

Oslo, September 2021

Open letter from RIF, The Association of Consulting Engineers in Norway to design software developers and users, governmental entities and trade organisations

Societal changes create need for improved dialogue between software developers and the construction industry about digital development and policies

RIF is the trade association for the Norwegian consulting engineering industry, representing 140 member firms with a turnover of more than NOK 15 billion annually. Our member firms have over 500 local offices in Norway with more than 13,000 employees. The largest member firms, representing approximately 75% of the industry turnover, are Norconsult, Multiconsult, Sweco, Rambøll, COWI, Asplan Viak and AFRY. RIF also has many small and medium-sized member firms from 1 to 200 employees, thus representing the interests of a great majority of Norwegian consultancies.

Consulting engineers and software developers have an essential role

Communities and countries are facing huge challenges in terms of climate change, an aging population, urbanization, strained financial resources, and major needs for investment and better maintenance of public buildings and infrastructure. Digitalisation tools coupled with our members' expertise will be key to finding and developing intelligent and cost-effective solutions. However, there is a need for a more constructive dialogue between the consulting industry and the software industry, to achieve sustainable solutions for both parties.

The construction industry in Norway is amongst the most digitized in the world and most engineers and architects use many different digital design tools in a typical workday. RIF observes that the ability of our industry to implement the latest tools brings the digitalization of the whole construction industry forward. It is therefore essential that the consulting engineers and software developers cooperate to achieve faster and more efficient digital production capabilities.

Licensing strategies must contribute to increased digitalisation

RIF is concerned about the software developers's licensing policies. Essential software is increasingly being sold as bundles/packages containing many different applications. License policies are changing from multi-user to single and named users. This contributes both to increasing license costs and administrative costs. Direct and indirect engineering software costs are rising annually at a vastly higher rate than general industry price indexes.

Flexibility of use - and users - is key to educate and innovate in the production of digital information. Our industry is therefore calling for more flexible and cost-effective licence models that provide better access for more users within an organisation. Bundling of individual applications should not force our industry to buy ever larger packages consisting of applications they don't necessarily need. Developers who are the most flexible in terms of user policies and bundling will therefore be sought after by our industry.

Financial predictability is very important in the construction industry, where many projects take years not months to deliver and fees are often fixed for long periods of time with only minor adjustments during project delivery based on price indexes. In contrast, we have examples of major software developers hiking up prices by 30% annually with only a few months warning. This creates major economic challenges for our

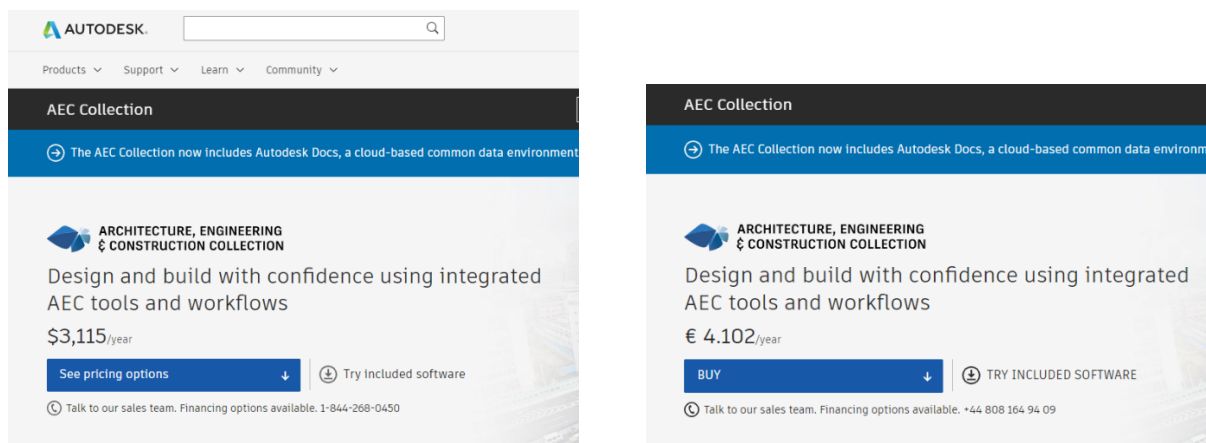
member companies. Software costs have in fact become the second largest expenditure in many consultant firms, only surpassed by staff salary costs.

The industry's preferred software suppliers in the future will therefore be those who are able to communicate early and well about future pricing policies. Furthermore, software suppliers who initiate close dialogue with the industry well before any changes will be able to get useful input from the industry/users about possible consequences and will then be able to make adjustments.

Equal business framework in different regions

The industry is concerned with regional price differences. We have noticed that the same type of license can be more than 30% more expensive in Europe than in the USA.

As example is Autodesk AEC Collection. In the US, a single user costs 3,115 dollars (equivalent to 26,290 NOK) per user per year, while the price in Europe is 4,102 euros (equivalent to 41,430 in NOK) per single user per year. See illustration below. It is our opinion that equal business terms should be provided to different regions who are in similar economic climates, no matter what country the license holder may be located in.



Contractors are concerned about software licenses and data protection

In February 2021, the european contractors' organisation FIEC issued a Position Paper relating to the concerns of contractors. This is an excerpt:

1. The dominant position of a few software companies/editors/providers raises major concerns.

A few software providers have come to dominate the global market for construction related software and services, in particular around BIM. This has led to distorted competition on the EU market as well. Choice is becoming increasingly limited and FIEC is aware that these dominant providers are locking in their construction clients to unfavourable agreements. We would like to emphasise:

The software can no longer be purchased permanently by the users, but is only accessible in the form of subscriptions/lease for example 1 year and the use can be cancelled or their access can be suspended at any time;

Geographical restrictions are becoming a problem (e.g. some software can only be used in the country where it is initially purchased);

Contract conditions are changing continuously, with increasing costs;

The software providers regularly update their products, often to ensure that they are backward compatible and respond quickly to the pace of change. This capacity is essential

The FIEC furthermore lists four measures to remedy the situation, these are measures that RIF fully support:

- ⇒ The European Commission should undertake targeted initiatives according to its competence in competition matters.
- ⇒ An initiative on fair and site-specific contractual conditions should be a first step.

- ⇒ Software users should be allowed to decide where their data is stored. Specifically, EU companies should be able to have their data hosted on EU territory, by EU servers/companies, under EU legislation.
- ⇒ FIEC calls for the fastest possible creation of a secure European Cloud.
- ⇒ Non-EU software services provided in the EU should be required to meet EU standards for interoperability and open access.

- ⇒ The European Commission should monitor and act against such infringements to the EU public procurement rules (Directive 2014/24/EU).
- ⇒ In parallel, the European Commission should further promote open standards for data, protocols and file formats in public procurement.

- ⇒ EU measures aimed at protecting the data owner should ensure that:
 - Other users that require access to data not owned by them should only have this right for activities related to the project in question. For the construction companies, this nevertheless needs to be for the entire life cycle of the construction in question.
 - Data that has been accessed and used by one construction company cannot be transferred to another.
 - Only the data owner can grant permission for access to his/her (company's) data.

Initiatives from the European Associations for Architects and Consulting Engineers

The Architects Council of Europe (ACE) and European Federation of Engineering Consultancy Associations (EFCA) have written a letter of support of the above, with additional matters that RIF also fully support, concerning securing intellectual property and access to and ownership of data:

"The current legal framework for the EU is considered complex. The EFCA and ACE will propose clarification of current EU legislation on the design community's concerns about data ownership, transferability in the event of changes to software services, control over the data and unfavorable licensing agreements".

UK architects react strongly

A group of 25 UK architectural firms, including Grimshaw, Zaha Hadid Architects, Wilkinson Eyre Architects and Rogers, Stirk, Harbour + Partners, have sent a five-page open letter to Andrew Anagnost, president and CEO of Autodesk. The letter contains criticism related to the increase in costs, which are claimed to have increased by 70 per cent over a five-year period to the end of 2019 - of the central BIM product Revit. It is further claimed in the letter that the development of Revit remained largely stagnant, and that firms that rely on the software that is now 20 years old have been faced with, among other things, ever-changing licensing models, aggressive sales tactics in corporate licensing, and a lack of understanding of the business dynamics of the industry that the company serves.

The letter from the UK architects is now signed by over a hundred architectural firms.

The way forward

RIF wants dialogue rather than confrontation, but we must emphasise that there is great frustration and impatience, across the whole consultant engineering industry, for a positive change in the current situation.

Summing up, these are the main concerns our industry would like to address:

- License price developments, past and future
- More flexible user licenses
- Efficient management and support
- Payment models related to use, not users
- More flexible application bundles
- Better communication about future changes in functionality and pricing
- Better cost center split-up for large corporations
- Reliability, storage and access for cloud services and business-critical applications

RIF would like to contribute to a better dialogue with all software developers who are focusing on the consultant engineering industry, and who see themselves as customer-oriented and want to contribute to increased digitalisation and improved cost-effectiveness of our industry.

We encourage all developers to urgently get in touch with your current and potential customers across the construction industry to discuss the issues described in this open letter, and to respond to this call for better dialogue between the software industry and the consultant engineering industry.

Sincerely,



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CEO

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The Association of Consulting Engineers in Norway