FACILITIES MANAGEMENT
SOUTH AFRICA
Knowledge Executive research conducted in 2017 with support from SAFMA and Servest Group
Welcome to the 2017 South African Facilities Management survey that looks at trends, forecasts and predictions in the facilities management (FM) sector. We were excited to receive the assignment to conduct this survey at the behest of the Servest Group, a facilities management service provider, with the support and endorsement of the South African Facilities Management Association (SAFMA)*. The FM sector in South Africa is both a vibrant and burgeoning industry, and from the outset we ensured that the field work and the research process was conducted with veracity, confidentiality and privacy.

We believe that we have delivered a report that demonstrates beneficence whereby these findings can benefit the respondents, the service providers and consultants, end-users/clients and the FM sector as a whole. This is very much a working digest for all players to utilise when planning, and implementing their FM services strategies and projects.

It is important to note that this research report was inspired by a similar report conducted in the United Kingdom entitled: “Changing Times in Facilities Management” published by GRITIT, the Servest Group and Sheffield Hallam University. We would like to credit them as the original source for this report template. There are no doubt similarities in the content and type of questions asked, however the responses and insights received in this report are exclusively South African in nature, reflecting the dynamics of the local FM sector.

Over the next 24 pages you will find that we have zoned in on the latest FM outsourcing trends, the challenges and expectations between buyers and providers, progressive local and global innovations for facilities service delivery and the major game changers and outlook for FM services in South Africa over the next five years.

Thank you to all 200+ respondents who took the time to complete this survey and who shared their valuable statistics, projections and viewpoints. Without knowledge leaders like you this research report would not have been possible to create and publish.

Steve Wallbanks  
Chief Executive Officer  
Servest Group  
www.servest.co.za

Mark Angus  
CEO & Managing Editor  
Knowledge Executive  
www.knowledge-executive.com

Nathaniel Reddy  
Chairman of SAFMA  
www.safma.co.za

*SAFMA feels comfortable that the survey methodology is sound and that the results are a fair reflection of the respondents views and perceptions. On this basis, SAFMA is of the opinion that the research will play a meaningful role in advancing FM locally through the introduction of the results to the FM market.
Outsourcing
Although end-users believe that their suppliers are meeting their outsourced objectives, 30% say they will re-tender their facilities contracts, while 19% indicated that their contracts will be re-scoped and then re-tendered. Financial savings (85%), service level improvements (77%) and better technical expertise (69%) topped the list of outsourcing objectives. Cost reduction (4.3/5), innovation (4.0/5), confidence in team ability (3.7/5) and local supply chain and B-BBEE (3.3/5) are important criteria when end-users evaluate bids or tenders.

Relationships
Buyer and provider relationships will be challenged on several fronts with end-users pushing for improvement in baseline costs and efficiencies while reviewing service level agreements (SLAs) that include stricter key performance indicators (KPIs). FM service providers, consultants and end-users collectively determined that improving communications, working together as a team and aligning strategies and plans were critical to improving outsourced relationships.

Innovation
Innovation is becoming a key focal point in most boardrooms with 37% of respondents linking innovation in facilities management to the strategic and business objectives of their organisations or requiring that it is used as a key performance indicator. It was encouraging to note that 68% of organisations are in the process of innovating while 24% are, or have, implemented the occasional innovation. The four key areas where innovation is reported are in services, labour, technology and the environment. Fast forward to 2020 and the years beyond, and the survey identified six revolutionary innovations that will disrupt or change the facilities landscape in South Africa. These included:
1. The Internet of Things (IoT)
2. Drones
3. BIM for Facilities Management
4. Advanced HVAC Systems
5. Automation and Robotics
6. Wearable Technology

Outlook
So what does the future hold for facilities management outsourcing and services in South Africa? Over 50% of the end-user respondents want to return to in-house management or absorb facilities services into broader business process outsourcing (BPO). However an equally large amount (43%) will continue to outsource their FM services. Service quality, access to technical expertise, reducing costs and the ability for end-users to focus on their core business will drive outsourcing in the next five years.

Global, European and African nearshore outsourcing will increase a fair bit in the next five years, while there will be moderate growth in total facilities management (TFM), integrated services and TFM and property services. Bundled services will increase substantially while single services will decrease.

There are six major game changers that will influence the FM sector over the next five years. They include:
• Digitisation & Technology: with the adoption of new technology and innovatons augmented by the digitisation and automation of FM services.
• Customer Experience (CX): that includes improved FM service delivery and providing more value across all spectrums of FM services.
• Cost Saving: which is highlighted as a major game changer and important objective throughout the survey.
• Knowledge Leadership: whereby end-users will look for more skills, training, knowledge transfer and smarter and empowered FM teams.
• Employee Experience (EX): that includes creating agile workforces utilising automation for mundane tasks thereby enabling FM managers to focus on more complex functions.
• Sustainability: to balance FM optimisation with sustainable systems and processes.
• Good Data: that will enable FM teams to analyse and interpret data in real-time and make better, informed decisions.

Truly, technology, customer experience and cost savings will be the most important game changers demonstrating the need for greater FM optimisation and value, but with an eye on effective budgeting and financial responsibility.
Methodology and respondents

Knowledge Executive was commissioned to conduct the research by Servest Group with the support and oversight of the South African Facilities Management Association (SAFMA). Facilities managers’ and related executives, were invited to participate in the survey by completing an online questionnaire over a seven-week period in May and June 2017. The respondents were assured that their personal details and the information that they shared within the questionnaires, would be kept confidential.

In total, 201 individuals responded to the survey. As an incentive to participate, the survey offered to donate R50 to the Nelson Mandela Children’s Hospital and respondents were also entered into a draw for a R5000 shopping mall voucher. Accordingly, in June 2017, Servest Group sent the hospital a cheque for R10,050 and Knowledge Executive conducted the draw for the winner of the shopping mall voucher.

The analysis of the quantitative data was structured using a validated scoring matrix, while the text, graphs and icons were created to support the findings. A research committee was formed with SAFMA to ensure that the association felt comfortable with the survey methodology and that the results are a fair reflection of the respondents’ views and perceptions.

### Respondents

![Respondent Sector Split]

- **47%** End-User of Facilities Services (Clients)
- **16%** Provider of Facilities Services (Suppliers)
- **37%** FM Consultant / Other

### Sector Split

- **73%** Private sector
- **22%** Public sector
- **5%** Third sectors
**BUDGETS**

- **54%** of respondents have budgets less than R10 million per annum.
- **35%** of respondents have budgets more than R25 million per annum.

**LOCATION OF HEAD OFFICE**

- **73%** are national.
- **12%** are in Gauteng.
- **8%** are in Kwazulu Natal.
- **7%** are international.
- **86%** are in Western Cape.
- **14%** are in the rest of South Africa.
Outsourcing trends

Facilities management outsourcing in South Africa is in good form with a considerably high number of end-users indicating that they still outsource more than half of their facilities. These organisations predominately outsource via single and bundled serviced contracts utilising one or more suppliers. Top FM services that are outsourced include ground maintenance, pest control, security, cleaning services and energy management. Almost half of the end-user respondents (42%) indicated that they will retender and re-scope their FM contracts while 22% will stay with the same suppliers. Financial savings and greater flexibility are just some of the objectives that end-users are achieving with their FM services, which is why they rate cost and confidence in the team’s ability as most important when evaluating tenders or bids. The good news is that end-users believe that their suppliers are successful in meeting their outsourcing objectives. However, there is room for improvement in providing better technical expertise and SLAs, reducing costs further and providing management information with service performance data, while mitigating risk.

HIGHLIGHTS

OF ORGANISATIONS THAT OUTSOURCE, CONTRACT OUT MORE THAN HALF OF THEIR FACILITIES SERVICES

OF PRIVATE SECTOR ORGANISATIONS THAT OUTSOURCE, CONTRACT OUT MORE THAN HALF OF THEIR FACILITIES SERVICES

74% 69%
HOW ARE YOUR SERVICES CURRENTLY DELIVERED?

SINGLE SERVICE (I.E. INDIVIDUAL SUPPLIERS PROVIDING 1 SERVICE EACH) 32%

BUNDLED (I.E. 2 OR 3 SERVICES PROVIDED BY A SINGLE SUPPLIER) 12%

OTHER 12%

ALL IN-HOUSE 16%

INTEGRATED (I.E. A NUMBER OF SERVICES DELIVERED UNDER A SINGLE MANAGEMENT LEAD) 16%

TOTAL FACILITIES MANAGEMENT AND PROPERTY SERVICES (I.E. FM AND PROPERTY SERVICES PROVIDER IS A SINGLE SOURCE) 5%

TOTAL FACILITIES MANAGEMENT (I.E. PROVIDER IS A SINGLE SOURCE OF SUPPLY FOR ALL YOUR FACILITIES MANAGEMENT NEEDS) 7%

WHAT WILL YOU DO WHEN YOUR FACILITIES CONTRACT(S) COME TO AN END OF THEIR TERM?

RE-TENDER THE SAME 30%
STAY WITH SUPPLIER 22%
RE-TENDER AND RE-SCOPE 19%
N/A 17%
BRING IN-HOUSE 12%
SERVICES CURRENTLY BEING OUTSOURCED

- **SECURITY**: 88%
- **PEST CONTROL**: 88%
- **GROUNDS MAINTENANCE**: 88%
- **GENERALIST/SPECIALIST CLEANING**: 75%
- **ENERGY MANAGEMENT**: 75%
- **WASTE MANAGEMENT**: 63%
- **MAINTENANCE AND ENGINEERING**: 63%
- **HEALTH AND SAFETY SERVICES/CONSULTANCY**: 63%
- **CONSULTANCY/FM STRATEGY**: 38%
- **PROJECT MANAGEMENT**: 38%
- **UTILITIES**: 38%
- **CATERING**: 50%
- **OFFICE SERVICES**: 50%
- **BUILDING MANAGEMENT SYSTEMS**: 63%
- **COMMUNICATIONS/TELECOMS**: 63%
- **RECEPTION/FRONT OF HOUSE SERVICES**: 13%
## The Future of Facilities Contracts

<table>
<thead>
<tr>
<th>Service</th>
<th>Stay with Supplier</th>
<th>Re-tender the Same</th>
<th>Re-tender and re-scope</th>
<th>Bring in-house</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste Management</td>
<td>13%</td>
<td>38%</td>
<td>25%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>18%</td>
<td>32%</td>
<td>27%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td>25%</td>
<td>38%</td>
<td>32%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reception / Front of House Services</td>
<td>18%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Management</td>
<td>19%</td>
<td>24%</td>
<td>44%</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Pest Control</td>
<td>17%</td>
<td>50%</td>
<td>25%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Services</td>
<td>21%</td>
<td>33%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance and Engineering</td>
<td>13%</td>
<td>25%</td>
<td>25%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health and Safety Service / Consultancy</td>
<td>22%</td>
<td>38%</td>
<td>32%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Grounds Maintenance</td>
<td>30%</td>
<td>38%</td>
<td>32%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generalist / Specialist Cleaning</td>
<td>19%</td>
<td>28%</td>
<td>37%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estates Management</td>
<td>25%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Management</td>
<td>9%</td>
<td>33%</td>
<td>39%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultancy / FM Strategy</td>
<td>12%</td>
<td>38%</td>
<td>25%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communications / Telecoms Catering</td>
<td>14%</td>
<td>32%</td>
<td>41%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catering</td>
<td>28%</td>
<td>18%</td>
<td>22%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building Management Systems</td>
<td>23%</td>
<td>38%</td>
<td>25%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Respondents are more inclined to keep grounds maintenance, catering, security, office, estate and building management with their current suppliers. Reception/front of house services, project management, health and safety services, pest control, communications/telecoms and energy management face more uncertainty as respondents indicated that they will re-tender or re-scope these services.
## OUTSOURCING OBJECTIVES

### HIGHLIGHTS

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>85%</td>
<td>Financial Savings</td>
</tr>
<tr>
<td>77%</td>
<td>Service Level Improvements</td>
</tr>
<tr>
<td>63%</td>
<td>Better Technical Expertise</td>
</tr>
<tr>
<td>69%</td>
<td>Buying Efficiencies</td>
</tr>
</tbody>
</table>

### WHAT’S IMPORTANT WHEN EVALUATING TENDERS OR BIDS?

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>4.3</td>
</tr>
<tr>
<td>Innovation</td>
<td>4.0</td>
</tr>
<tr>
<td>Confidence in the Team’s Ability</td>
<td>3.7</td>
</tr>
<tr>
<td>Local Supply Chain</td>
<td>3.3</td>
</tr>
<tr>
<td>Corporate Social Responsibility</td>
<td>3.3</td>
</tr>
<tr>
<td>B-BBEE</td>
<td>3.3</td>
</tr>
<tr>
<td>Skills Development</td>
<td>3.0</td>
</tr>
<tr>
<td>Reference Sites</td>
<td>2.7</td>
</tr>
<tr>
<td>Personal Chemistry Between Parties</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Cost, innovation, confidence in the team’s ability and adopting a local supply chain are the most important elements that organisations look at when evaluating tenders or bids.
IF YOUR ORGANISATION WAS TO CONSIDER OUTSOURCING, WHAT WOULD BE THE OBJECTIVE?

**Financial Savings**: 85%

**Service Level Improvements**: 77%

**Buying Efficiencies**: 69%

**Better Technical Expertise**: 69%

**Save on Management Time**: 62%

**Increased Competitiveness**: 62%

**Improve Sustainability**: 62%

**Greater Flexibility**: 62%

**Better Management Information / Service Performance Data**: 62%

**Access to Best Practice**: 62%

**Innovation in FM Service Delivery**: 54%

**Focus on Core Business**: 54%

**Deliver Improved Brand Image**: 54%

**Transfer of Risk or Share / Mitigate Risk**: 46%

**Improve In-House Quality**: 46%

**Reduce In-House Staff**: 38%
Buyer and provider relationships

Financial savings, service level improvements and the ability to self deliver, all top the list of important criteria for successful client and provider relationships. Clients also look for improvements in sustainability and in-house quality, while placing strong emphasis on the need for providers to have access to best practice and technical expertise.

FM service providers, consultants and end-users collectively pinpointed the need to improve communication, work together as a team and align strategies and plans to enhance outsourced relationships. Of interest was that FM service providers and consultants rated improving B-BEE score cards (99%) and clarifying roles and responsibilities (95%) higher than end-users. End-users want a stronger focus on improving baseline costs (75%) and service level agreements along with key performance indicators (63%). Indeed, FM service providers and consultants will be challenged on several fronts to improve outsourced relationships over the coming years.

HIGHLIGHTS

**FINANCIAL SAVINGS, SERVICE LEVEL IMPROVEMENTS AND THE ABILITY TO SELF DELIVER ARE THE MOST IMPORTANT ELEMENTS IN BUYER/ PROVIDER RELATIONSHIPS**

**IMPROVING ON IN-HOUSE QUALITY AND SUSTAINABILITY, ACCESS TO BEST PRACTICE AND BETTER TECHNICAL EXPERTISE ARE ALSO IMPORTANT**

**FOUR WAYS TO IMPROVE OUTSOURCED RELATIONSHIPS**

- IMPROVED COMMUNICATION
- BETTER ALIGNMENT OF STRATEGIES AND PLANS
- WORKING TOGETHER AS A TEAM
- BETTER BASELINE COSTS
End-users believe that the ability to self deliver, improve in-house quality, provide better technical expertise, financial savings and service level improvements that enable them to focus on their core business are important for successful client and provider relationships. FM service providers and consultants have similar sentiments but also rated innovation in FM service delivery, access to best practice and better management information or service performance data higher than their end-user counterparts.
HOW CAN WE IMPROVE OUTSOURCED RELATIONSHIPS?

- **IMPROVED COMMUNICATION**: 100%
- **IMPROVE SERVICE LEVEL AGREEMENTS**: 63%
- **CLARIFICATION OF ROLES AND RESPONSIBILITIES**: 92%
- **BETTER ALIGNMENT OF STRATEGIES AND PLANS**: 63%
- **BETTER INITIAL REQUEST FOR PROPOSAL AND BRIEFINGS**: 50%
- **END-USER**: 97%
- **PROVIDERS AND FM CONSULTANTS**: 87%
Buyer and provider relationships

- Working Together as a Team: 88%
- Better Baseline Costs: 75%
- Better Governance Structures: 84%
- Improve KPI and Reporting: 63%
- Improve B-BEE Score Card: 99%
- 38%
Innovation

Progressive innovations that are brought about by incremental advances in technology or processes seem to be a key focal point for facilities service delivery in South Africa. If you compare the roles of facilities managers 10 years ago to their roles today, it is clear that the influences of innovation are having a powerful impact on the sector. While innovation is an on-going process for service providers (78%), end-users and insourced facilities departments are not far behind (60%). There is a strong appetite to implement on-going innovations from automation and systems optimisation, to labour, waste, energy and environmental management. It is encouraging to see that 47% of the respondents link innovation to strategic objectives or contract terms, while 11% make innovation a requirement in SLAs. 37% measure innovation with key performance indicators (KPIs). Globally, there are revolutionary innovations that are disrupting the facilities services landscape, with new, pioneering products or technologies that will have an impact on the South African market over the next five years.

HIGHLIGHTS

INNOVATION IS BECOMING A FOCAL POINT IN MOST BOARDROOMS, WITH 37% OF RESPONDENTS LINKING INNOVATION IN FACILITIES MANAGEMENT TO THE STRATEGIC AND BUSINESS OBJECTIVES OF THEIR ORGANISATIONS

LACK OF FINANCE FROM EXTERNAL SOURCES AND LACK OF QUALIFIED PERSONNEL ARE THE TOP FACTORS HINDERING INNOVATION ACTIVITIES OR INFLUENCING DECISIONS BY ORGANISATIONS TO NOT INNOVATE
Innovation

HOW INNOVATIVE IS THE FM SECTOR?

68% OF ORGANISATIONS ARE IN THE PROCESS OF INNOVATING

24% HAVE IMPLEMENTED OCCASIONAL INNOVATION

17% HAVE NOT UNDERTAKEN AN INNOVATION ACTIVITY

IN THE PAST THREE YEARS HAS YOUR ORGANISATION BEEN INVOLVED IN DESIGNING OR IMPLEMENTING INNOVATION(S) IN FACILITIES SERVICES?

A PROVIDER OF SERVICES (A SUPPLIER)

78% YES, INNOVATION IS AN ONGOING PROCESS

22% YES WE HAVE IMPLEMENTED OCCASIONAL INNOVATIONS WHERE RELEVANT

AN END USER OF FACILITIES SERVICES (A CLIENT)

58% YES, INNOVATION IS AN ONGOING PROCESS

25% YES WE HAVE IMPLEMENTED OCCASIONAL INNOVATIONS WHERE RELEVANT

17% NO, WE HAVE NOT IMPLEMENTED ANY INNOVATIONS

THERE ARE FOUR KEY AREAS WHERE INNOVATION IS REPORTED:

1. SERVICE INNOVATIONS
   Development of customised services for clients to meet specific business objectives or requirements. Scoping, implementing and managing integrated strategies to improve facilities management performance across different sites

2. LABOUR INNOVATIONS
   Deployment of innovative workforce management optimisation and performance tools, systems and processes. Implementing stronger standards and quality control across different branches and departments with self evaluation processes

3. TECHNOLOGICAL INNOVATIONS
   Automation of systems and equipment such as HVAC maintenance and energy systems and robotic cleaning equipment such as floor scrubbers. Utilising technology to remotely monitor systems while improving security and safety

4. ENVIRONMENTAL INNOVATIONS
   Application of better waste management processes and systems to reduce carbon footprint and improve recycling. The deployment of solar and photovoltaic equipment to reduce energy consumption and monitor energy usage in both new and existing sites
HOW DO YOU MAKE INNOVATION A REQUIREMENT IN SERVICE DELIVERY?

37% Linking Innovation to Strategic Objectives and Business Objectives
37% Using Key Performance Indicators
11% Using Service Level Agreements
10% Through Contract Terms
5% Other

HOW DO YOU MEASURE INNOVATION?

32% Using KPIs
21% Using SLAs
21% Client Engagement Surveys
11% Audits
10% Staff Engagement Surveys
5% Other
BARRIERS TO INNOVATION

<table>
<thead>
<tr>
<th>Barriers to Innovation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uncertain demand for innovative goods and services</td>
<td>25%</td>
</tr>
<tr>
<td>No need due to prior innovations</td>
<td>13%</td>
</tr>
<tr>
<td>No need because no demand for innovation</td>
<td>50%</td>
</tr>
<tr>
<td>Market dominated by established firms</td>
<td>63%</td>
</tr>
<tr>
<td>Lack of qualified personnel</td>
<td>63%</td>
</tr>
<tr>
<td>Lack of information technology</td>
<td>50%</td>
</tr>
<tr>
<td>Lack of information on markets</td>
<td>50%</td>
</tr>
<tr>
<td>Lack of funds within your organisation</td>
<td>50%</td>
</tr>
<tr>
<td>Lack of finance from sources outside your organisation</td>
<td>75%</td>
</tr>
<tr>
<td>Innovation costs are too high</td>
<td>25%</td>
</tr>
<tr>
<td>Difficulty in finding partners for innovation</td>
<td>13%</td>
</tr>
</tbody>
</table>

Lack of finance sources from within their organisations, lack of qualified personnel and market dominance by established firms are the 3 major barriers to innovation.

GLOBAL INNOVATIONS: 2020 & BEYOND

Globally, there are six revolutionary innovations that are disrupting and changing the facilities services landscape:

- **THE INTERNET OF THINGS (IoT)**
  - A network of internet accessible devices used by facilities will also make up the broader Internet of Things (IoT). This includes tools such as sensors, thermostats, machines and actuators to evaluate and reduce energy usage and costs. The future is smart buildings.

- **DRONES**
  - Drones will deliver incredible ways to improve and augment efficiencies in facilities management. Unmanned aerial vehicles (UAVs) will be used for safety and automation. Drones will also be used for roof inspections and assessments of facilities in difficult to reach areas.

- **BIM FOR FACILITIES MANAGEMENT**
  - Building information modelling (BIM) is used by contractors and architects to develop scale models of building projects. While not a new technology, it is just becoming commonplace in facilities management to give managers virtual models of floor plans and asset information.

- **ADVANCED HVAC**
  - “Green” HVAC systems will help reduce the cost of heating and cooling facilities, while also reducing carbon footprints. In the future, integrated HVAC systems will auto create and assign work orders to team members based on the type and location of problems.

- **AUTOMATION AND ROBOTICS**
  - Robotic systems and products are already being utilised in facilities management, but expect them to become smarter and mainstream. Portering, waste management, security systems and catering services will all be managed by robots, while automation will be the key to success in future buildings.

- **WEARABLE TECH**
  - Wearable technology will contribute to a fundamental shift in facilities management leading to super mobile applications that will enable facilities managers to carry out tasks anywhere in the world. These will augment facilities management apps enabling remote management with swift, timely responses.

Sources: AkitaBox, OCS and Knowledge Executive.
The outlook for FM services in South Africa over the next five years can be summed up in two words: diverse change. Over half the respondents (54%) say they will return to in-house management and service provision or absorb facilities services into broader business process outsourcing (BPO). However, an equally large proportion of end-users and clients (43%) will continue to outsource with large multiservice providers or individual service specialists. Service quality, access to technical expertise and reducing costs are the top three most important factors that will drive outsourcing.

The top three game changers over the next five years are considered to be digitisation with the adoption of new technology and innovations; customer experience (CX) and providing customised service value, while balancing this with cost savings and budgetary control and responsibility. Employee experience (EX) and workforce transformation, sustainability, big/good data with real-time analytics and knowledge leadership with regards to training and skills development that will create smarter FM teams, will be the other game changers.

HIGHLIGHTS

- 28% of respondents indicated that facilities services will return to in-house management and service provision.
- 23% of respondents predicted that outsourcing will continue to be led through a few big multi-service providers.
- Global demand for nearshore Africa, European and global outsourcing deals looks to increase over the next five years.
- 41% of respondents felt the demand for bundled services will decrease.
- 5yrs ahead; service quality, access to technical expertise, reducing costs and the ability to focus on core business will be the main drivers of outsourcing.
DO YOU THINK THE FM MARKET WILL CHANGE FUNDAMENTALLY IN THE NEXT FIVE YEARS?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return to in-house management and service provision</td>
<td>28%</td>
</tr>
<tr>
<td>Facilities services absorbed into wider business</td>
<td>26%</td>
</tr>
<tr>
<td>Process outsourcing</td>
<td>23%</td>
</tr>
<tr>
<td>Continued pattern of outsourcing, increasingly led by a few big multiservice providers</td>
<td>20%</td>
</tr>
<tr>
<td>Continued pattern of outsourcing, but return to individual service specialists</td>
<td>3%</td>
</tr>
<tr>
<td>No fundamental change</td>
<td>3%</td>
</tr>
</tbody>
</table>

IN THE NEXT FIVE YEARS, HOW WILL DEMAND CHANGE FOR FM MODELS?

<table>
<thead>
<tr>
<th>Service Model</th>
<th>Decreasing a bit</th>
<th>Decreasing a lot</th>
<th>Increasing a fair bit</th>
<th>Increasing a lot</th>
<th>Not much change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global outsourcing deals</strong></td>
<td>10%</td>
<td>10%</td>
<td>28%</td>
<td>33%</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Nearshore Africa outsourcing deals</strong></td>
<td>3%</td>
<td>18%</td>
<td>38%</td>
<td>15%</td>
<td>26%</td>
</tr>
<tr>
<td><strong>European outsourcing deals</strong></td>
<td>5%</td>
<td>21%</td>
<td>46%</td>
<td>21%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total facilities management and property services</strong></td>
<td>5%</td>
<td>18%</td>
<td>31%</td>
<td>46%</td>
<td></td>
</tr>
<tr>
<td><strong>Total facilities management</strong></td>
<td>5%</td>
<td>13%</td>
<td>31%</td>
<td>51%</td>
<td></td>
</tr>
<tr>
<td><strong>Integrated services</strong></td>
<td>5%</td>
<td>3%</td>
<td>18%</td>
<td>28%</td>
<td>46%</td>
</tr>
<tr>
<td><strong>Bundled services</strong></td>
<td>5%</td>
<td>13%</td>
<td>21%</td>
<td>41%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Single services</strong></td>
<td>26%</td>
<td>18%</td>
<td>23%</td>
<td>26%</td>
<td>7%</td>
</tr>
</tbody>
</table>

The demand for single services will decrease substantially over the next five years, whereas bundled services and global, European and nearshore Africa outsourcing (possibly from companies with SA-based headquarters) will increase. Demand for total facilities management (TFM) and TFM with property services will remain relatively the same.
TOP DRIVERS FOR OUTSOURCING IN THE FUTURE
RANKED FROM 1 TO 11 WITH 1 = MOST IMPORTANT.

SERVICE QUALITY
1

ACCESS TO TECHNICAL EXPERTISE
2

REDUCING COSTS
3

ABILITY TO FOCUS ON CORE BUSINESS
4

MANAGEMENT OF RISK
5

ADDED VALUE/INNOVATION
6

VALUE FOR MONEY
7

FLEXIBILITY OF SERVICE DELIVERY
8

IMPROVED MANAGEMENT INFORMATION/PERFORMANCE DATA
9

COMMUNICATION SKILLS OF THE FM TEAM
10

SUSTAINABILITY
11

When looking at the top drivers for outsourcing in the future, it is no surprise that service quality and access to technical expertise tied for first place. Reducing costs and the ability for end-users to focus on their core business came in second and third respectively.
WHAT ARE THE GAME CHANGERS FOR THE FM SECTOR OVER THE NEXT FIVE YEARS?

<table>
<thead>
<tr>
<th>DIGITISATION AND TECHNOLOGY</th>
<th>CUSTOMER EXPERIENCE (CX)</th>
<th>COST SAVING</th>
<th>KNOWLEDGE LEADERSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>The adoption of new technologies and innovations that increase interconnectivity through the facilities supply and value chain will be an important game changer to watch. Digitisation and automation of services were mentioned frequently by respondents as game changers that will deliver greater FM productivity.</td>
<td>Service delivery and providing a great, customised and personalised customer experience are the main service game changers in the next five years. End-users will look for more value from service providers across all spectrums of FM service delivery.</td>
<td>While value and customer experience (CX) will take greater focus, this has to be balanced with cost savings. Respondents believe they will have to optimise their FM budgets, get good value for the money they spend, work more smartly and do more with less.</td>
<td>Training and skills development is seen as an important game changer by respondents who believe that knowledge development and transfer will create smarter FM teams that will have the ability to self-motivate and self-lead.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EMPLOYEE EXPERIENCE (EX)</th>
<th>SUSTAINANLITY</th>
<th>GOOD DATA</th>
</tr>
</thead>
<tbody>
<tr>
<td>New and smarter ways of working that create more ownership and enable FM teams to be agile, productive and focused were identified by respondents as the next steps in workforce transformation. Automation will be utilised for repetitive and mundane tasks that will also empower FM managers to become more strategic and specialised enabling them, and outsource service providers, to focus on complex tasks.</td>
<td>Balancing the needs of managing facilities at optimum levels, with sustainable, environmentally friendly systems and processes is seen by many respondents as a game changer.</td>
<td>'Big data' is evolving to 'good data' and requires the ability for FM organisations to analyse large quantities of reliable information and interpret it correctly and in real-time. Facilities managers will need to use this data to respond more quickly and make more informed, worthwhile decisions.</td>
</tr>
</tbody>
</table>

KEY POINT:

**TECHNOLOGY, CUSTOMER EXPERIENCE AND COST SAVINGS** are deemed to be the most important game changers demonstrating the need for greater FM optimisation and value - but with an eye on effective budgeting.

GLOSSARY

- **SINGLE SERVICE:** individual suppliers providing one service each
- **BUNDLED SERVICES:** two or three services provided by a single supplier
- **INTEGRATED SERVICES:** a number of FM services are delivered under a single management team
- **TOTAL FACILITIES MANAGEMENT:** the FM provider is a single source of supply for all facilities management needs
- **TOTAL FACILITIES MANAGEMENT AND PROPERTY SERVICES:** the FM and Property services provider is a single source of supply for all facilities and property management needs