

Sep 16, 2019 09:24 CEST

European cities have plans to invest in Smart City solutions – Over 4 billion euros per year in Germany alone

- **80 percent of mid-sized cities in the EU consider Smart City solutions important – Only 20 percent have a strategy**
- **City leaders expect Smart City projects to be profitable**
- **More than half of the cities view utilities as central to delivery**

Munich, September 2019: Smart City solutions are opening up a new market for utilities, especially in mid-sized European cities. This category of city considers the topic a high priority, planning to allocate on average 14 percent of their investment budget to Smart City applications. In Germany this adds up to more than 4 billion euros per year. Local utilities are well placed to partner with the cities in this endeavor. They have the know-how and the resources to plan and deliver intelligent solutions in the fields of energy supply, mobility, housing and municipal services. These are some of the findings of a recent study ([Download study here](#)), for which Roland Berger interviewed decision makers and experts from 50 European cities with 100,000 to 500,000 inhabitants.

"Mid-sized cities often have less capacity, less experience and less financial resources than larger municipalities," says Torsten Henzelmann, Partner at Roland Berger. "Yet their need for Smart City solutions is at least as great." This is reflected in the results of the pan-European survey: 80 percent of those polled say that the Smart City topic is of medium or high priority for

them, and about the same number have already initiated projects in this space.

Considerable market volume expected

This creates a new market for the utility companies because there are over 280 mid-sized cities in the EU – and they are ready and willing to invest. "The money will be well spent in this area; the municipal authorities know that, too: 80 percent of respondents expect Smart City projects to be profitable," says Henzelmann. More than half of the municipal authorities view utilities as important partners in this sphere. "Smart City requirements are a perfect fit with the competencies of utility companies. They would therefore be well advised to develop tools and concepts with which they can target mid-sized cities, where the need for support is greatest," says Henzelmann in summary.

Mainly pilot projects so far with no overarching strategy

However, mid-sized cities have mostly relied on pilot projects so far. Individual projects are not really interconnected and they therefore have little impact. Only about 20 percent of the municipal authorities polled have an actual Smart City strategy with which they can plan projects and control them in a targeted manner. The best performing region is Germany, Austria and Switzerland (DACH), where one in three cities has a Smart City concept. Eastern Europe is at the bottom of the table: only 8 percent of cities there have taken a strategic approach to the topic.

"The majority of city leaders we interviewed view a clearly defined strategy and transparent approach as a key success factor," says Henzelmann. "Since they cannot achieve this on their own, they rely on cooperation – with other cities, but also with companies and especially local utilities."

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