

SAFMA – The South African Facilities Management Landscape

The factors that shape our business environment

27 September 2017 – Gerrie Olivier



AGENDA



- The Facilities Industry Value Chain & Landscape
- The Key Challenges facing the Industry
- FM Outsourcing Industry Engagement
- There is more to Facilities Management – Enterprise Asset Care
- The Future



References / Sources / Disclaimer

- *A New Era of Service Integration, Energy Management, Business Productivity, Smart Technology, and Internationalisation - Frost & Sullivan.*
- *An Assessment of the South African Facilities Management Industry 2012- Frost & Sullivan*
- *Facilities Management Market - Global Industry Analysis, Size, Share, Growth, Trends and Forecast, 2016 – 2024- Transparency Market Research*
- *Global Facilities Management Market Sizing Study 2016- Global FM*
- *Investment report April 2017- JL*
- *KPMG 2015 Global Real Estate and Facilities Management Outsourcing Pulse Survey- KPMG*
- *Perspectives on the FM market development September 2014- ISS White paper*
- *SAFMA FM Industry Assessment Report finalised March 2017- SAFMA*
- *Servest Research report 2017 – Servest Group*
- *Trade-trends-and-the-impact-on-industrial-real-estate 2017-JLL*

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The Facilities Industry Value Chain & Landscape

The Key Challenges facing the Industry

FM Outsourcing Industry Engagement

There is more to Facilities Management –
Enterprise Asset Care

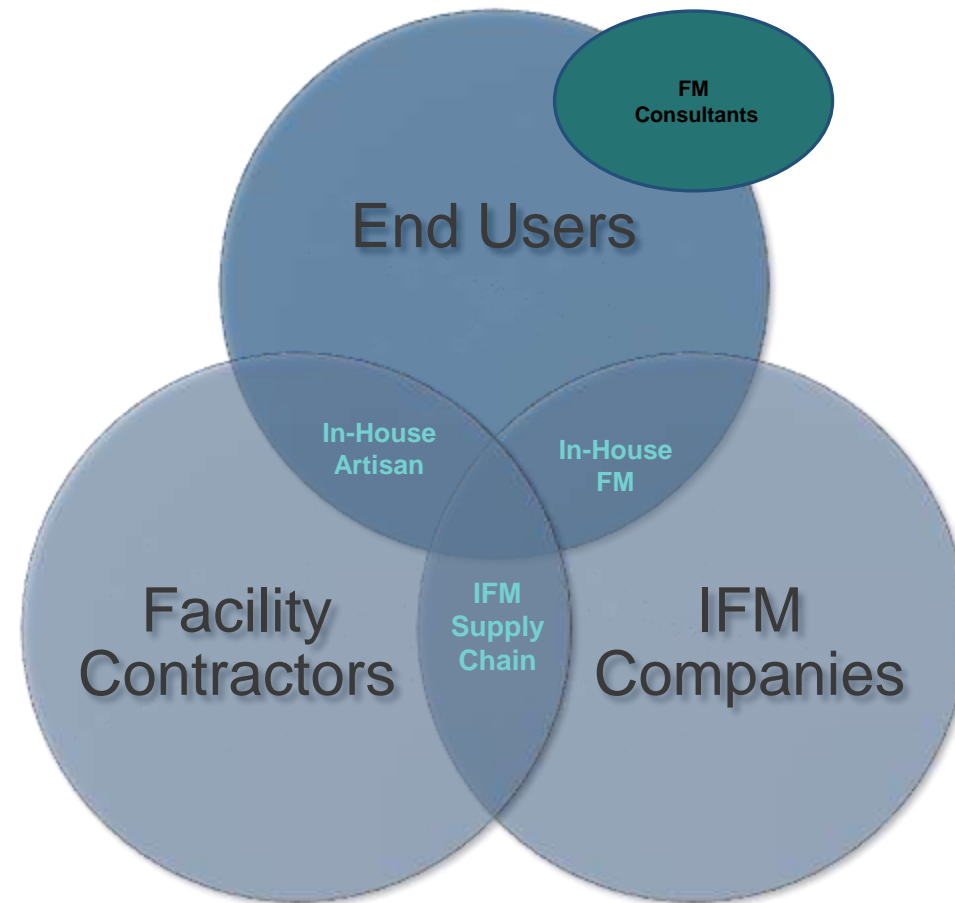
The Future



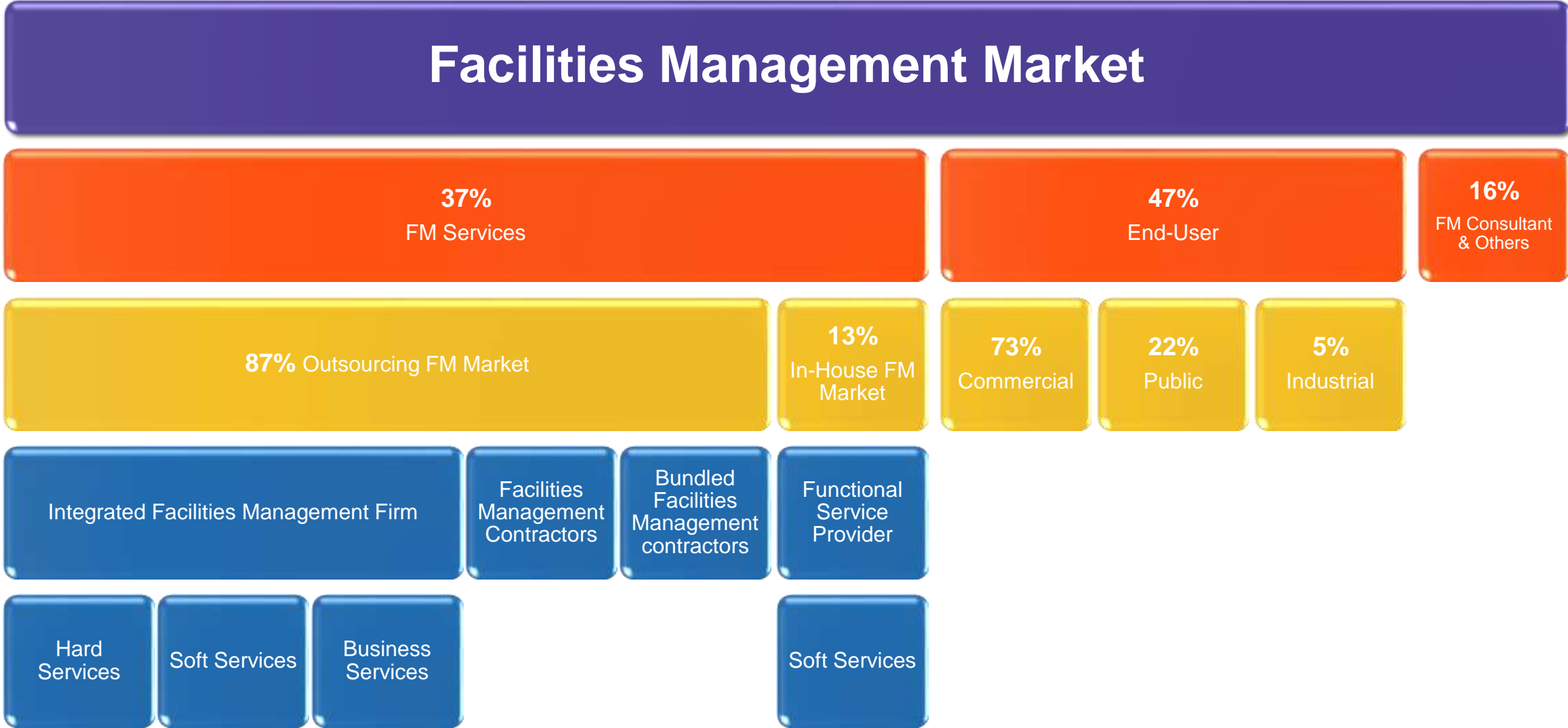
Industry Value Chain



Industry Role-Players - Structure



FM Market in Context



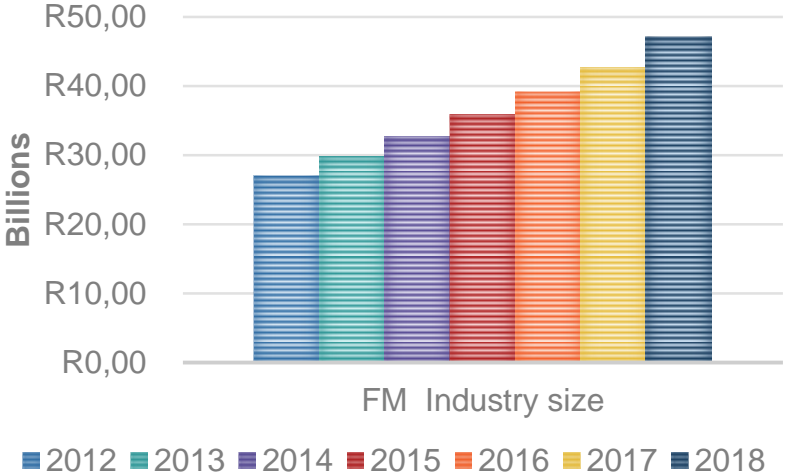
Facility Management Overview



FM Services Breakdown in SA

Service Sectors	Provide this Service	Average Financial Contribution	% Insourced	Growth Potential	Offer in next 5 years	Services Sectors		
						Commercial	Public	Industrial
Strategic management	89%	24%	100%	High	No	50%	43%	14%
Project management	85%	14%	55%	High	Likely	56%	40%	15%
Administration / Management	78%	16%	27%	Medium	Likely	48%	42%	15%
Building & maintenance	74%	19%	33%	Medium	No	64%	30%	16%
Health and safety	70%	9%	7%	Low	Likely	57%	43%	14%
HR and Procurement	70%	12%	63%	Low	Likely	60%	37%	17%
Regulatory / Compliance	70%	13%	40%	Medium	Likely	53%	41%	16%
Real estate	67%	9%	89%	Medium	Likely	50%	43%	13%
Utility & sustainability services	67%	8%	35%	Medium	Likely	60%	39%	15%
Interior and exterior landscaping	63%	8%	91%	Low	Very likely	60%	39%	15%
Security	63%	9%	83%	Medium	Very likely	65%	33%	15%
Cleaning and purification	56%	7%	63%	Medium	Very likely	71%	28%	12%
Fire protection services	56%	6%	12%	None	Very likely	66%	33%	14%
Hospitality	56%	6%	100%	Low	Likely	65%	37%	12%
Event Management	44%	6%	55%	None	Very likely	66%	33%	13%
Travel	41%	4%	61%	None	Likely	73%	25%	13%

Overall Size of the FM Market



Year	GDP (Formal economy)	GDP Growth Rate	FM Industry Size	FM Industry Growth Rate
2010	R2 748.72	2.8%	R21.87	11.1%
2011	R2 833.93	3.1%	R24.35	11.4%
2012	R2 904.78	2.5%	R26.97	10.8%
2013	R2 968.68	2.2%	R29.80	10.5%
2014	R3 013.21	1.5%	R32.71	9.8%
2015	R3 052.38	1.3%	R35.83	9.6%
2016	R3 079.86	0.9%	R39.12	9.2%
2017	R3 116.81	1.2%	R42.64	9.0%
2018	R3 160.45	1.4%	R47.08	10.4%

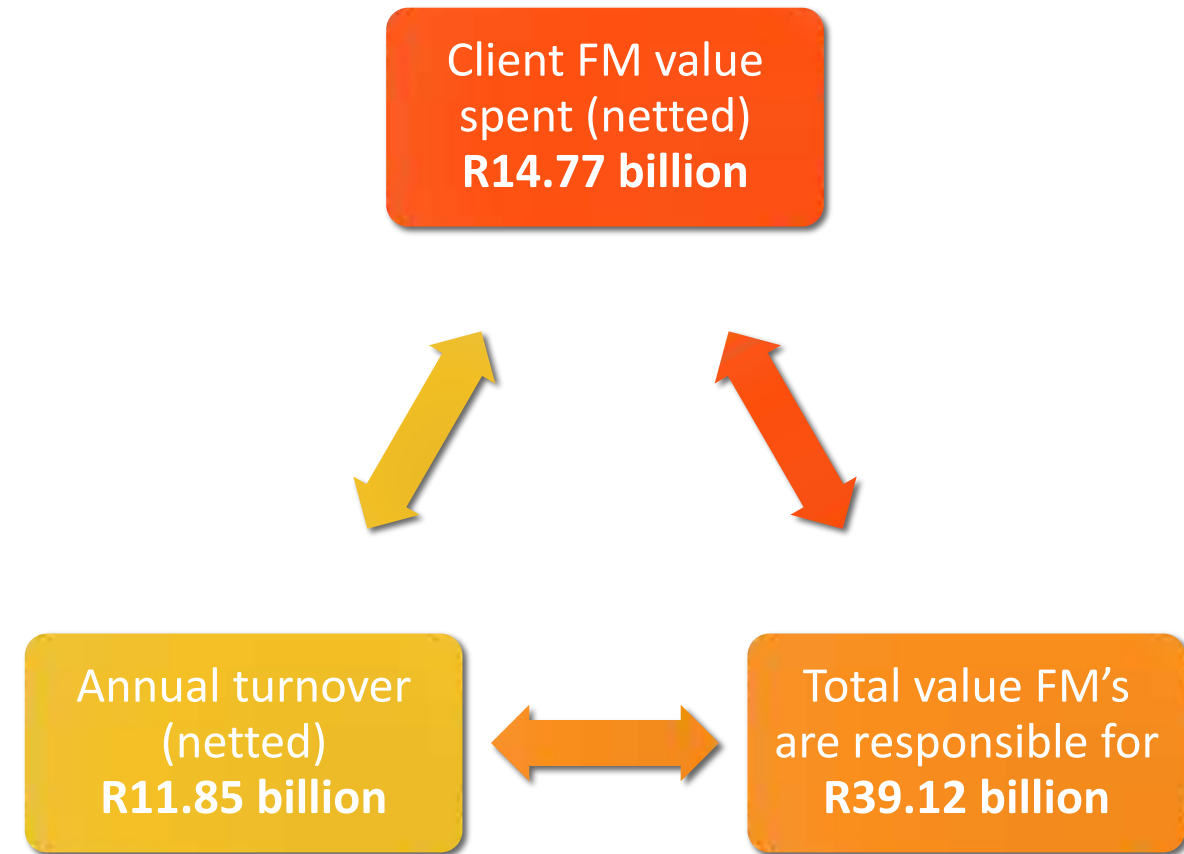
Overall Size of the FM Market

The FM industry has almost doubled to nearly R40 billion in the past six years in the value of facilities it is managing .

There are more than 50 FM service lines in South Africa

Approximately 25 000 people of which most are employed in IFM firms

In June 2015 South Africa became the first country in the world to publish a draft of the FM Standard to promote best practice FM in the country



FM Industry Influencers

Costs

- Staff Costs
- Administration

Service

- Meeting Service demands
- Strategic Integration

Reputation

- Assume Responsibility for Services offered
- Communicate against adversity

Long Term

- Long Term Contracts
- Support in Partnerships

Structural

- Transformation
- Create identity of Integrated Services

Challenges

- Expert skills and knowledge
- Integrated support
- Ethics
- Agile

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- **The Key Challenges facing the Industry**
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- The Future



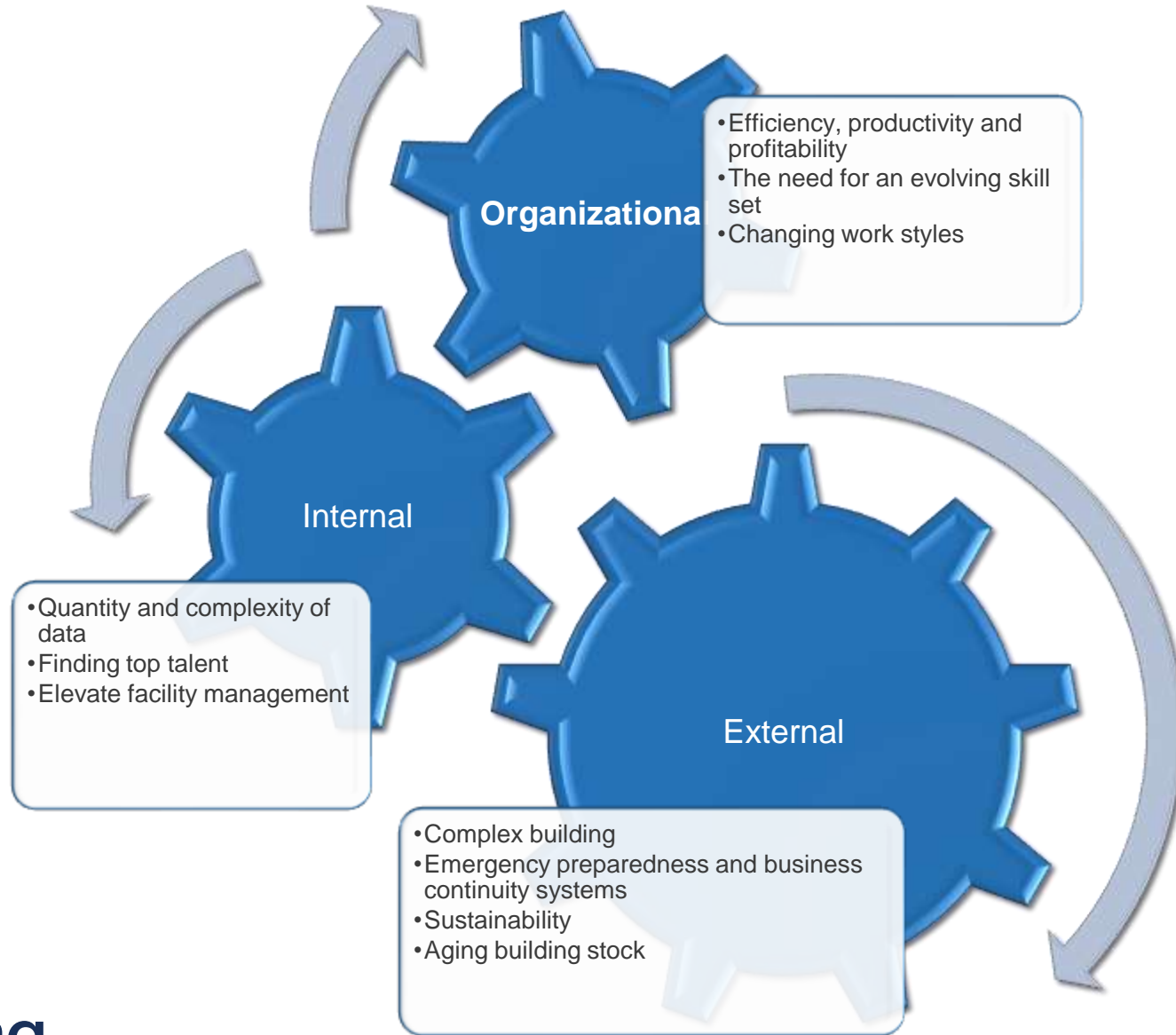
FM Industry Key Challenges



Key Initiatives

- Increased Engagement amongst FM Companies
- Provision of value-add services
- Integrated Approach to FM
- Adherence to International Best practices

FM Industry Challenges



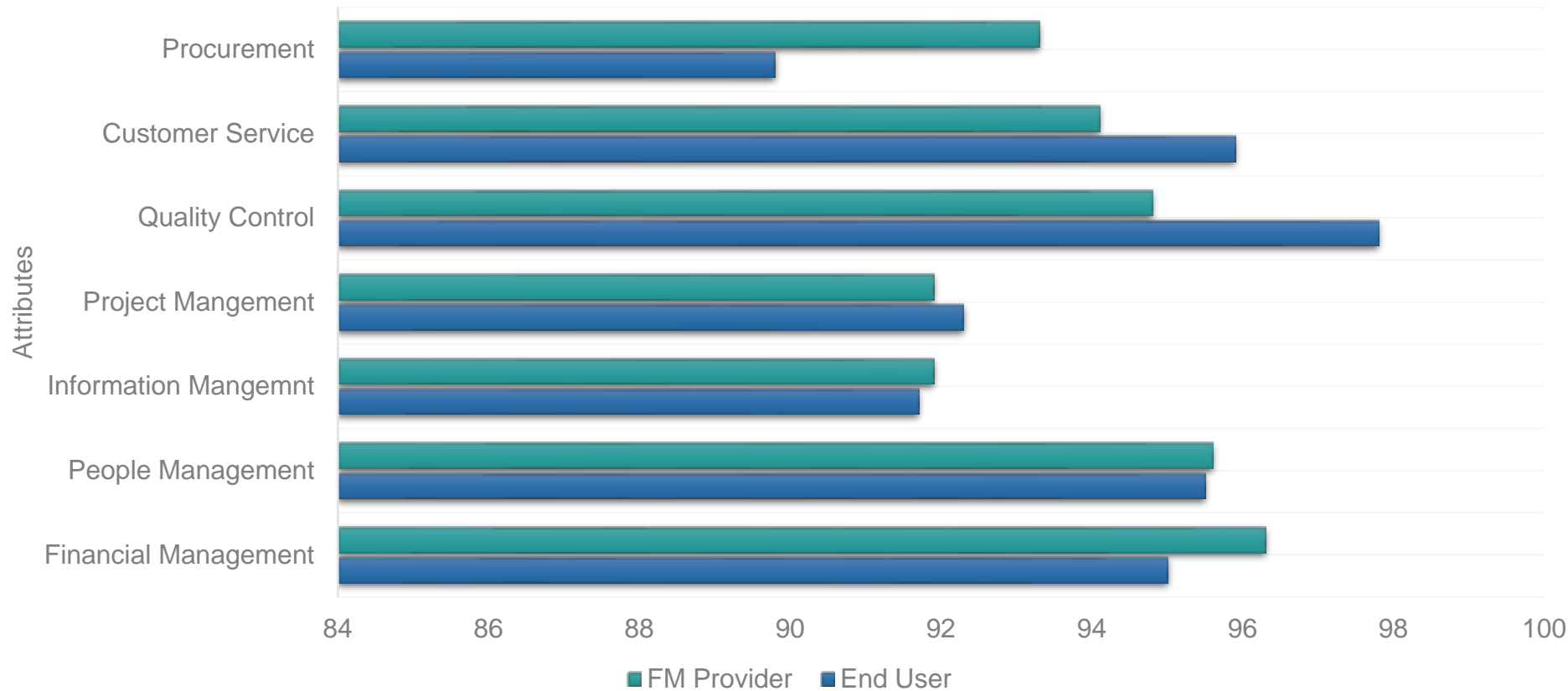
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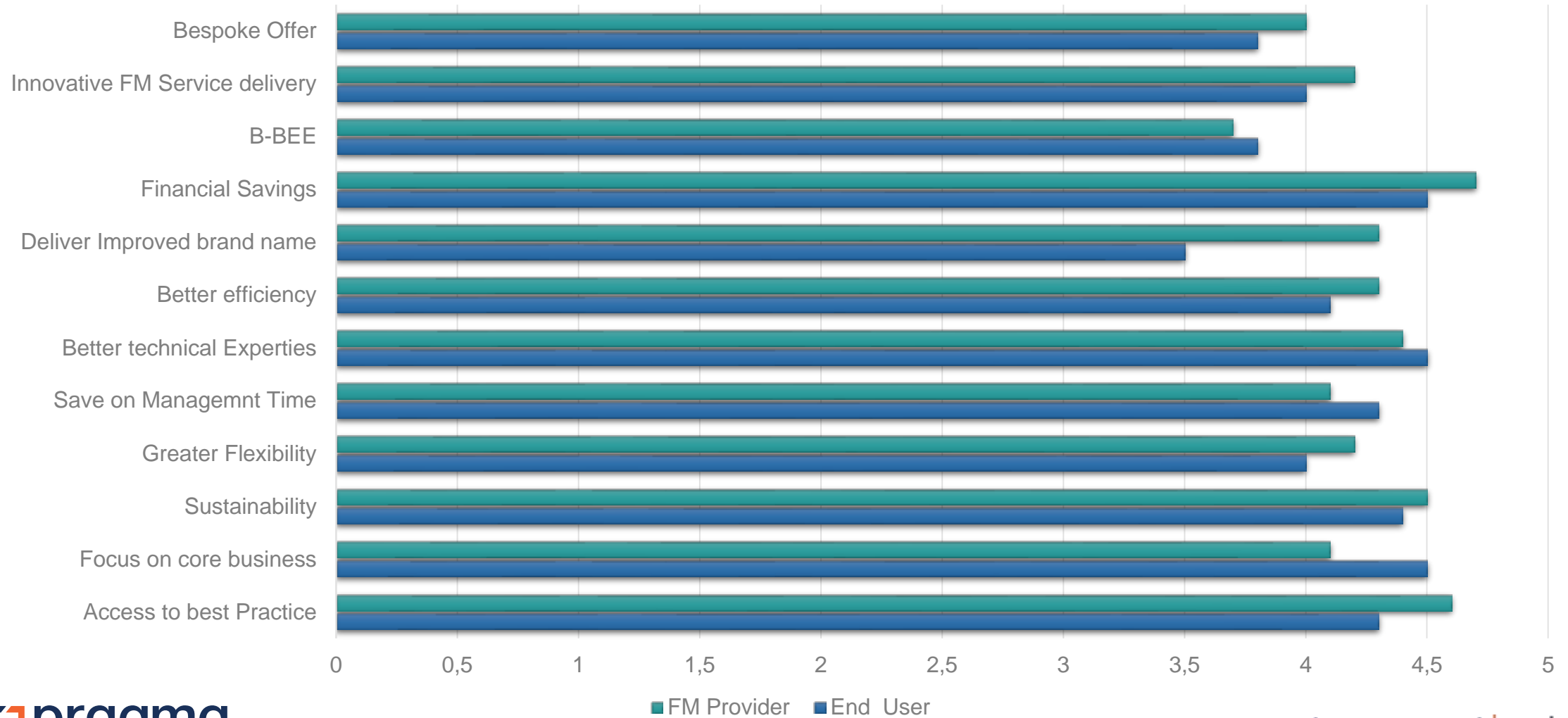


Facilities Engagement Attributes considered in outsourcing :



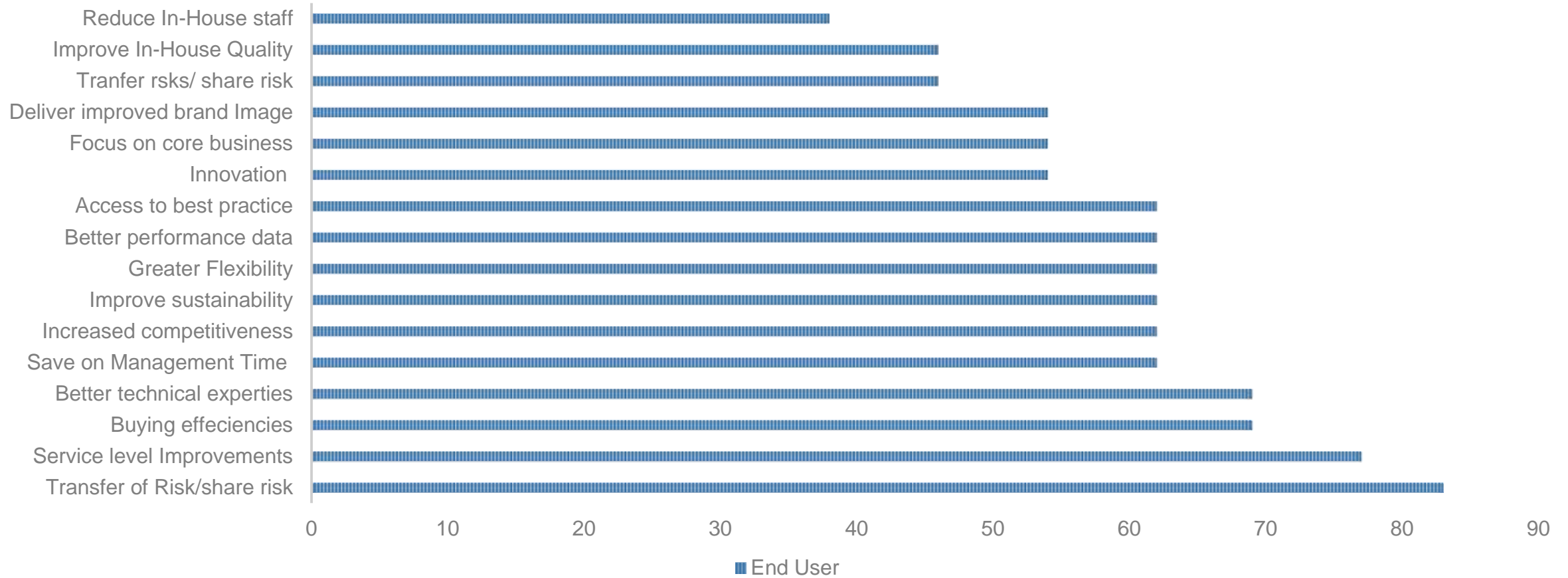
FM Outsourcing Industry Engagement

Important Factors in a FM Relationship between the End User and FM provider:

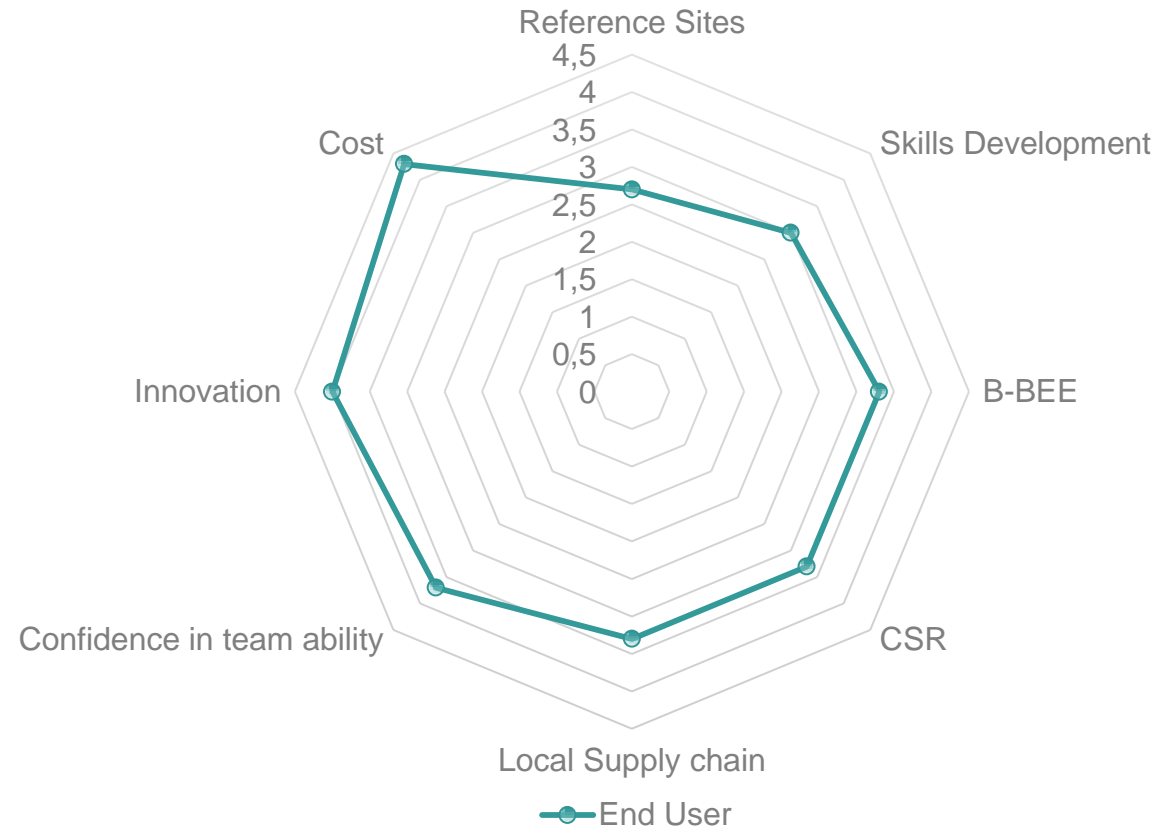


FM Outsourcing Industry Engagement

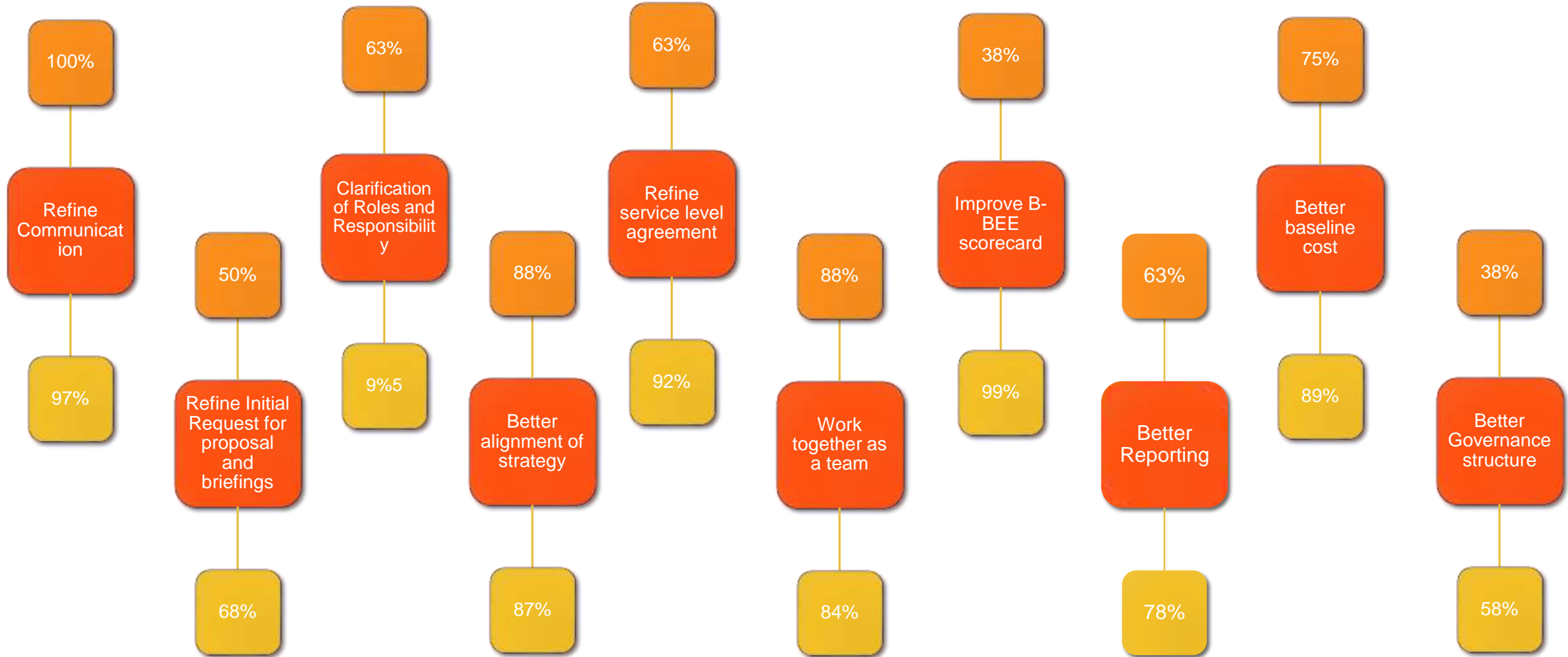
Objectives when considering Outsourcing :



IMPORTANT FACTORS CONSIDERED WHEN EVALUATING TENDERS /BIDS



FM Outsourcing Industry Engagement



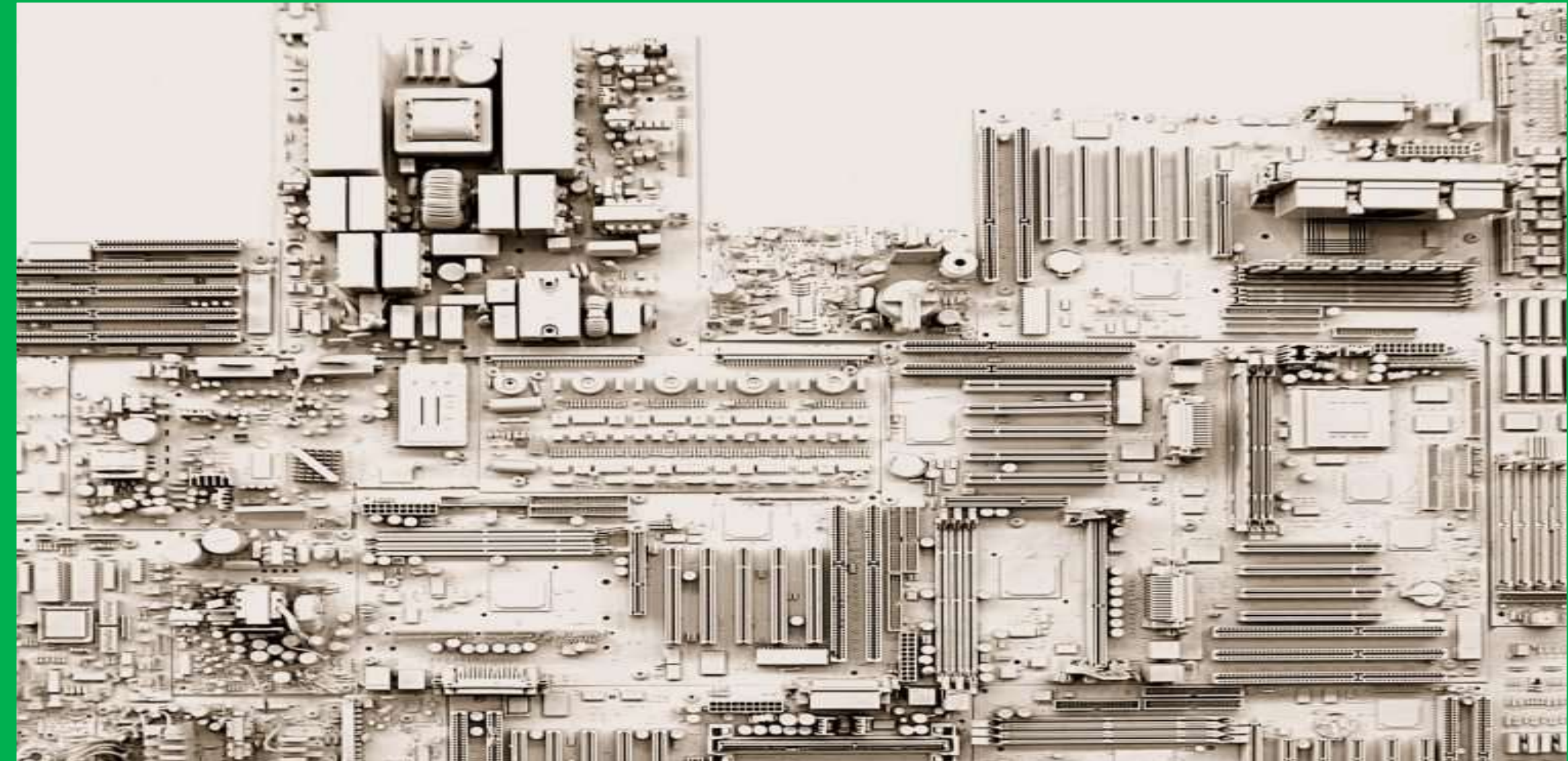
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A Building is not a?

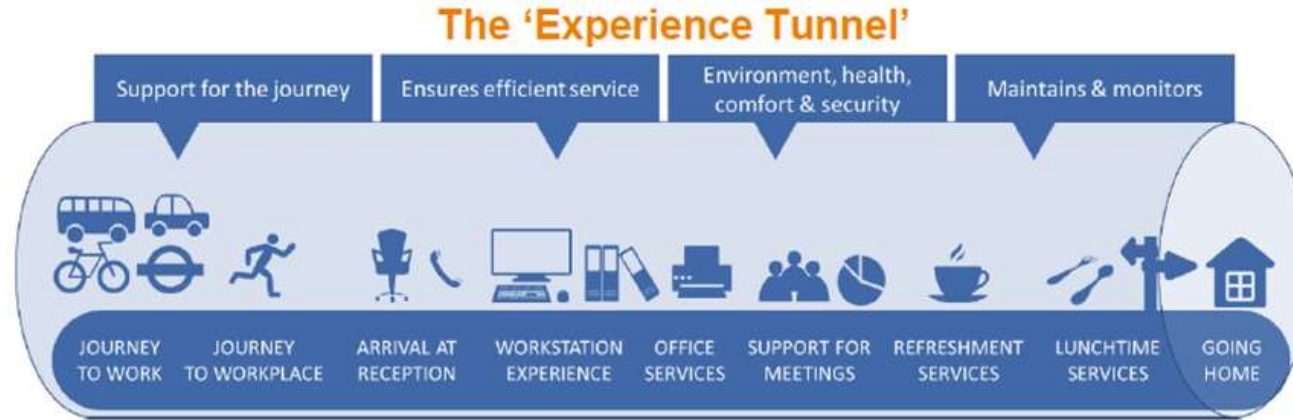


People

...it is not a Building for the sake of being brick and mortar and sensors...it is a Building for people...the people of the future....



There is more to FM



AM



FM

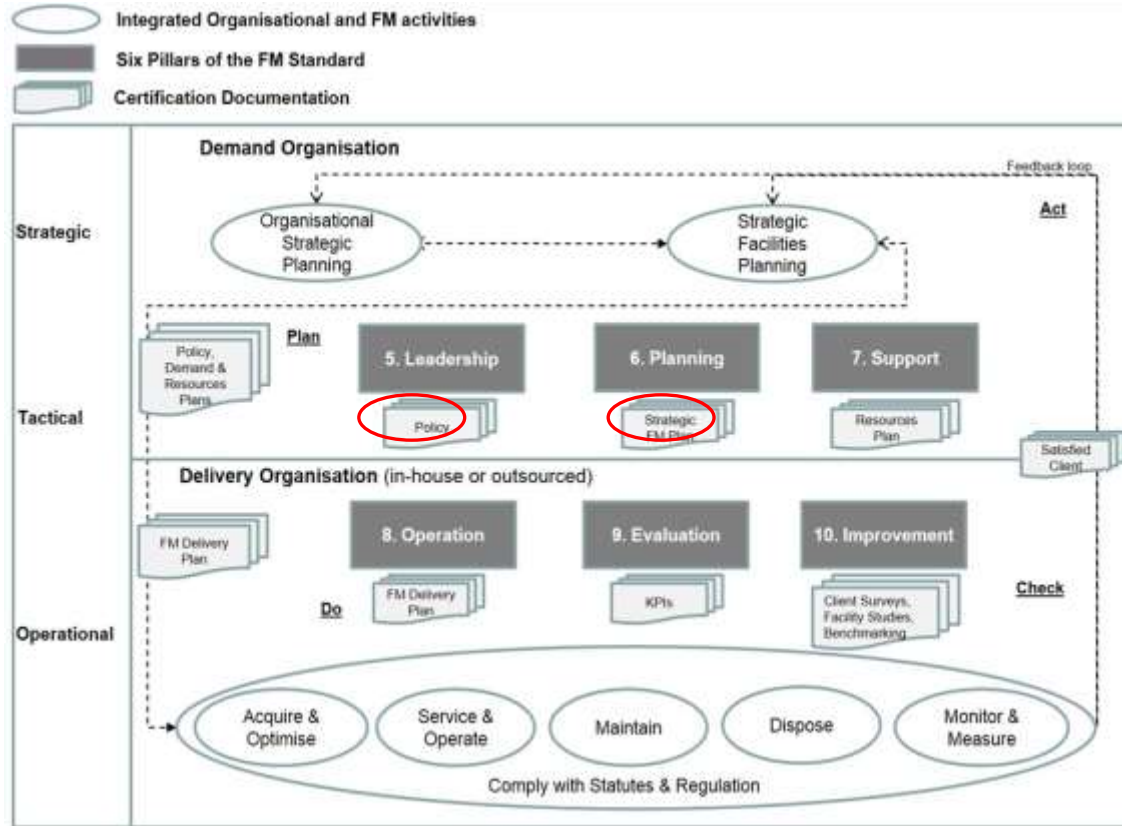


Customer experience is key!



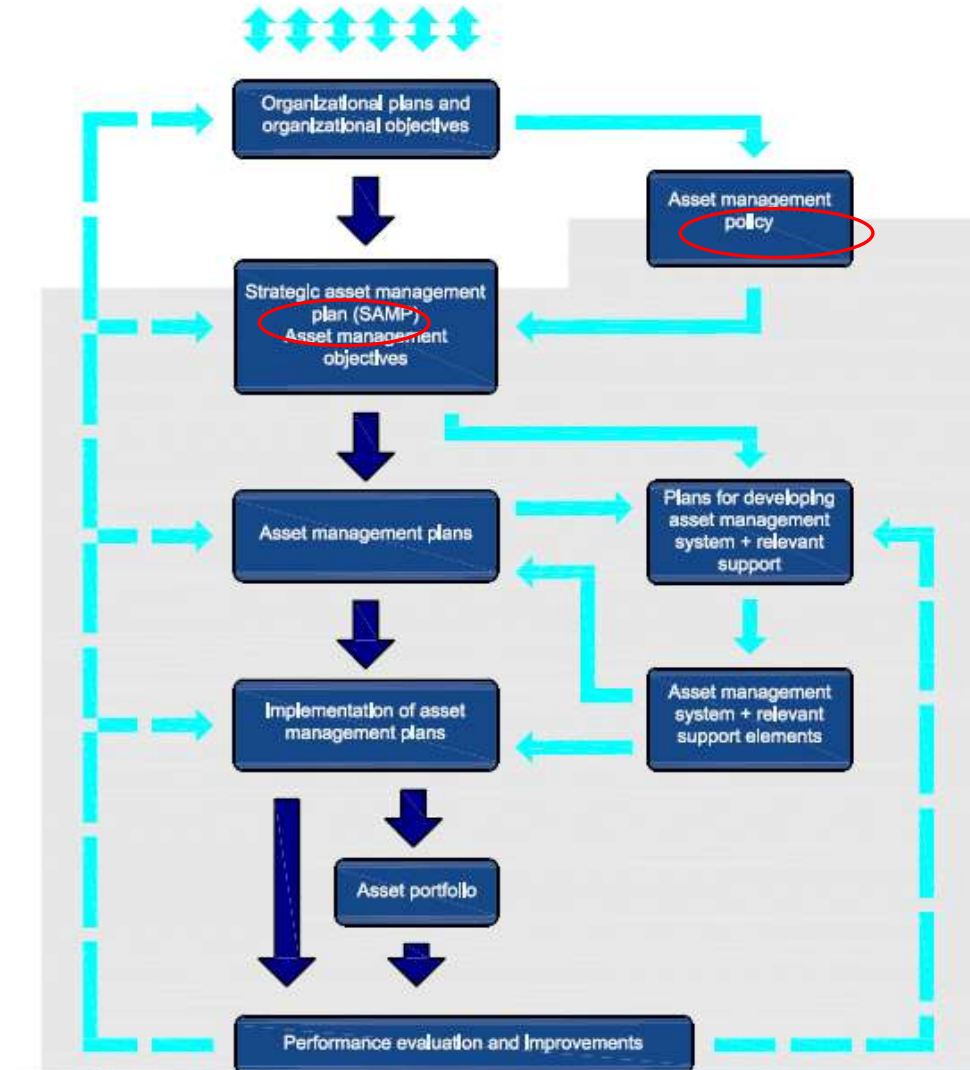
Comparing Management Systems

FM



Stakeholder and organization context

AM



Commonalities



Need management system



Strategy

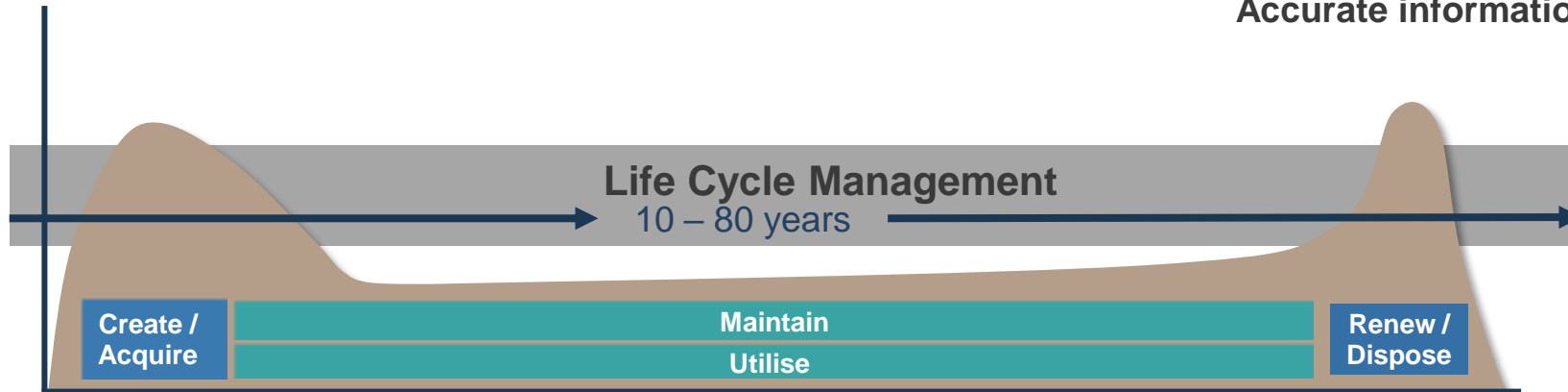
PROJECT	M	J	J	M	M	J	J	J	J	J	J	J	J	J	J	J	J	J	J	J
Level 1																				
Level 2																				
Level 3																				
Level 4																				
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Level 6																				
Level 7																				
Level 8																				
Level 9																				
Level 10																				

PROJECT	M	J	J	M	M	J	J	J	J	J	J	J	J	J	J	J	J	J	J	J
Level 1																				
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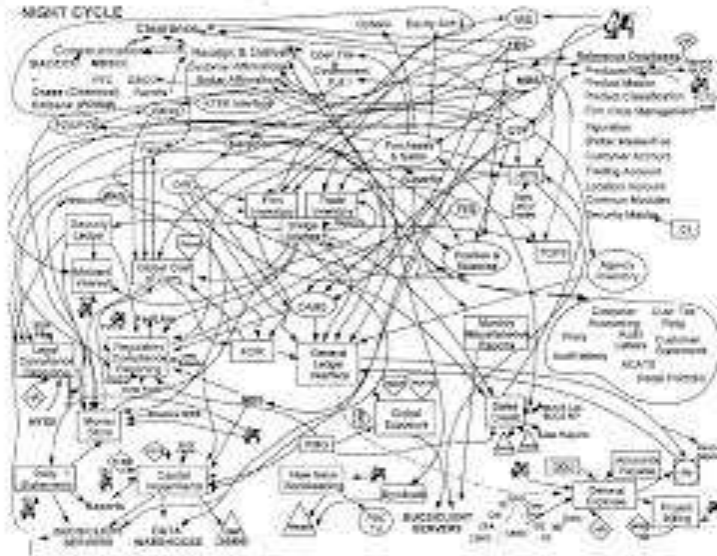
Plan



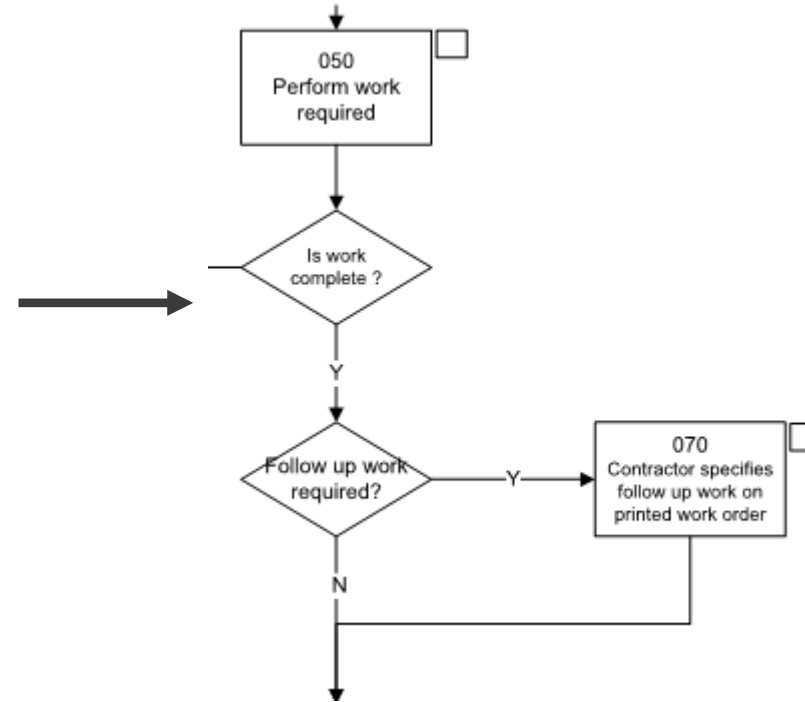
Accurate information



Current process



Improved process

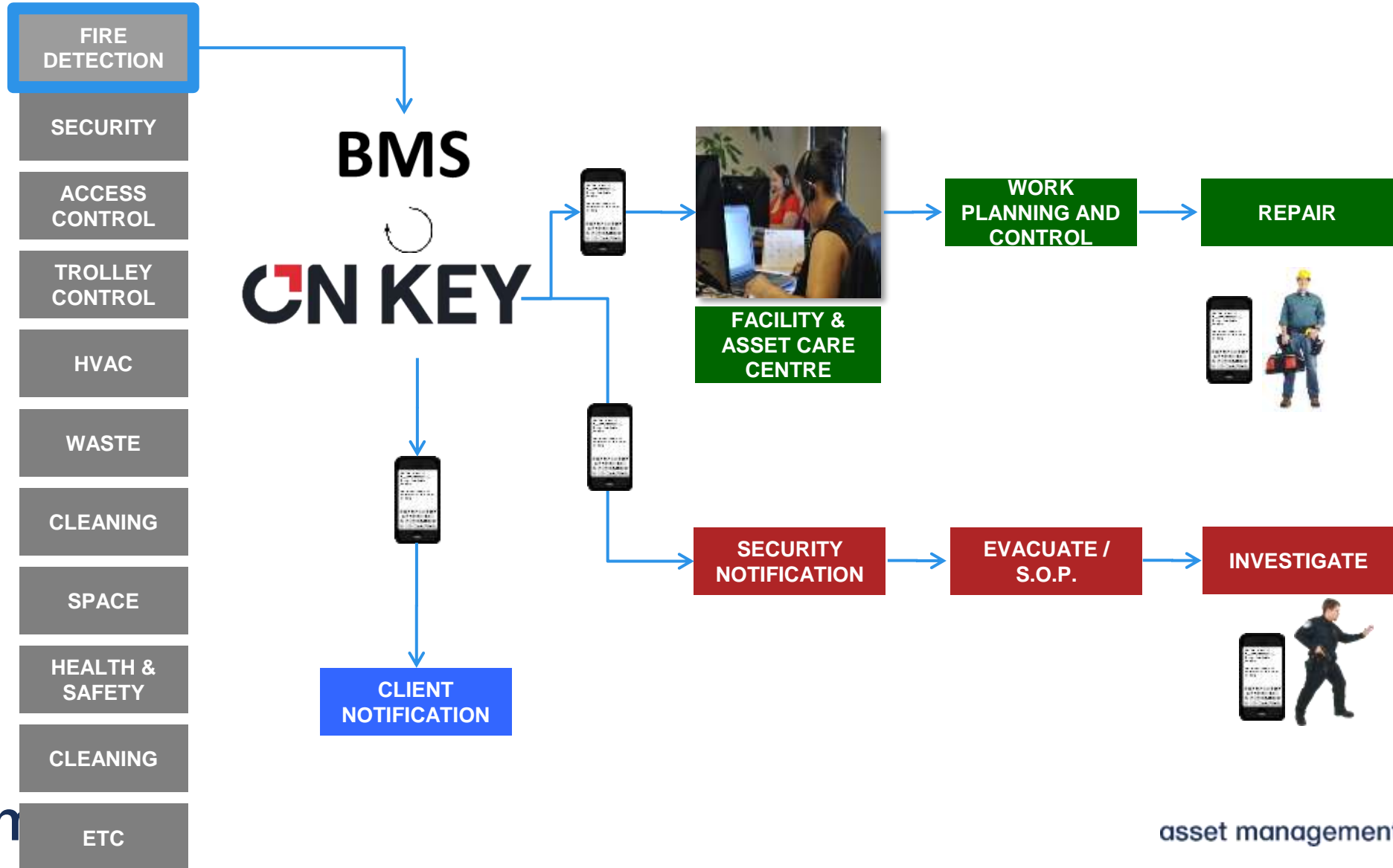




**SLA
Drawings
EAMS**

Enterprise Asset **Care** Centre

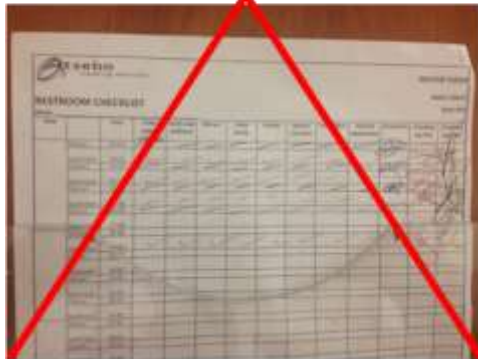
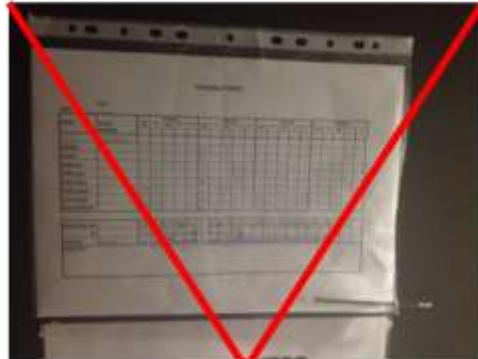
Example Enterprise Asset Care Process





From

REACTIVE



To

PRO-ACTIVE



Task Alt. Description	Completed	Completed On
Clean all toilets	<input type="checkbox"/>	Enter Date
Fill up toilet roll dispensers	<input type="checkbox"/>	
Mop floors	<input type="checkbox"/>	
Clean basins	<input type="checkbox"/>	
Wash and polish mirrors	<input type="checkbox"/>	

September - 2015							
	Sun	Mon	Tue	Wed	Thu	Fri	Sat
36	30	31	1	2	3	4	5
37	6	7	8	9	10	11	12
38	13	14	15	16	17	18	19
39	20	21	22	23	24	25	26
40	27	28	29	30	1	2	3
41	4	5	6	7	8	9	10

Best Practice

AM + FM = Enterprise Asset Care

AM



FM



Customer experience is key!



Dependency



AM



Compliment



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FM Industry Innovation



Key Area of Innovation

- Service Innovation
- Labour Innovation
- Technological Innovation
- Environmental Innovation



Measures of Innovation

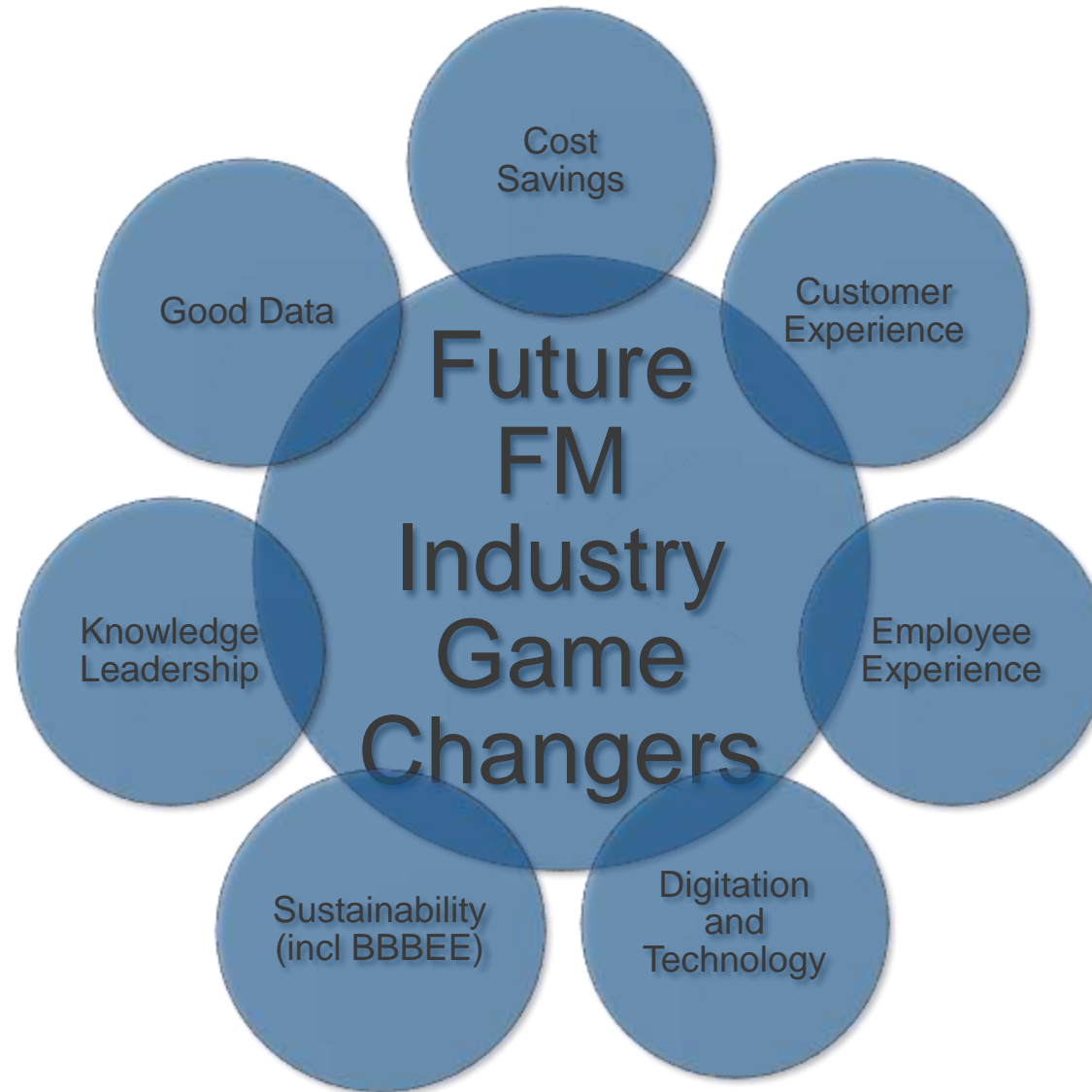
- KPI
- SLA
- Audit
- Client Engagement
- Staff Engagement



Global Innovation Trends

- The Internet of Things (IIoT)
- Drones
- BIM for Facilities Management
- Advanced HVAC Systems
- Automation and Robotics
- Wearable Technology

Future of the FM Industry- FM Industry Future Game changers



An interconnected partnership and what does it look like?





Communication channels



IT technology

Speed of response time

The things we need to manage!

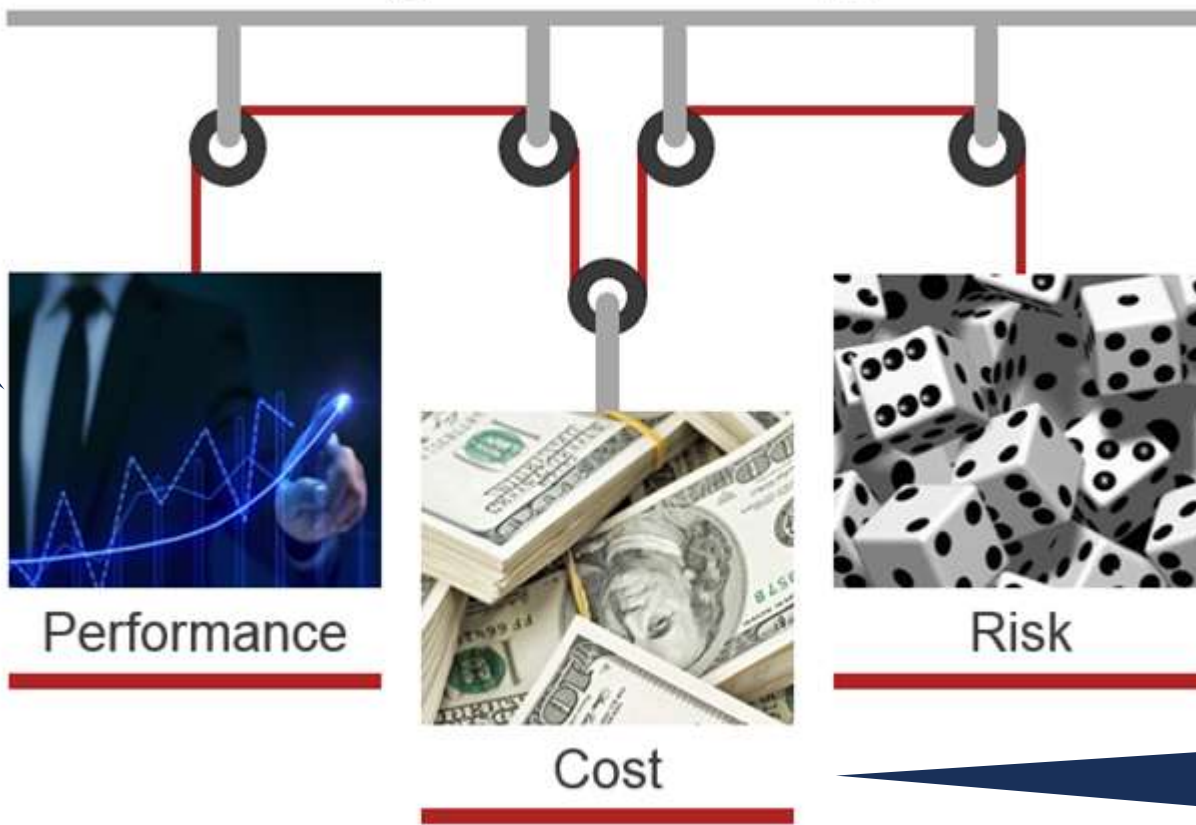


The face of our technical work force

It is a Balancing Act


Optimise value add performance of the asset systems

Balancing conflicting drivers



Treat risk arising from and related to sustaining assets

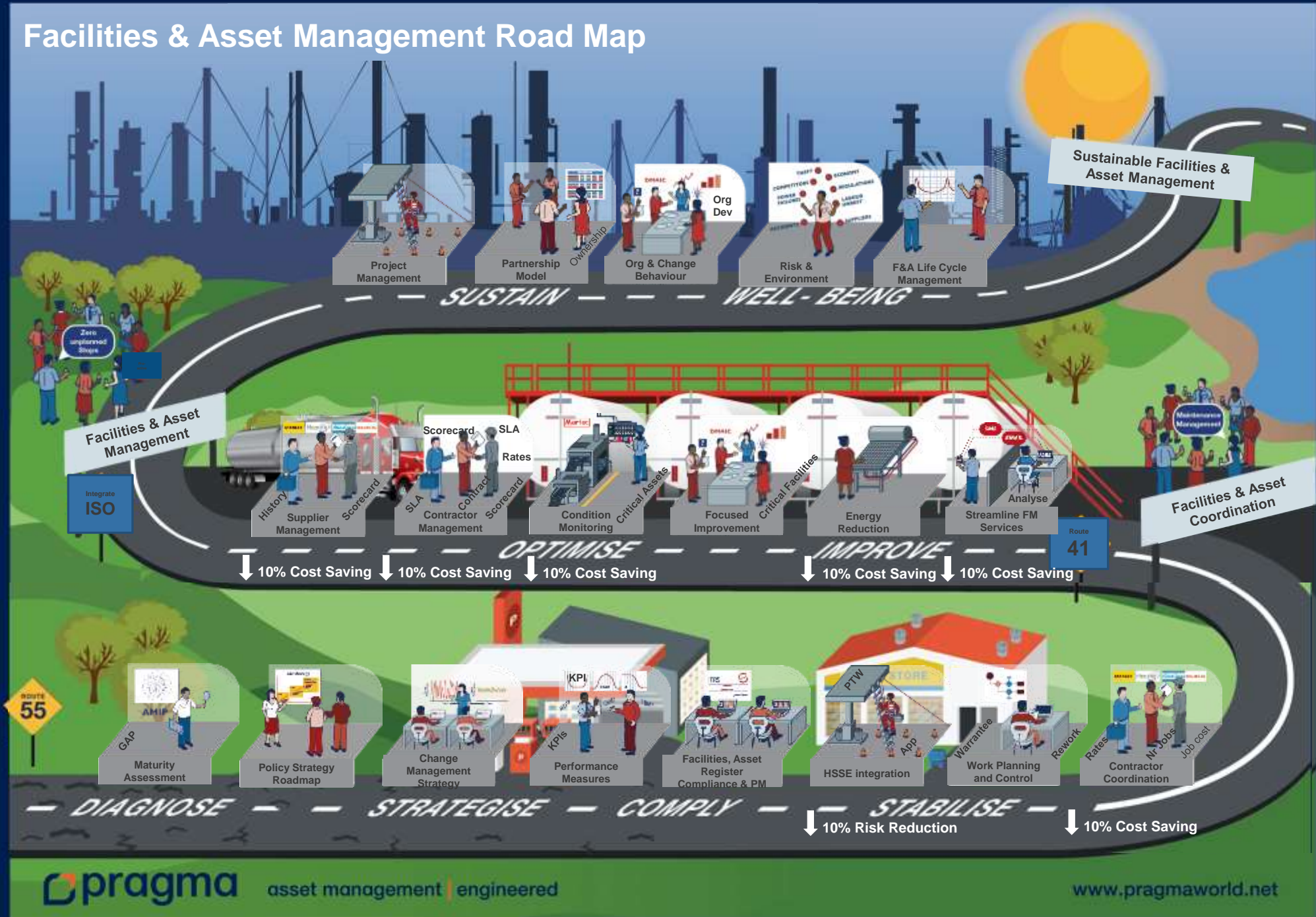
Optimise cost of operating and maintaining assets



“As digital capability fuels the interconnected nature of our world, our assets and our facilities to unprecedented heights, the Next-Generation Facility Asset Managers must be proactive and predictive, with all of its links interconnected and synchronized to create a more sustainable world.”

Facilities & Asset Management Road Map

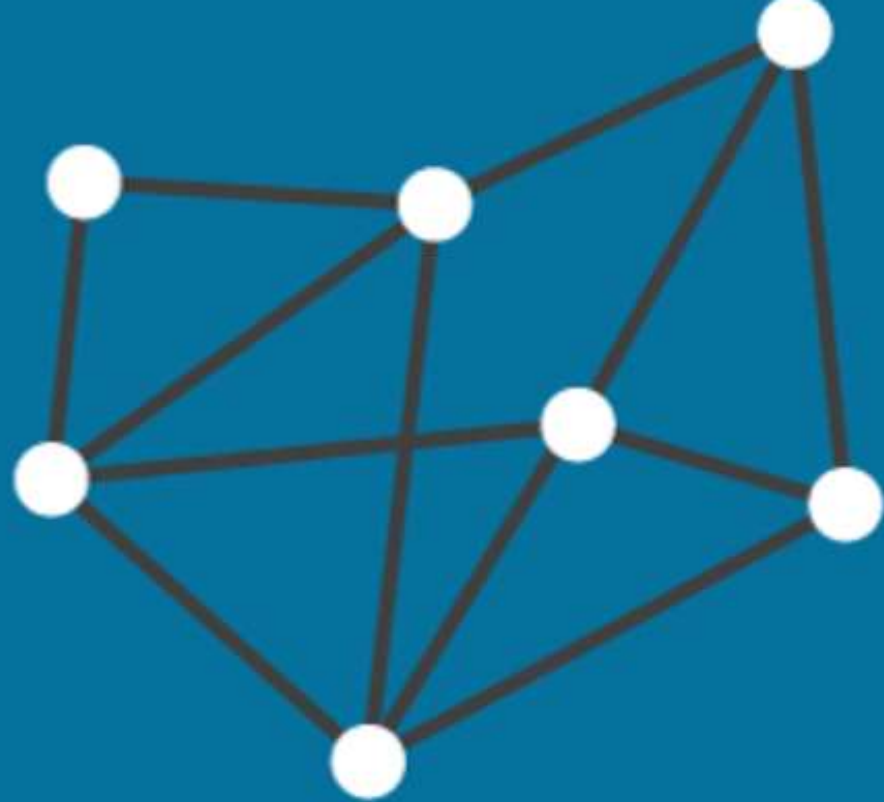
Example of Enterprise Asset Care Road Map



The BIG Picture starts here

EVERYDAY

BIG DATA



*Big data describes the collection of complex and large data sets such that it's difficult to capture, process, store, search and analyze using conventional data base systems. Its uses are shaping the world around us, offering more qualitative **insights** into our everyday lives.*



EVERY DAY WE CREATE

2,500,000,
000,000,
000,000

(2.5 QUINTILLION) BYTES OF DATA

*This would fill 10 million blu-ray discs,
the height of which stacked, would measure
the height of 4 Eiffel Towers on top of one another.*



7 Critical Skills For the Jobs of the Future



Critical Thinking and Problem Solving



Collaboration Across Networks and Leading by Influence



Agility and Adaptability



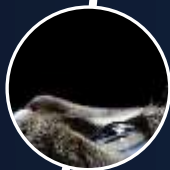
Initiative and Entrepreneurship



Effective Oral and Written Communication



Assessing and Analysing Information



Curiosity and Imagination



Thank you



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