

## **SPAIN**

Smart cities market in Spain: opportunities, key players and market tips

Compiled by:

**Gedeth Network**

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This study about the Spanish market for smart cities was commissioned by Switzerland Global Enterprise and carried out by Gedeth Network between September and November 2015.

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## EXECUTIVE SUMMARY

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### CONCLUSIONS

The concept of smart city is not straightforward to define: it is not a sector, but a horizontal activity that involves a lot of diverse sectors, loosely connected.

The main corporate players in Spain are Spanish utilities and foreign multinationals. Foreign companies seem to be more diverse, including hardware and equipment manufacturers, while most Spanish important players are utilities or services companies. There are also a large number of smaller companies; many of them have a local or regional reach, and are known to the local authorities that commission the projects.

Local authorities are vital in projects that are large scale but at the same time have a local reach. Research shows that the interest and implication of city councils in smart cities varies greatly. While some Spanish cities are world leaders in smart city implementation, there are still many cities that lag far behind. The market is big, with 144 cities above 50,000 inhabitants, and most of them lack a global smart city strategy or even any smart project at all. Smaller towns can also benefit from smart technology, and companies who have specialized solutions for small towns or villages could have opportunities in Spain.

Regional and national authorities are committed to smart cities and are very important players in providing strategy, guidelines and financing. European funds are used extensively and, given the financial situation of the Spanish administration, they are often a prerequisite for smart city projects. The political framework is generally positive towards smart cities, with initiatives like the National Plan for Smart Cities, the Spanish network of smart cities (RECI) and plenty of programmes at the European level.

The complexity of competence distribution between the three levels of Spanish administration (local, regional and national) can be a complication for foreign companies. But projects are always implemented locally, while funding often comes from the opposite extreme, the European Union. A lot of projects follow this outline:

- **European Union:** it provides general guidelines and funding.
- **National and regional governments:** they funnel proposals and funds from the European to the local level, coordinating several local initiatives.
- **Local governments:** they implement, manage and maintain the projects.

The “Swiss brand” is not well-known in Spain but it is positive. Spanish competitors expect Swiss companies will probably have a good financial capability and long experience working in smart cities.

The Spanish market can also become a platform for European companies to access the Latin America. The close relationship between Spain and Latin America is very important in the corporate

sector, with Spanish multinationals winning many contracts related to the modernization of Latin American infrastructures. These multinationals have brought their smaller partners with them to such projects, driving a wave of internationalization from Spain to America. As those countries start developing smart infrastructures, Spanish companies will surely be an important part of the market.

## METHODOLOGY

The subject of study is the sector of smart cities in Spain, to improve the information that Swiss companies have to assess the potential of the market.

We intend to answer three basic questions of the market:

- What: the sectors and activities that we will look at.
- Who: identifying the main participants in the smart cities market, and where those participants are located.
- How: aspects that Swiss companies should take into account if they intend to enter the Spanish smart city market.

Our research methodology has been based on the following actions:

- **Documentation from the agents of the sector:** we have compiled and studied press releases, statistical data, tender documentation, websites for the public, business case presentations and other publications from all the types of agents that we have included in this study: European authorities, Spanish authorities (national, regional and local), other public agencies and companies.
- **News analysis:** we have compiled and analysed a body of 600 items published in news outlets since late 2009 about smart city projects in Spain, noting the kinds of activities, the involved companies and the cities where those projects are carried out.
- **Survey:** a survey conducted with a group of professionals related to smart city activities.