Overview

The world of work is changing and with it the way workplaces are designed and managed. Around the world, facility management is delivered in different ways. Some countries still adopt an in-house model, others look at single service outsourcing or a bundled or integrated approach. In many countries, total facility management has been embraced, and real estate and FM departments merged. Other service delivery solutions are also emerging to support these changes such as The Integrator, a matured and adapted version of the managing agent model. Further challenges arise when global organisations need to manage FM across borders. This white paper will explore trends in FM service delivery in the core markets around the world and predict how the market is changing to support business objectives.

Introduction

Facility management is a global discipline, and a sizeable one. Research from Global Industry Analysts[1] estimates that the market will reach almost $700 billion by 2020 with Europe the largest market and Asia-Pacific the fastest-growing with a 4.4% annual growth rate. The research identifies a 'perfect storm' of conditions driving demand for FM support worldwide including:

- The growing need among organisations to create efficiencies, reduce costs and enhance service delivery
- Rise in global GDP and improvement in construction activity across the world
- Increased outsourcing of FM activities to third-party service providers
- Emphasis on cost containment and growing complexity related to security and property management
- Rising demand for cross-border FM services
- Increasing focus on health, sanitation and wellbeing
- Rising awareness of the benefits of FM services
- Growing popularity of green building practices
- Access to real time management information analytics
- Use of technology and smart apps in managing smarter workplaces
- Growing understanding that the workplace environment contributes to improved staff productivity

To meet this demand, facility management service delivery models are constantly developing and adapting. Thirty years ago, FM was typically delivered by an in-house team directly employed by the host organization with only very specialist services, such as lift maintenance, being outsourced to dedicated companies. But as the market has matured, so have delivery models. Although there remain examples of organizations retaining in-house services which are essential to their organization,

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[1] http://www.strategyr.com/Marketresearch/Facilities_Management_Market_Trends.asp

such as security in a financial services environment, FM is now largely outsourced with few enterprises employing more than a senior management layer concerned with supervising service delivery partners. But patterns, and the maturity, of outsourcing vary from country to country, region to region.

At the same time facility management is becoming an increasingly global discipline with multinational companies regularly announcing global FM relationships with their supply chain partners. In 2012, Barclays became one of the first when it signed a global FM deal with ISS. Since then this has become commonplace with numerous organizations from Pfizer, HP and Shell to HSBC, Nokia and Standard Chartered choosing FM partners to deliver a service around the globe. Taking a multinational approach to the management of FM is now routine for many large enterprises.

Research demonstrates that this trend is set to continue into the foreseeable future. Another study from Global Industry Analysts[2] reveals that over 70% of end users plan to adopt multinational FM contracts by 2020, compared to 40% in 2010. This is echoed in the *Changing Times in Facilities Management* report[3] last year from Sheffield Hallam University, sponsored by Servest Group and GRITIT, where 46% of respondents predicted there will be more European, and 39% more global, deals in the next five years. FM is going global but its service delivery structure is changing.

Pressures on current FM delivery models

Globalisation

The world is getting smaller. Countries are now more interconnected than ever, particularly in markets such as financial services, commodities, sport and entertainment. And that's without considering increased information flows. A report from McKinsey reveals that digital flows – which barely existed 15 years ago – now exert a larger impact on GDP growth than the trade in goods[4]. The amount of cross-border bandwidth that is used has grown 45 times larger since 2005. It is projected to increase by an additional nine times over the next five years as flows of information, searches, communication, video, transactions, and intracompany traffic continue to grow.[5]

This integration has seen employees become globally mobile, working one day in Dubai, the next in Frankfurt and then on to London or New York. This is putting pressure on current FM delivery models as there is an increasing desire for the experience of these nomadic workers to be consistent. Although there may be local flavour in the different offices, they need to be undeniably part of the same

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[2] http://www.strategyr.com/Marketresearch/Facilities_Management_Market_Trends.asp

[3] http://www.magentaassociates.co.uk/product/changing-times/

[4] http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/digital- globalization-the-new-era-of-global-flows

[5] http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/digital- globalization-the-new-era-of-global-flows

organization with consistency in access management, technology, hospitality, health and safety and other areas.

For technology giant Dell EMC, this led to the creation of the concept of the Next Generation Office (NGO). This standard sets out expectations of a company office wherever it is located in EMEA. It includes recommendations for the space allocated to reception areas; the allocation of private offices; the size of different meeting rooms and their furniture and AV requirements; the location, design and components in break out and collaboration areas; and details of the specification for furniture for different areas from task chairs to workstations, pedestals, reception and the size of storage lockers for mobile workers. “Our employees are very mobile,” explains Bruce Barclay, senior facilities professional at Dell. “We want the work environment in all locations to provide the same functionality in order to enable the business and support a consistent employee experience.”

Dell EMC is not alone. Many organizations are creating standard levels of service experience which can include space standards as well as service standards across large regions or globally. Boosting people’s productivity and ensuring that top talent stays engaged is a pertinent issue for many organisations and the standard of the workplace experience is known to play a key role in this process.

Changing economic and political times

The world is a less certain place than it was five years ago. But the underlying economic story remains largely the same, according to Focus Economics,[6] with the emerging markets gradually recovering on the back of a pick-up in global demand and higher commodity prices, while advanced economies are generally benefiting from resilient domestic demand.

Weak consumer consumption is being blamed for slow growth in the US, while the EU recovery is starting to lift off and China has reported strong growth. In Japan, low unemployment combined with strong exports boosted the economy, but in the UK the sustained resilience since the Brexit decision last year is starting to be strained.

The UK’s decision to leave the European Union has prompted concerns among UK businesses over future labour supply[7] [which for FM means that more effort, resources and thinking is going into workforce planning. Many London-based financial services organisations are also considering relocating their HQ to other parts of Europe while others are recognizing that they need to take a more agile approach to FM and focus more on portfolio assessment and scenario planning.[8] Even before the Brexit announcement, there was external pressure to reduce costs thanks to the recession and public sector austerity.

At the same time the election of Donald Trump as US President has caused concern over his economic and political policies and how this might affect the global economy particularly around global trading. Meanwhile ongoing conflict in the Middle East is

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6 http://www.focus-economics.com/regions/major-economies

7 www.employment-studies.co.uk/brexit-observatory/brexit-im- pact-workplace

8 www.jll.com/brexit

creating further uncertainty.

Cost pressures

Since the global financial crash in 2008, all organizations are under cost pressures and FM is not immune to that. Many enterprises still view FM as a cost, rather than an asset to the business which means that FM budgets are often targeted during cost cutting exercises. This results in organizations either passing these budget reductions onto their current service providers or going back to the market for new ways of procuring a reduced portfolio of services.

But cost pressure is not always a bad thing. It can lead to new and innovative ways of solving problems in addition to new markets. The UK government, for example, is trying to substantially reduce the size of the public sector which is driving further outsourcing, benefiting FM service providers. But this can risk FM suppliers living on wafer-thin margins, or even being tempted to negatively bid to secure the work and then make the money elsewhere on the contract. All of which presents a threat to the industry.

New ways of working

The days of the cubicle or cellular office with a gold nameplate are largely over. Organizations across the globe, in both public and private sectors, are adopting more collaborative, open-plan working approaches to improve efficiency and reduce costs across their real estate portfolios: essentially sweating their property assets more. Desk sharing ratios of 2:1, 3:1 or even 5:1 are becoming increasingly common with a facility of, say 1,000 desks, supporting 3,000 people with the addition of break out areas and collaboration spaces. This is putting pressure on both janitorial and security regimes, but also plant such as air-conditioning with facilities often supporting many more people than they were originally designed for. The objective with new ways of working is to achieve cost efficiencies and therefore financial savings but often without impacting on service quality all of which impacts on FM delivery.

As well as creating pressure on FM models, new ways of working also present an enormous opportunity. Gartner predicts that as more employees work remotely, the FM departments within organizations can develop complex scheduling software to manage office hoteling and develop a physical environment that is optimized for employee engagement, such as serendipitous collaboration spaces[9].

Workplace technology

It's been estimated that 8.4 billion 'Internet of Things' – everyday objects with network connectivity which send and receive data – will be in use in 2017 up 31 percent from 2016, and will reach 20.4 billion by 2020.[10] Already engineering companies are remotely and in real time monitoring assets for temperature, vibration, noise and performance with unusual deviations automatically triggering an

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[9] http://www.gartner.com/smarterwithgartner/top-12-emerging-digital-workplace- technologies/

[10] http://www.gartner.com/newsroom/id/3598917

alert. Meanwhile devices continually monitor water quality reporting results in real-time to Building Management Systems. Smart buildings are increasingly running themselves. This presents enormous opportunities – and risks – to the FM sector rapidly changing the way that organisations manage and use their real estate[11].

With all the technology available, there is another issue – how to manage all the additional intelligence that can be gathered from the data being accrued. An effective approach is to combine all the information gathered, and while balancing concerns of privacy and ethics, use this 'big data' approach to elicit high levels of workplace intelligence.

"Every organisation should be thinking about big data. However, data, information and intelligence takes time as its true value comes as deep data is aggregated and patterns begin to emerge," says Raj Krishnamurthy, CEO of Workplace Fabric. "This information allows business leaders to develop a comprehensive workplace strategy. However, businesses can deploy 'little data' to provide real-time assistance, local insights and immediate benefits to a multitude of facility users. As a result, value can be delivered at multiple levels."

Facilities services providers are increasingly expected to provide state-of-the-art voice and IT systems along with the implementation and operation of building management systems that focus on maintenance optimisation, energy consumption and management, as well as the training of staff, client and the supply chain in the digital processes. This is placing enormous pressure on FM partners to be technologically-innovative in their delivery of facilities services[12].

Core business focus

While the corporate real estate and the workplace more generally remains an important part of both an organisation's spend and strategy, it is rarely their core business. Many FM delivery models require an organization to keep a significant in-house FM team to manage several supply partners. Increasingly, client organizations are reporting that the ability to focus on their core business is their number one reason for outsourcing, followed by value for money.[13] Emerging FM service delivery models must respond to this need.

SMEs

Small and medium-sized enterprises account for over 95% of firms and 60%-70% of employment and generate a large share of new jobs in Organization for Economic

11 https://resources.corenetglobal.org/knowledgecenteronline/SearchByTopicAndResource.as px?ID=7541

12 http://www.assetmanagement-conference.co.uk/wp-content/uploads/2016/08/KBR_whitepaper_integrator_web2.pdf

13 Changing Times in Facilities Management, Sheffield Hallam University research report 2016

Co-operation and Development economies including the US, UK and most European countries[14].

In many geographies, there is pressure for organizations in the public sector specifically, to support SMEs by bringing them into their supply chain. In the UK for example, in February 2015 the Cabinet Office announced a new set of regulations making it easier for smaller businesses to tender for Government and other public sector contracts, to help to build on its intention in opening up public sector contracts to smaller suppliers. This has already meant a substantial increase in the proportion of Government spending going to SMEs, and particularly FM suppliers.

However, this is challenging for both large organization and SME supplier. SMEs, which are defined as businesses employing fewer than 250 people, often find the process of tendering for large contracts time consuming and resource heavy, while big enterprises are often frustrated at SMEs' lack of experience in this area, and the lack of quality systems and processes which bigger businesses have as standard.

For many SMEs, the demand to meet service expectations while keeping costs to a minimum can be a challenge and there is a danger that the quality of their service can suffer if it is not managed correctly. The workload that a major contract generates can put huge strain on a smaller company's resources and any problems could create serious issues for the entire business. There is a need therefore to devise a strategy which helps an SME to manage their resources and ensure they deliver on expectations.

Supply side capability

The quality/ fit of service providers is cited as a key challenge of outsourcing by 45% of FM buyers in the KPMG research. Many buyer organizations believe that service partners do not understand their culture or their unique requirements and see service providers as providing a one-size-fits-all service rather than a more bespoke approach.

Current FM delivery models

Demand for facility management outsourcing is growing. Sixty-nine and 67% of service providers and advisers questioned in *KPMG's 2017 Global REFM Outsourcing Pulse Survey* expected demand in facility management and facility services outsourcing to increase over the next year and only 1% expected FM demand to decline.[15]

FM service delivery models are continually shifting and adapting to meet end user expectations and requirements. The key drivers for real estate and facility management outsourcing remain reducing costs, particularly in the Americas,

[14] http://www.oecd.org/cfe/leed/1918307.pdf

[15] http://www.kpmg- institutes.com/content/dam/kpmg/sharedservicesoutsourcinginstitute/pdf/2017/refm-2017-pulse-report.pdf

improve process performance, support business growth, improve global delivery models and gain economies of scale.[16]

In-house delivery

Under this model, the client organization directly employs facilities staff from janitorial operatives and security guards to cafeteria employees and maintenance engineers in the same way that it would employ finance or marketing staff. For multinational businesses, there is regional management to ensure consistency across geographies and a global approach to service delivery.

However it is increasingly rare for enterprises of more than 250 people to operate an in-house delivery model with just 6% of facilities services delivered entirely in-house according to the Sheffield Hallam research.[17] In the KPMG study, where one represents significant decrease in preference or demand and five represents significant increase in preference or demand, those client organizations looking to insource services currently outsourced scored 2.47 indicating that this model is not considered a viable option. However, it is more common in emerging markets where the capabilities of the industry may not be mature enough to outsource or at small offices in all markets where most of the services are provided by the landlord.[18]

Research from Sheffield Hallam University and Interserve in 2013[19] revealed that service quality, a closeness with the company culture and good communications are seen as the key benefits of the in-house delivery model. But, there are also shortcomings to this approach. Costs are likely to be higher, risk is retained within the organization rather than split with a service partner, and there may not be a consistent approach across the enterprise which could affect the end-user experience.

Organizations such as IBM which were structured in this manner in the 1980s and 1990s later created separate organizations for the FM part of the business – in IBM's case this became a separate entity called Procord – which itself was eventually purchased by Johnson Controls.

However, while self-delivering all facilities services is becoming rarer – even SMEs will outsource elements such as janitorial and security – client organizations will retain a degree of FM intelligence in-house to manage service delivery partners. The degree of in-house resource required will depend on the type of outsourced arrangement.

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[16] http://www.kpmg- institutes.com/content/dam/kpmg/sharedservicesoutsourcinginstitute/pdf/2017/refm-2017-pulse-report.pdf

[17] http://www.magentaassociates.co.uk/product/ changing-times/

[18] http://www.kpmg- institutes.com/content/dam/kpmg/sharedservicesoutsourcinginstitute/pdf/2017/refm-2017-pulse-report.pdf

[19] http://www.interserve.com/docs/default-source/Document-List/services/facilities- management/time-for-change-in-facilities-management.pdf

Single services

When organizations started to outsource their facility requirements in the 1980s, they turned to single service providers – often local janitorial, security and maintenance firms – to support their businesses. Nowadays some enterprises still use this single service delivery model choosing specialists in each area to deliver the best standard of service to their organization.

This approach takes away the onerous responsibility of recruiting and managing facilities staff, reduces complexity, and means that the organization benefits from best-of-breed suppliers with specific expertise, and technical information, in each area. This delivery model also allows an enterprise to bring SMEs into its supply chain which creates diversity and supports its corporate responsibility agenda. Research shows that single service delivery is a high-quality model with flexibility and good communication.[20]

However, the single service delivery model places an onerous responsibility on local facility professionals to ensure that the different service partners work together in harmony – which can be challenging. And, for global enterprises, it can make it difficult to deliver a consistent standard of delivery across different geographies as well as receiving uniform management information and reporting. In addition, a single service provider may not have a presence in several countries in the same way that a larger multi-service FM provider would, which requires the organization to have different contracts with different partners around the globe – creating further complexity.

The single service delivery model accounts for 22% of the market in the UK[21], and a similar figure in the KPMG research as the second least popular option[22] worldwide and has been declining over recent years as enterprises look for new ways of procuring FM services. But many experts believe that it is seeing a revival. Graham Davenport, director of Platinum Facilities and Maintenance Services, an SME expert in M&E maintenance, believes it will increase, as organisations tire of the one-size-fits-all approach and prefer a more bespoke approach. “The Total Facilities Management model is suitable for pan-European or global contracts but smaller clients benefit from using a single service model where they receive specialist expertise from individual suppliers. Some businesses don’t want the same service provider delivering their M&E, catering and cleaning.”

In some cases, single service delivery providers are working with other similar organisations to ‘bundle’ services together whether it be as a formal joint venture or one sub-contracting to another, to provide the right package for the client. Platinum, for example, will manage other soft services on behalf of the client and sub-contract

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[20] http://www.interserve.com/docs/default-source/Document-List/services/facilities- management/time-for-change-in-facilities-management.pdf

[21] http://www.magentaassociates.co.uk/product/ changing-times/

[22] http://www.kpmg- institutes.com/content/dam/kpmg/sharedservicesoutsourcinginstitute/pdf/2017/refm-2017-pulse-report.pdf

to a partner organization. “The key is to be transparent about costs in that kind of model, and flexible with how services are delivered. Flexibility is what clients need,” adds Davenport.

Bundled and integrated services

While some single service providers will work with other organizations to provide services to a client, other FM service providers will self-deliver several services, usually all soft services (services which focus on looking after an organization’s people such as janitorial, cafeteria and security) or all hard services (services which focus on looking after a building such as mechanical and electrical maintenance). The client side FM team will then directly manage these relationships.

These bundled contracts potentially further increase value for money and drive efficiency in the client’s time spent on facilities issues as they are overseeing fewer contracts. The risk is also partly shared with the service provider and the service provider themselves is often a specialist in at least one of the areas being delivered. The bundled approach makes up around a quarter (24%) of the market and has grown in recent years as organizations move away from single service but have not yet embraced total facility management (TFM).[23]

Organizations take different approaches when it comes to bundled. A growing number bundle and outsource a number of individually contracted services and also the management function of those services. Other will retain this high-level management function in house.[24]

In markets with higher outsourcing penetration – UK, US, Nordics, Brazil, Germany and the Netherlands – the demand for integrated solutions is typically more advanced. Whereas in markets with lower outsourcing penetration – Asia (excluding Japan which is more mature) and Eastern Europe – the demand for integrated or bundled solutions is much lower[25].

Total facilities management (TFM)

Under the TFM model the entire matrix of service delivery is outsourced under a single contract to a single service provider that can either subcontract or self-deliver the services. This model has seen an increase in popularity over the past few years increasing from 6% in 2012 to 12% today.[26] A good example of this is CBRE’s partnership with pharmaceutical giant Pfizer under which the company provides all FM services to 55 countries in EMEA.

The model allows the organization to focus on its core business, free from worry about day-to-day facilities issues, reduces FM costs and risk and provides enhanced

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23 http://www.magentaassociates.co.uk/product/ changing-times/

24 http://www.kpmg- institutes.com/content/dam/kpmg/sharedservicesoutsourcinginstitute/pdf/2017/refm-2017-pulse-report.pdf

25 http://www.fmj.co.uk/pdf/Perspectives-on-FM.pdf

26 http://www.magentaassociates.co.uk/product/ changing-times/

management information[27]. Research shows that organizations can save as much as 20% of their FM budget by using a TFM approach with continuous improvement and innovation built into the relationship.

But this model is not without its detractors. The enterprise can experience a loss of control over how services are delivered, high procurement and legal costs because of the complex contracts, and the need for sophisticated relationship management from both client and supply side. TFM providers are also not experts in all the services they deliver which could mean a high performance in one service line, and a poorer one in another.

But larger FM players do not necessarily mean less specialist, says Andrew Sugars, from Servest Group which offers numerous facilities services across the UK, Europe and Africa. While the business has grown organically, it has also undertaken several key acquisitions over the past few years in core areas such as security, cafeteria, M&E, landscaping and pest control to complement its janitorial roots. "We provide the best of both worlds to the client – the specialism offered by experts in each service line but the convenience of one point of contact, one invoice and little need to have an extensive in-house FM team."

Global providers

Increasingly, multinational businesses are taking the TFM model one step further and outsourcing all FM service delivery to a single global delivery organisation like Sodexo, Compass, Aramark, ISS and CBRE, which are considered the top five global FM suppliers[28]. When it comes to sourcing new REFM outsourcing efforts, 28% of buyers indicate that efforts are sourced, managed, and coordinated globally.[29]

That service provider may self-deliver some services and geographies but will inevitably sub-contract others or partner with local organizations. A good example is ISS's global relationship with Barclays where it partnered with African FM specialist Tsebo on the continent. This global TFM model provides a largely consistent approach across a region or the world, significant cost savings, reduced risk and reduced management time.

But it is not the only option for global companies looking to outsource their FM service delivery. Another approach, adopted by EMC, now part of Dell Technologies, uses multiple FM partners across EMEA, many of whom do can deliver across the region but are used in a country-by-country or country cluster basis. "By using multiple partners, we get access to much more innovation," explains Dell Technologies' senior facilities professional Bruce Barclay, who is also author of the

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[27] http://www.interserve.com/docs/default-source/Document-List/services/facilities- management/time-for-change-in-facilities-management.pdf

[28] http://facilitiesmanagementforum.co.uk/top-5-global-fm-suppliers-revealed-by- technavio/

[29] http://www.kpmg- institutes.com/content/dam/kpmg/sharedservicesoutsourcinginstitute/pdf/2017/refm-2017-pulse-report.pdf

BIFM's Good Practice Guide to Managing FM Teams Across Borders. "If you deal with one player, however good they are, you only get the innovation as good as the thought leaders in that one company. Whereas by partnering with several large service providers, you get access to the innovative ideas from several players and can then take an idea from one service partner in one country or region and implement it in another." There is a reciprocal benefit for the service partners too, Barclay says, as they are exposed to more innovation which they can then deliver to other clients.

Managing agent

Rather than directly manage their FM service providers, some organizations appoint a managing agent or consultant to procure and manage FM providers on their behalf. The managing agent sits between the client and suppliers and the suppliers will typically have a relationship directly with the managing agent, rather than the client organization. The managing agent ensures the suppliers are meeting their key performance indicators and provides one point of contact for the client. This reduces enterprise risk and allows them to focus on their core business, and not FM.

However, this model has fallen out of fashion in recent years as it is providing an unnecessary layer of cost. It may also leave the client 'weak' when it comes to facility management knowledge, with little in the way of an in-house team. This could make it more difficult to change FM service delivery strategy later.

The Integrator

In the past few years, the Integrator model has been developed in response to some of the challenges being faced by client organizations. A matured and adapted version of the managing agent model, the client appoints the Integrator organization to independently and impartially oversee and manage the different service partners at a multinational level, with a firm focus on the performance of the estate and FM suppliers through KPIs. Unlike the managing agent model, under the Integrator the supply chain has a direct relationship with the client organization so if the client changes model, that relationship is unaffected.

The Integrator charges a fee to the client organization independent of the FM suppliers charges which is, again, more transparent than the managing agent model where the managing agent fee is built in to the overall FM service delivery cost with the risk that the client is paying margin on margin. The Integrator organization manages the contracts and performance of the supply chain ensuring Total Assured Performance for the client organization. The model encourages the use of SMEs and local suppliers in the supply chain while still providing a single point of contact for the client organisation, and supports these organizations through what can be rigorous tendering processes.

One organization which has successfully used the model is the Metropolitan Police in the UK which introduced The Integrator in 2013 and has seen substantial savings, an increase in SMEs delivering services and greater supply chain performance data as a result. Colin Kenton, MD of FM Services at KBR, who helped to develop The Integrator model, believes more organisation will look outside the current service delivery options in the future and that models like The Integrator will grow in popularity.

The services offered by the Integrator are flexible but generally the model is more suitable for organizations with a larger real estate portfolio or with a property portfolio that have a wide geographic footprint.

Bundling property and FM functions

Enterprises with major real estate portfolios are outsourcing both real estate and FM services to one global provider. Under this arrangement, a global property company with an FM division such as CBRE or JLL, will provide all FM and property services for a client at a global level including lease administration, transaction management, property brokerage and other strategic property services. This enables a more long-term and holistic, whole-lifecycle approach to property focusing on the term of the lease rather than shorter-term FM contracts[30]. The key real estate areas typically outsourced are lease abstracting, administration of lease documents and invoice review.

This longer-term approach to property management can result in very attractive savings for the client organisation, a standardised approach across countries and a reduction in risk for the client. But, as in the TFM model, there needs to be a strong intelligent client function in the organisation for it to work well.

There is also a danger that the client is placing all its eggs in one basket, which could present an issue if the service provider faces challenging economic circumstances or if the relationship between the parties breaks down at a later date.

The changing structure of FM service providers

FM service providers are undergoing something of an evolution in how they're structured. Typically, the larger service partners would have separate divisions for the different service lines – janitorial, security, cafeteria, landscaping, maintenance etc. That's changing and now the smarter service providers are creating sector-based teams for clients in retail, professional services, logistics or distribution to support their unique needs.

One prime example is the South African and UK-based company Servest Group. "Now, we have a specialist division for our manufacturing clients to our media clients run by experts in that area," explains Andrew Sugars, a director at the company. "Running FM at a distribution centre is so fundamentally different from FM in a law firm, that we feel that we need separate divisions to do this. Our retail clients expect us to be experts in delivering FM in retail environments. The sector has gone through a period of unprecedented upheaval in the last 10 years and retailers want their FM partner to know their challenges intimately and be more agile and customer centric with their offering for 'store 4.0'."

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30 http://www.bifm.org.uk/bifm/knowledge/goodpracticeguides/Managing_FM_Teams_Acros s_Borders

In some ways, this is nothing knew – caterers for example, have been creating dedicated divisions or companies for their education, healthcare, leisure and corporate clients for years. But to be done on a company-wide basis for all services is relatively new. FM is moving from a service-line approach – where the major service providers organised their businesses into janitorial, security, cafeteria and M&E divisions – into a sector-based approach where the divisions are dedicated to the sectors they service from leisure to manufacturing – in some areas at least, in response to the challenges faced by their clients.

Looking to the future

In their 2014 paper *Perspectives on the FM Market Development*, Glenn Hodge, Reinhard Poglitsch and Peter Ankerstjerne from ISS, chart the timeline of facility management from single service outsourcing in the 1980s to soft and hard FM outsourcing, CAFM and the growth of regional and global contracts. They predicted that FM service delivery models will evolve to encompass workplace change management, environmental performance and managing intelligent buildings[31].

Over the past few years we have seen smart or intelligent buildings and cities becoming part of the FM lexicon. FM is becoming more automated and more intelligent. While some commentators may worry about the impact of this artificial intelligence (AI) on jobs within the FM sector, it's clear that while some tasks can be replaced by robots – some cleaning responsibilities for example – robot receptionists will not for the foreseeable future fully replace the personal welcome and support from a concierge or receptionist.

But this automation and greater availability of data provides an enormous opportunity for the FM sector to grasp. It is by using this data to provide greater management information to the business that it can move from being a business liability to a business enabler, from a cost to an asset for the enterprise. And FM service partners must respond to this need by constantly adapting service delivery models to accommodate these challenges and opportunities.

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[31] http://www.fmj.co.uk/pdf/Perspectives-on-FM.pdf