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ACHIEVING OPERATIONAL EXCELLENCE WITH TRANSPARENT, DATA-DRIVEN FACILITIES MANAGEMENT

April 2018

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ABERDEEN

In the era of digital transformation, Best-in-Class firms are increasingly combining transparency with data- and analytics-driven service automation to optimize facilities management operations. The result is a dramatic leap to computer-aided facilities management platforms as a strategic management tool that also enables connected, automated contractor management.

The New Role of Facilities Management

Facilities management (FM) is changing for the better. This important function has already risen to the top of the operational hierarchy. Companies are moving away from the notion of facilities as a set of back-office, day-to-day activities and toward a discussion of FM as a strategic value driver for specific areas within the organization. Today, facilities managers are building on their gains by implementing computer-aided facilities management (CAFM). This technology allows them to optimize FM operations via transparency and visibility into key activities associated with the FM function, including interactions between facilities managers and their maintenance service providers.

Historically, facilities management has been pegged as a cost-control function. But the long-term value of looking beyond facilities spending as sunk costs (or even worse, as a continual drag on return on assets (ROA)) is measurable and pays dividends to enterprises who believe that their competitive position can be affected by how they manage their locations. It is this realization that led to the creation of CAFM.

Modern CAFM is a platform, an efficient way of monitoring and controlling business facility tasks in one place, typically via an integrated suite of cloud / SaaS- and mobile-based software. The CAFM solution is designed to aid facilities managers with the different facets and functions of FM (see sidebar). It is intended to help facilities managers plan and track all real estate utilization and asset movement, as well as schedule repairs and preventative maintenance, monitor work orders, and adhere to compliance standards. CAFM software also interfaces with computerized maintenance management system (CMMS) software in addition to other technologies such as computer-aided design (CAD)

The Five Key Areas of Facilities Management

▶ Facilities and Space Management

▶ Building Maintenance Management

▶ Real Estate / Property Management

▶ Capital Project Management

▶ Sustainability / Energy Management

systems and building information models (BIMs) that may operate on distinct technology platforms.

The Rise of Transparent Service Automation

Transparent service automation is now an important strategic imperative in FM (see sidebar).

- ▶ "Transparency" provides full, real-time visibility into all areas of FM.

- ▶ "Service automation" is the data- and analytics-driven process of automating events, processes, tasks, and business functions to provide a unified interface / single dashboard for all workflows. It provides direct control of FM operations.

- ▶ "Transparent service automation" delivered on a CAFM platform provides multi-dimensional visibility into all areas of FM. It empowers users with full-scale data and direct control of all aspects of their FM, from the location level to the enterprise level. It provides additional insights through data-driven analytics to improve proactive FM across the board.

One emerging use case is the emergence of CAFM for connected, automated contractor management. Because of the inherent inefficiencies of non-automated FM, the use of transparent service automation benefits both FM operations and contractor operations. Contractors get a better way to schedule jobs, execute jobs, and invoice employers, while employers get a single real-time dashboard — visible enterprise-wide — for maintenance, including contractor sourcing, qualification, service rates, compliance, and work order management. Both sides gain better operational efficiency from CAFM's automation and measurement of the FM contractor management process.

Pressures Driving Firms to Transparent Service Automation

Numerous pressures drive manufacturing organizations to focus resources on transparent service automation in FM. These include the pressing need to maximize ROA in the face of delayed capital expenditures and the need to drive down operating costs. This need for operational efficiency takes place in an environment of increasing regulatory compliance concerns and an aging asset base where facilities managers must optimize FM operations (maintenance, services,

The Strategic Imperative for Transparent Service Automation:
(% of Respondents)

Increase visibility of facilities metrics and costs: 30%

Increase automation of facilities workflow: 19%

Definition: Return on Assets
Return on Assets (ROA) shows the percentage of how profitable a company's assets are in generating revenue. It's a useful number for comparing competitors in the same industry.

productivity, sustainability), improve the occupancy experience, maintain a high consumer perception, and more accurately predict future needs.

Best-in-Class Embrace Transparency

Best-in-Class facilities managers are keenly aware of these pressures, and are embracing transparency between the FM organization and its maintenance service providers (Figure 1).

Figure 1: Best-in-Class Embrace Transparency

% of Respondents n = 173, Source: Aberdeen, April 2018
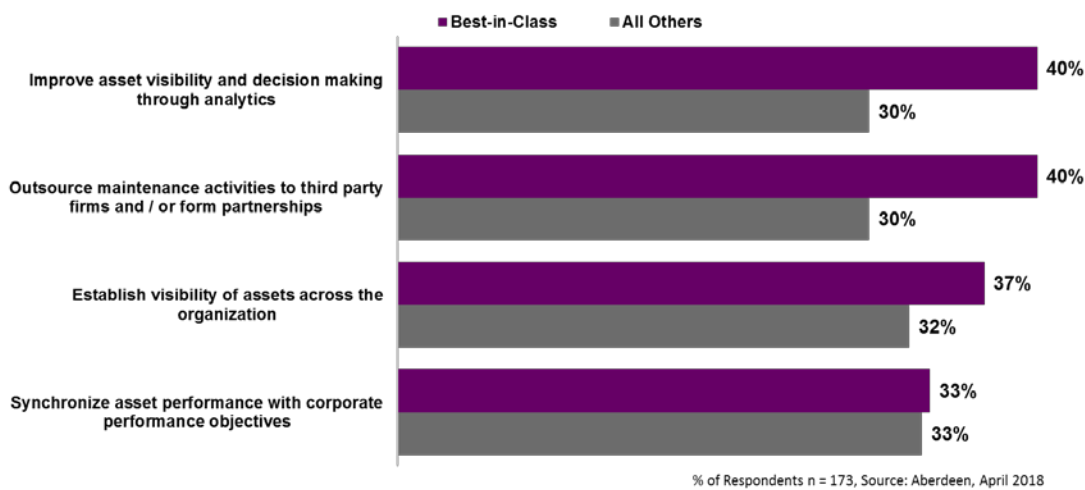
In the world of FM, it's better to "know" than to not know, and it's better to know "quantifiably" than to know vaguely. That's why Best-in-Class firms are 33% more likely than All Others to improve visibility and decision making through analytics (in other words, transparent service automation). For the Best-in-Class, this visibility must be enterprise-wide, and it must provide visibility into the top risks affecting operations. In many verticals, the impulse to adopt transparent service automation is even stronger; for example, retail firms are 50% more likely than All Others to improve visibility and decision making through analytics.

Facility maintenance service providers are a very important part of the transparent service automation equation for the Best-in-Class, with the Best-in-Class reporting a 33% higher likelihood than All Others to form partnerships with or outsource maintenance activities to third parties. Given its importance, true transparent service automation brings the contractor management capability into the CAFM system. This ensures that enterprise-wide FM events are visible for all locations. Examples: when service dispatches were created, what contractor was dispatched,

when the technician was onsite, if there was a proposal, when the firm was invoiced, who approved the invoice, and when the invoice was paid.

Transparency also improves performance. Embracing a strategy of increased visibility is key to unlocking increased value. In facilities repair and maintenance, buyers and sellers alike benefit from a more transparent relationship that redefines the FM / service provider interface. Through transparent service automation, both buyers and sellers of facilities services have the information necessary to wring out legacy inefficiencies to achieve unprecedented service quality while eliminating unnecessary overhead, job status uncertainty, delays, costs, and risks.

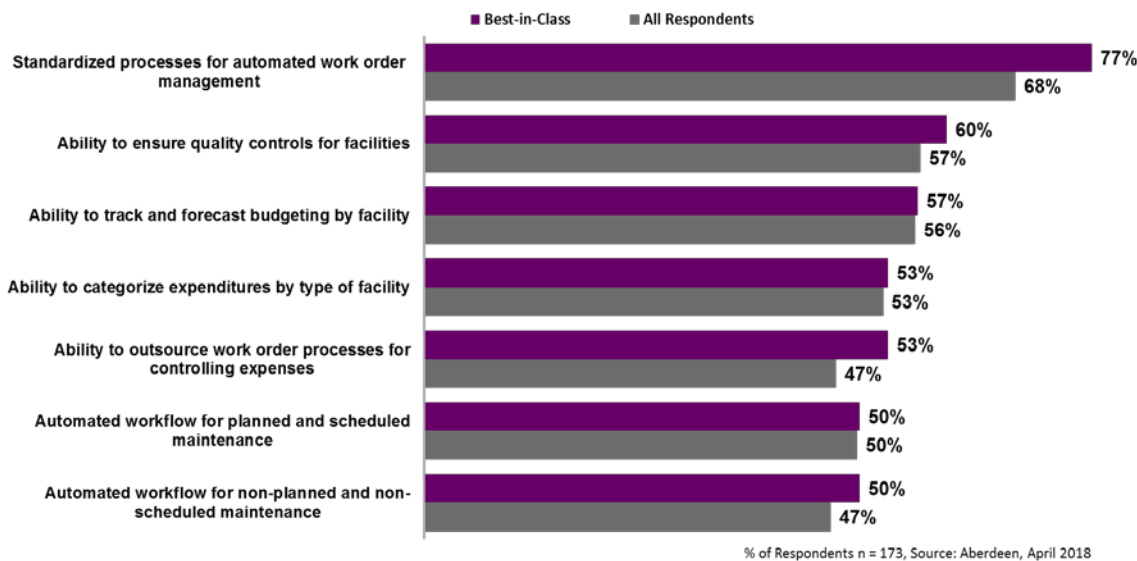## Best-in-Class Embrace Service Automation

In addition to embracing FM transparency in CAFM systems, the Best-in-Class are driven to service automation capabilities (see sidebar).

Protecting the organization and its brand is a top driver propelling the Best-in-Class to transparent service automation. The physical appearance of a firm's facilities directly affects how a customer experiences that firm's brand. Thus, it is logical that 67% of Best-in-Class firms rank facilities condition and appearance as a top strategy for effective FM, as it also increases customer satisfaction.

Best-in-Class Service Automation Drivers:
(% of Respondents)

Protect the organization and its brand: 57%

Maximize facility impact on staff productivity: 57%

Increase customer satisfaction: 50%

Compliance with regulatory requirements: 37%

Figure 2: Best-in-Class Embrace Service Automation Capabilities

■ Best-in-Class   ■ All Respondents

	Best-in-Class	All Respondents
Standardized processes for automated work order management	77%	68%
Ability to ensure quality controls for facilities	60%	57%
Ability to track and forecast budgeting by facility	57%	56%
Ability to categorize expenditures by type of facility	53%	53%
Ability to outsource work order processes for controlling expenses	53%	47%
Automated workflow for planned and scheduled maintenance	50%	50%
Automated workflow for non-planned and non-scheduled maintenance	50%	47%

% of Respondents n = 173, Source: Aberdeen, April 2018

Maximizing FM's impact on workforce productivity is also a major driver propelling the Best-in-Class to transparent service automation (Figure 2).

Capabilities to standardize processes for automated work order management ensures timely initiation of FM tasks. As those tasks progress, the ability to ensure quality is a service automation capability greatly valued. The Best-in-Class favor total visibility into facility expenditures and the ability to track and forecast budgeting, as well as automated workflow management for both planned and unplanned maintenance to ensure contractor performance (timeliness, costs, level of service). From beginning to end, data- and analytics-driven transparent service automation provides strategic insights that improve the overall FM process.

Best-in-Class Outcomes in Facilities Management

Through FM best practices such as transparent service automation, Best-in-Class companies are pursuing a better strategic path and have achieved superior FM results (see sidebar).

Compared to All Others, the Best-in-Class have:

▶ 9x better work order costs (year-over-year (YoY) change)

▶ 9x better unplanned downtime costs (YoY change)

▶ 3x better energy consumption (YoY change)

▶ 3.5x better total FM costs (YoY change)

▶ 2.8x better operating margin outperformance

Findings and Recommendations

Organizations seeking the means to improved visibility and operational efficiency in FM have found the answer in transparent service automation. Companies have seen the early benefits from investing in FM, and are now experiencing even greater operational, financial, and strategic success through the use of CAFM platforms. An important emerging CAFM use case is the provision of capabilities for connected, automated contractor management.

The strategic imperative for transparent service automation includes the need to increase visibility of facilities metrics and costs (transparency) and the need to increase automation of facilities workflow through data-driven analytics (service automation). CAFM platforms excel in both, helping facilities managers plan and track all real estate utilization and asset movement, schedule repairs and preventive maintenance, monitor work orders, and adhere to compliance standards.

Key Best-in-Class FM Metrics:
(Year-over-year improvement)

Total facilities maintenance costs: 13%

Work order costs: 9%

Facilities energy costs: 6%

Unplanned downtime: 9%

Transparent service automation increases organizational performance in many ways. For all their efforts, Best-in-Class facilities managers have achieved superior results through use of CAFM platforms for connected, automated contractor management. Benefits from these best practices include lower work-orders costs, improved FM costs, less facility downtime, and higher operating margin results.

As the need for better operational efficiency in FM accelerates, facilities managers are pressed by higher expectations and shorter decision windows. This requires real-time, enterprise-wide visibility into contractor engagements — based on actual performance and not hunches, heuristics, or historical approaches.

The demands of FM are significant, but so are the rewards. Best-in-Class organizations are responding to pressures they face by pursuing operational excellence through FM best practices. In short, they are seizing on the transparent service automation advantage and reaping the rich benefits.

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