Outsourcing: Facilities Management
Demographics

• The survey was sent out to all members on June 3rd, 2011
• We had 115 people complete the survey
• Over 75% of the respondent’s companies were headquartered in North America
Only 16% worked for organizations smaller than 1,000 employees, indicating most of our respondents were from large corporations.
Presenter:

- Yannick Villar, Sodexo
With regards to FM outsourcing, is there a central team in charge?

- Yes: 85%
- No: 15%
What is the mission of the central FM team?

- Strategy setting: 6%
- Strategy setting and supplier selection: 8%
- Strategy setting, supplier selection, and global/regional contract management: 79%
How would you describe your current strategy for FM services?

In the next three years, do you think your strategy will become...

- More global: 42%
- Remain the same: 51%
- More local: 7%
How would you describe the model you predominantly use for FM services?

- 43% Fully integrated (hard & soft services)
- 28% By service tower: hard services and soft services separated
- 13% Single Service
- 16% In-house

Is this strategy consistent across asset types?

- Yes: 69%
- No: 31%
What percentage of Operations and Maintenance do you outsource?

What percentage of Site Services do you outsource?

What percentage of Specialty Services do you outsource?

Results
How do you see this outsourcing rate moving in the next three years?

- More outsourcing: 51%
- Equivalent: 44%
- Less outsourcing: 5%
What is the average length of the FM contracts that are signed?

- 0-2 years: 0%
- 3-4 years: 50%
- 5-6 years: 20%
- More than 6 years: 0%
How many FM suppliers do you use worldwide?
What is your biggest concern with single sourcing?

- Business continuity: 19%
- Access to benchmarking: 6%
- Access to innovation: 20%
- Exit barriers: 34%
- Other, please specify: 20%
How mature is the FM supply base?

Globally

- Immature: 20%
- Progressing: 59%
- Mature: 19%
- Very Mature: 1%

Results
How mature is the FM supply base?

North America

- Immature: 3%
- Progressing: 21%
- Mature: 40%
- Very Mature: 36%

Asia Pacific

- Immature: 33%
- Progressing: 51%
- Mature: 15%
- Very Mature: 1%

EMEA

- Immature: 17%
- Progressing: 32%
- Mature: 41%
- Very Mature: 10%

Latin/South America

- Immature: 49%
- Progressing: 39%
- Mature: 11%
- Very Mature: 0%
What are the most important expectations of End Users?

- Cost savings: 65%
- Employee satisfaction: 52%
- Quality: 43%
- Site-level satisfaction: 37%
- Service leadership / innovation: 30%
- Risk mitigation: 23%
- Standardization: 20%
- Simplification: 13%
- Governance: 9%
- Access to a true global partner: 4%
- Other: 3%
Please rank the most critical IT features you need from service suppliers? (1 being most critical and 4 being least critical)

- Integrated Workplace Management System: 27%, 35%, 19%, 35%
- Benchmarking Tools: 28%, 44%, 19%, 24%
- Reporting Tools: 37%, 16%, 9%, 11%
- Computerized Maintenance Management System: 38%, 25%, 29%, 11%

Percentage of the total respondents selecting the option.
How does outsourcing affect risk?

- Risk is increased a lot: 0%
- Risk is increased some: 39%
- Risk is not affected: 25%
- Risk is decreased some: 29%
- Risk is decreased a lot: 7%
Which types of risk come to your mind when you think about outsourcing?

- Operational risk: 63%
- Loss of control: 39%
- Financial risk: 31%
- Reputational risk: 30%
- HR / Social relationship risk: 21%
Are you expecting a Global Operating Platform from suppliers?

What is your view on current supplier’s capabilities with regards to a Global Operating Platform?

Yes: 51%
No: 49%

Results

- Very satisfying: 2%
- Satisfying: 16%
- Neutral: 66%
- Disappointed: 17%
- Very disappointed: 0%
Are your facilities management services and real estate services outsourced together?

Results

- Yes: 22%
- No: 78%
In the next three years, do you expect your facilities management and real estate services to be outsourced together?

Results

- Yes: 67%
- No: 33%
Given the increasing transformation to a integrated workplace, what do you believe the next generation model for outsourcing will look like?

The opinions were varied. Below is a selection of the respondents’ views –

- Increased demand for a global service provider, though not necessarily one with integrated RE and FM services

- Increased questions about quality have lead some to consider more in-house, local and regional options

- Increased integrated services

- Outsourcing all but the core functions
What is the hardest question for your service providers to answer?

A sample of the responses –

- How, and can you deliver consistent quality?
- How can I increase savings, and reduce costs?
- Can you be innovative?
- Can you provide global reach and global skill sets?
- Can you provide consistent level of quality across the portfolio of services?
Concluding Thoughts

- The survey confirms that over the last few years, Facilities Management strategy and sourcing has been handled more and more at regional or global levels.
- This trend seems to accelerate in the future.
- The scope of services being outsourced is moving beyond traditional definition of Facilities Management, now including specialist services.
- The service providers still need to reinforce their capabilities to serve globally, more demanding clients and meet cost and quality expectations consistently.
- Next generation model is not defined yet but would encompass more scope to deliver an integrated workplace experience.
For further questions, please contact:

JD Hughes  
Research Associate  
CoreNet Global  
jhughes@corenetglobal.org

Sonali Tare  
Senior Research Associate  
CoreNet Global  
stare@corenetglobal.org

Yannick Villar  
Business Development Director  
Yannick.Villar@sodexo.com
Salient Points

85% of our respondents said that they have a central team in place for FM outsourcing

79% said that their central FM team works on strategy setting, supplier setting, and global/regional contract management

Current strategy for FM services:
- Regional: 47%
- Global: 34%
- Local: 19%

Over the next 3 years strategies will change, with:
- 51% remaining the same
- 42% going more global
- 7% going more local

Current model used for FM services:
- Fully integrated (hard and soft services): 43%
- By service tower (hard and soft services separated): 28%
- In house: 16%
- Single service: 13%

Outsourcing:
- Operations and Maintenance: 52% outsource more than 75%
- Site Services: 52% outsource more than 75%
- Specialty Services: 42% outsource 0-25%

Over the next 3 years, our respondents see the outsourcing rate as:
- Increasing – 51%
- Equivalent – 44%
- Decreasing – 5%

Almost 50% say that the average length of a contract is 3-4 years

Respondents biggest concern with single outsourcing:
- 34% said exit barriers
- 20% said access to information

Maturity of FM supplier base:
- Globally: 59% said progressing
- EMEA: 41% said mature
- North America: 40% said mature
- Latin/South America: 49% said immature
- Asia Pacific: 51% said progressing

67% say that the most important expectation of end users is cost savings

Risk and Outsourcing:
- 39% say risk is increased somewhat
- 29% say risk is decreased somewhat
Salient Points

Most important risk while outsourcing is operational risk, according to 63% of our respondents

Least important risk while outsourcing is HR/Social Relationship risk, according to 21% of our respondents

Expectation of a Global Operating Platform from Suppliers:
- 49% said that they were not expecting one
- 51% said that they were expecting one

View of current suppliers capabilities with regard to a Global Operating Platform
- Neutral – 66%
- Disappointed – 17%
- Satisfied – 16%

Over the next three years, do you expect your FM and RE services to be outsourced together:
- No – 67%
- Yes – 33%

FM and RE services currently outsourced together:
- No – 78%
- Yes – 22%