to the organization.

In response to requests for additional customer service staff, Delta Intelligent Building Technologies has added a consultant specialist to the team, who will work with existing staff to enhance the customer services department. Notably, Delta Intelligent Building Technologies has developed a system that enables staff from various departments to assist during peak periods, ensuring that the company does not become reliant on subcontracted labor.

Positioned for Growth

Since its inception, Delta Intelligent Building Technologies has built a strong reputation and a customer-focused approach, earning its status as a preferred partner. In particular, Delta Intelligent Building Technologies improved its manufacturing infrastructure by acquiring new machines that have significantly contributed to its success. Additionally, the company is expanding its headquarters with a new three-floor building. This updated facility will prominently showcase its products and those of Delta Electronics, increasing its total footprint from 77,000 square feet to nearly 200,000 square feet. With the support of its parent company's \$13 billion presence in data center components, Delta Intelligent Building Technologies specifically targets the healthcare and data center industries.

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Furthermore, Delta Intelligent Building Technologies is leveraging the extensive expertise of its parent company, Delta Electronics, particularly in manufacturing capabilities. This partnership is helping Delta Intelligent Building Technologies streamline its processes and increase production. While some acquisitions are on the horizon, the company continues to build its organizational structure and culture, which it has successfully maintained for decades. As part of its growth initiative, Delta Intelligent Building Technologies has introduced a corporate account program that directly engages with large customers, utilizing partners for installation and servicing. This strategy underscores the importance of loyalty and core values in building strong customer relationships. Many customers have transitioned to Delta Intelligent Building Technologies, drawn by their positive experiences with the company.

Frost & Sullivan believes that Delta Intelligent Building Technologies is well-positioned to lead the building automation systems industry into its next growth phase, capturing market share and sustaining its leadership in the coming years.

Conclusion

Customer-centric strategies help companies safeguard leading positions in markets, but only if the approach is authentic and the implementation is seamless. Delta Intelligent Building Technologies incorporates customer-focused strategies and exemplifies best practice implementation. The company consistently delivers industry-leading solutions, including its O3 product line and the Red5, a series of Building Automation and Control Networks-native controllers that provide secure and scalable Internet of Things connectivity. By leveraging the resources of its parent company and prioritizing innovation, Delta Intelligent Building Technologies stays ahead of its competitors. Additionally, the company integrates user feedback obtained through its Connect workshops, Equip program, and Advisory Boards into its product development process, maximizing growth opportunities. Moreover, the company strives to achieve operational efficiency following a process-oriented approach, making continuous changes to achieve better outcomes. This overall customer-first approach not only provides great value to both existing and new customers but also strengthens Delta Intelligent Building Technologies' reputation in the market.

With its strong overall performance, Delta Intelligent Building Technologies earns Frost & Sullivan's 2024 North American Customer Value Leadership Award in the building automation systems industry.

What You Need to Know about the Customer Value Leadership Recognition

Frost & Sullivan's Customer Value Leadership Award recognizes the company that offers products or services customers find superior for the overall price, performance, and quality.

Best Practices Award Analysis

For the Customer Value Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Business Impact

Financial Performance: Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

Customer Acquisition: Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

Operational Efficiency: Company staff performs assigned tasks productively, quickly, and to a high-quality standard

Growth Potential: Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

Human Capital: Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

