



FACILITIES MANAGEMENT

***LEVERAGING OUTSOURCING
STRATEGIES TO ENABLE EFFECTIVE
MANAGEMENT OF FACILITIES***

Bobby Varanasi, COP

Chairman & CEO, Matryzel Consulting, inc
Chairman – IAOP Malaysia Chapter
Member – IAOP Asia Pacific Advisory Board
Head – Marketing & Branding, Outsourcing Malaysia
Chartered Member – TiE Global



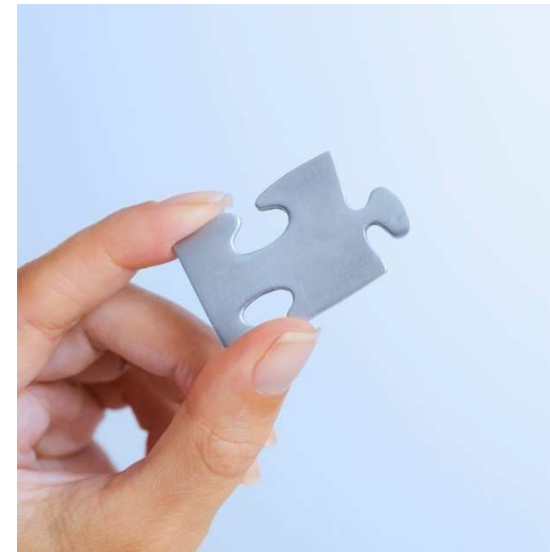
LEVERAGING KNOWLEDGE, CREATING VALUE

AGENDA

- Outsourcing – Key Facets
- Engineering & Facilities Management
- Capex Vs. Core
- Risks & Challenges
- Benefits



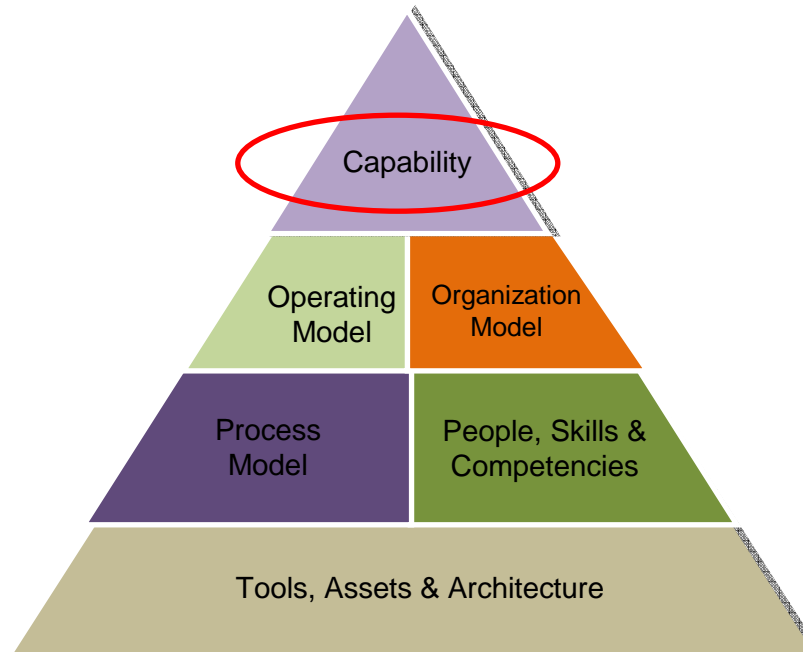
OUTSOURCING – KEY FACETS



Sourcing Strategy = Framework

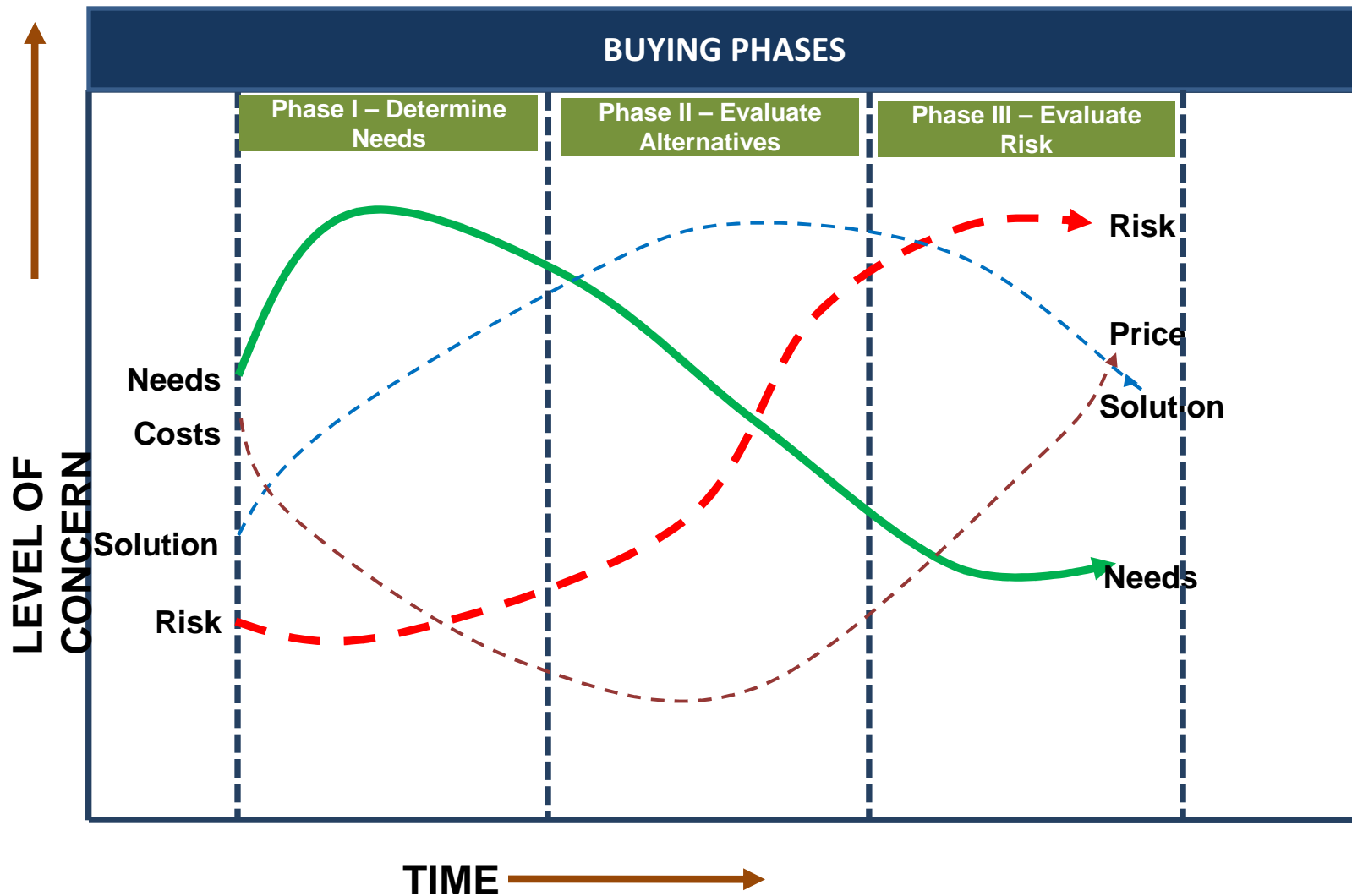


Clients Expect “Rounded Capabilities”



Capability	Sum Of All Parts, Determining Overall Value EFM Can Deliver
Operating Model	How EFM Function Is Structured
Organization Model	How EFM Function Is Organized
Process Model	Flow of EFM Activities Supporting The Operating Model
People, Skills & Competencies	Human Performance Element, Supporting the Organization Model
Tools, Assets & Architecture	Knowledge Capital, EFM Tools, Architectures And Other Tangible & Non-Tangible Assets

Remember – Buyers' Concerns Shift Over Time



ENGINEERING & FACILITIES MANAGEMENT



The EFM Portfolio



FACILITIES PLANNING

- Strategic Space Planning
- Setting Corporate Planning Standards & Guidelines
- Identify User Needs
- Furniture Layouts. Selection & Control
- Monitoring Space Usage
- Defining Performance Measures
- Computer-Aided Facilities Management

BUILDING OPERATIONS & MAINTENANCE

- Running & Maintaining Plants, Building Fabric
- Managing & Undertaking Adaptation
- Energy Management
- Security & Utilities Management
- Voice & Data Communication
- Controlling Budgets & Monitoring Operational Performance
- Waste Management & Recycling
- Custodial Services

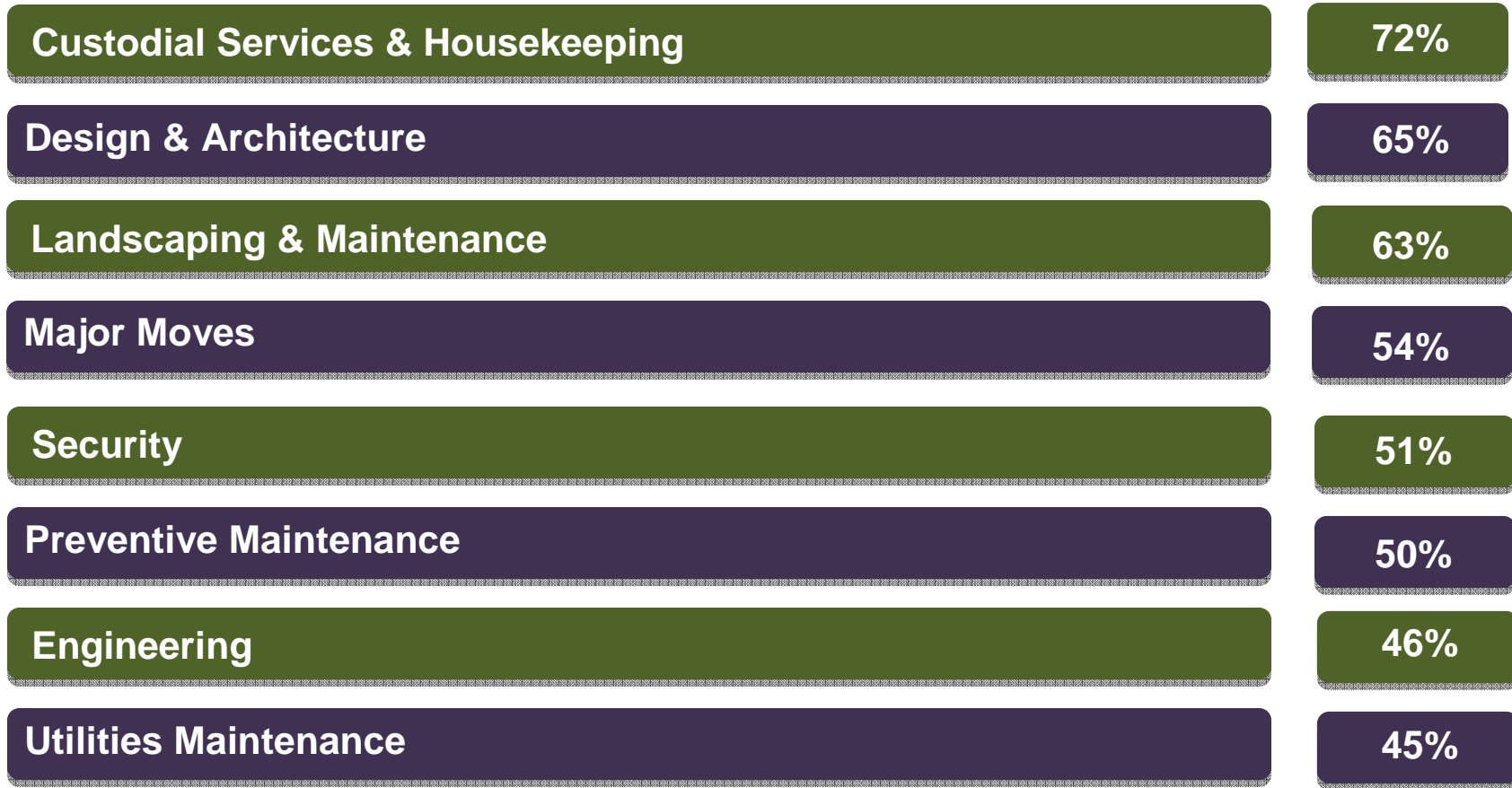
REAL ESTATE & BUILDING CONSTRUCTION

- New building Design & Construction Management
- Acquisition & Disposal of Sites & Buildings
- Negotiation & Management of Leases
- Advise on Property Investments
- Control of Capital Budgets
- Major Movements

GENERAL / OFFICE SERVICES

- Managing Support Services
- Purchasing Equipment, Stationery etc
- Non-Building Contract Services [Travel, Catering etc]
- Reprographic Services
- Housekeeping Standards
- Relocation
- Health & Safety
- Landscaping

What Comprises OFM Portfolio Today



Reasons for Outsourcing EFM



Cost Savings

Access to Specialized Skills, Services, Tools & Equipment

In-house Staff Reduction

Increasing Operational Flexibility

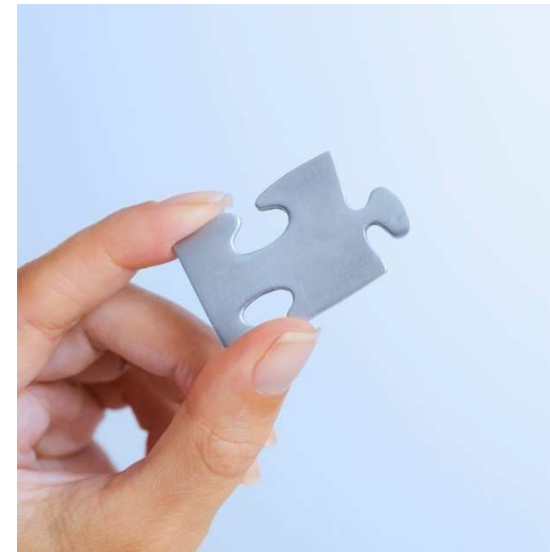
Integrated Approach Towards Managing Global Facilities Portfolio

Preventive Maintenance

Engineering

Utilities Maintenance

CAPEX VS. CORE



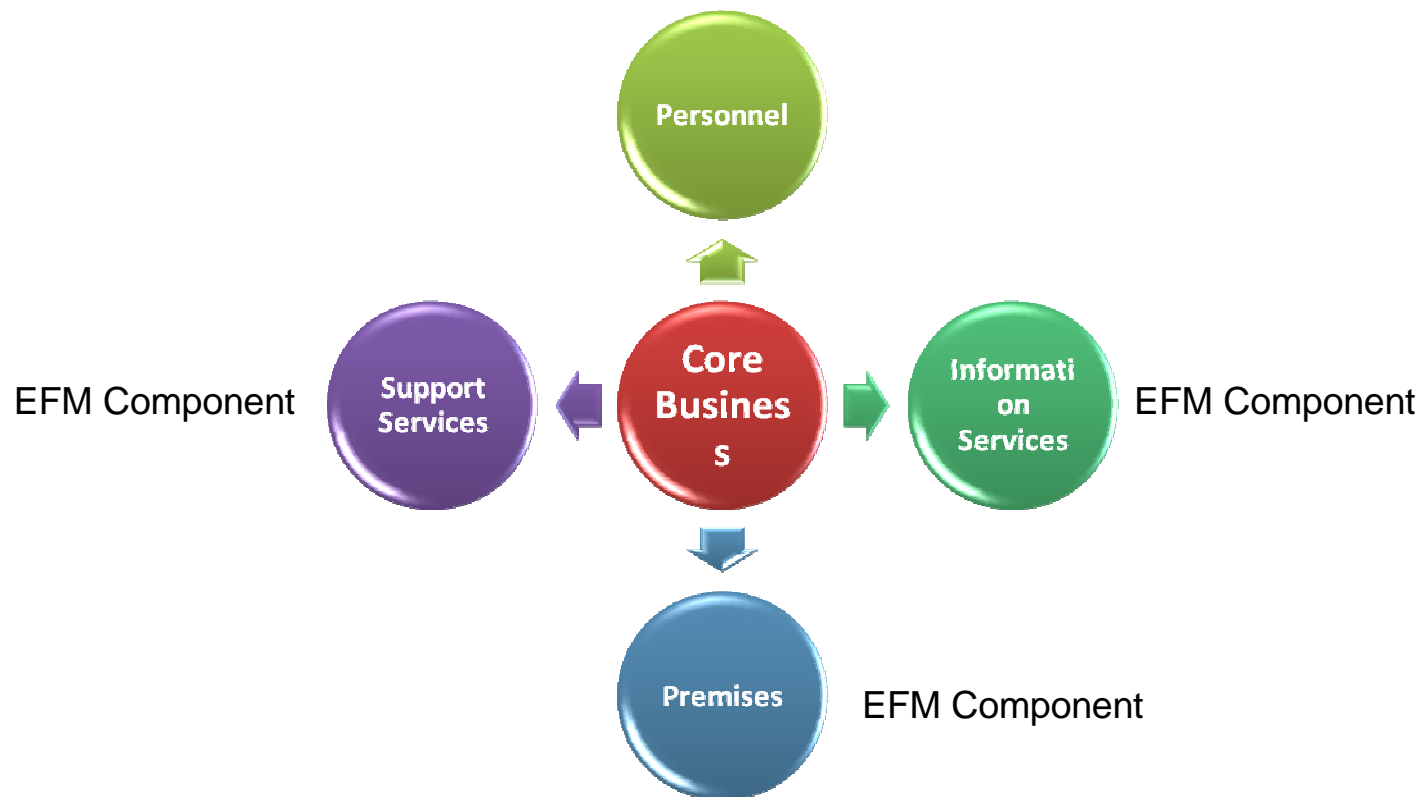
Transformation of EFM & How EFM Supports Business



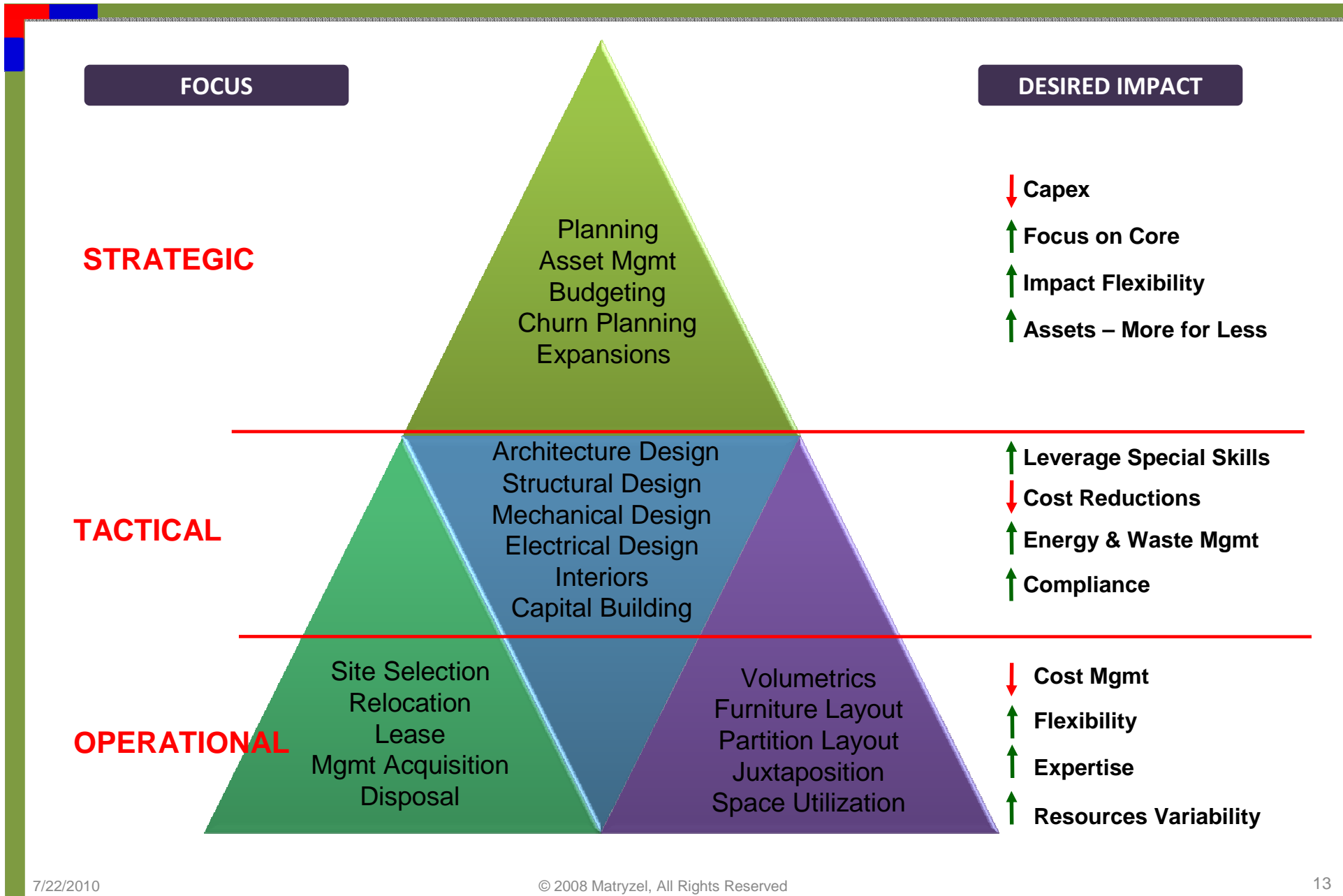
EFM Emerged As a Management Concept in the 90s Since EFM As A Concept Was Only Viewed As A Function To Manage Previously Disparate Functions. However Resolving One Issue Created Another Owing to The Delinked Approach. Empire-Building & Inflexibility Were Key Reasons For Such Issues, Which Had To Be Resolved As Impacts Were Seen At Two Levels –

Increase in Capex; and

Reduced Focus on Core Business.



Determining Strategic vs. Operational



RISKS & CHALLENGES



Typical Risks & Impacts

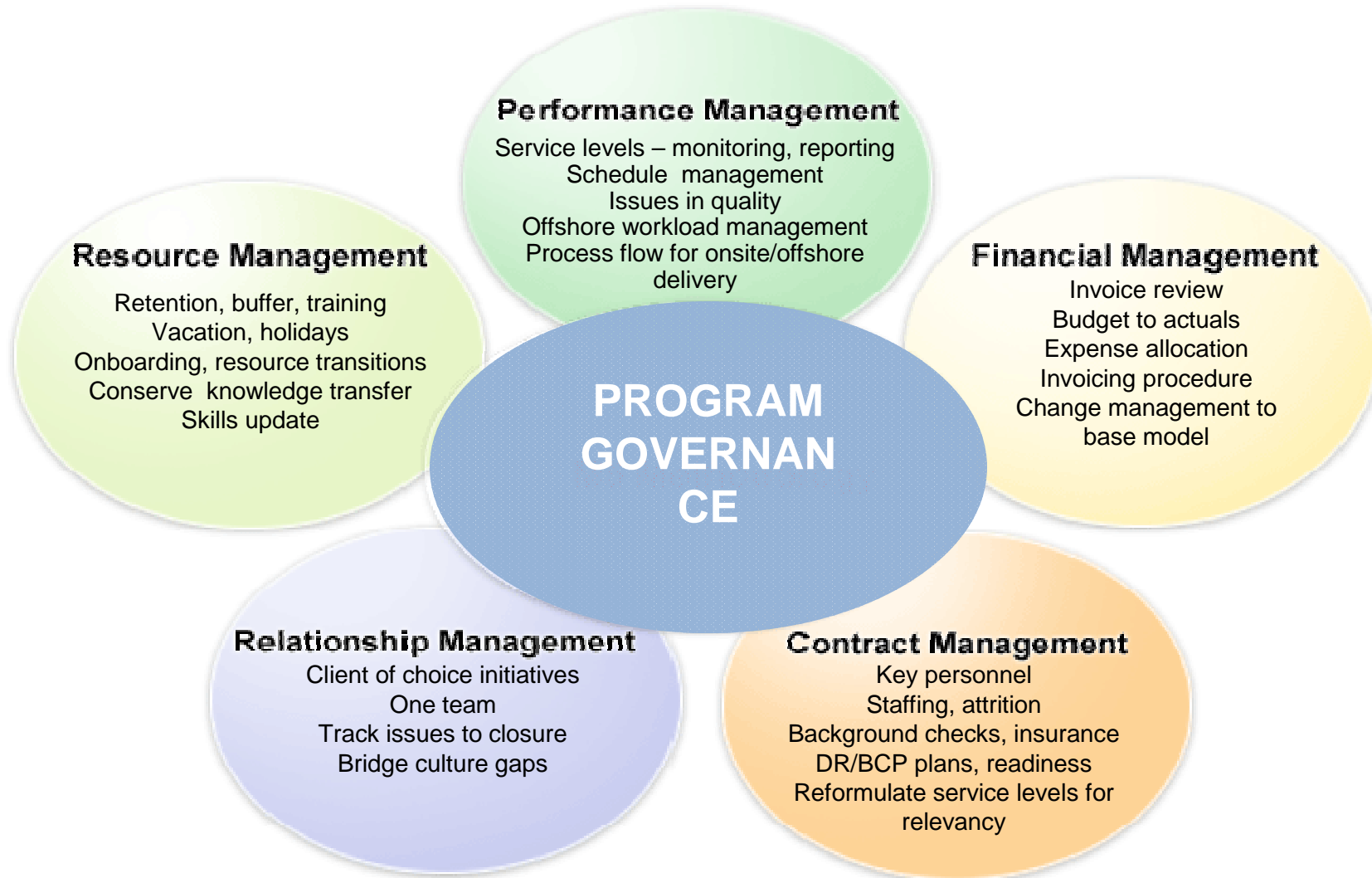


Risk Area	Impact
EFM Contract Structures Don't Offer Performance Guarantees	Adverse Impact on Performance Goes Unnoticed or Is Too Late To Address. Who Owns The Problem?
Budget Overruns	Providers Focus On Maintenance or Implementation; Respond Slowly to Market Dynamics Since Contract Structures Are Rigid – Who Forecasts Overruns? What Can Be Done To Mitigate or Avoid?
Performance Linked Pricing Avoided by Providers	Typically providers avoid this pricing. Capped budgets, pass-through spend on approvals, Deductions of cost overruns from fee may help. Who will Communicate & Structure Such Pricing Models?
Service Levels & Managing to Baseline	Typical conflict between client and provider on what constitutes baseline. Need to structure service levels on agreed baseline, not on provider recommendations alone. Who owns Service Levels?
Leveraging Specialized Capabilities & Recommendations for Change	Specialized skills utilized for Engg. Services involves technological advancements & consequent impact to capex. Who owns the decisions? Can Providers Take on Capex and Amortize Over Contractual Period?
Retention of Key Resources / Right to Hire	While not Directly An Issue, Relocating existing Resources Can Pose Problems. Re-skilling is Client Prerogative. Will Provider Rebadge?
Governance Across Borders	Standard Issue with Outsourcing Engagements. Clients' EFM Team To Be Trained on Engagement Management; Not Just Monitoring Facilities. Whose Responsibility Is This?

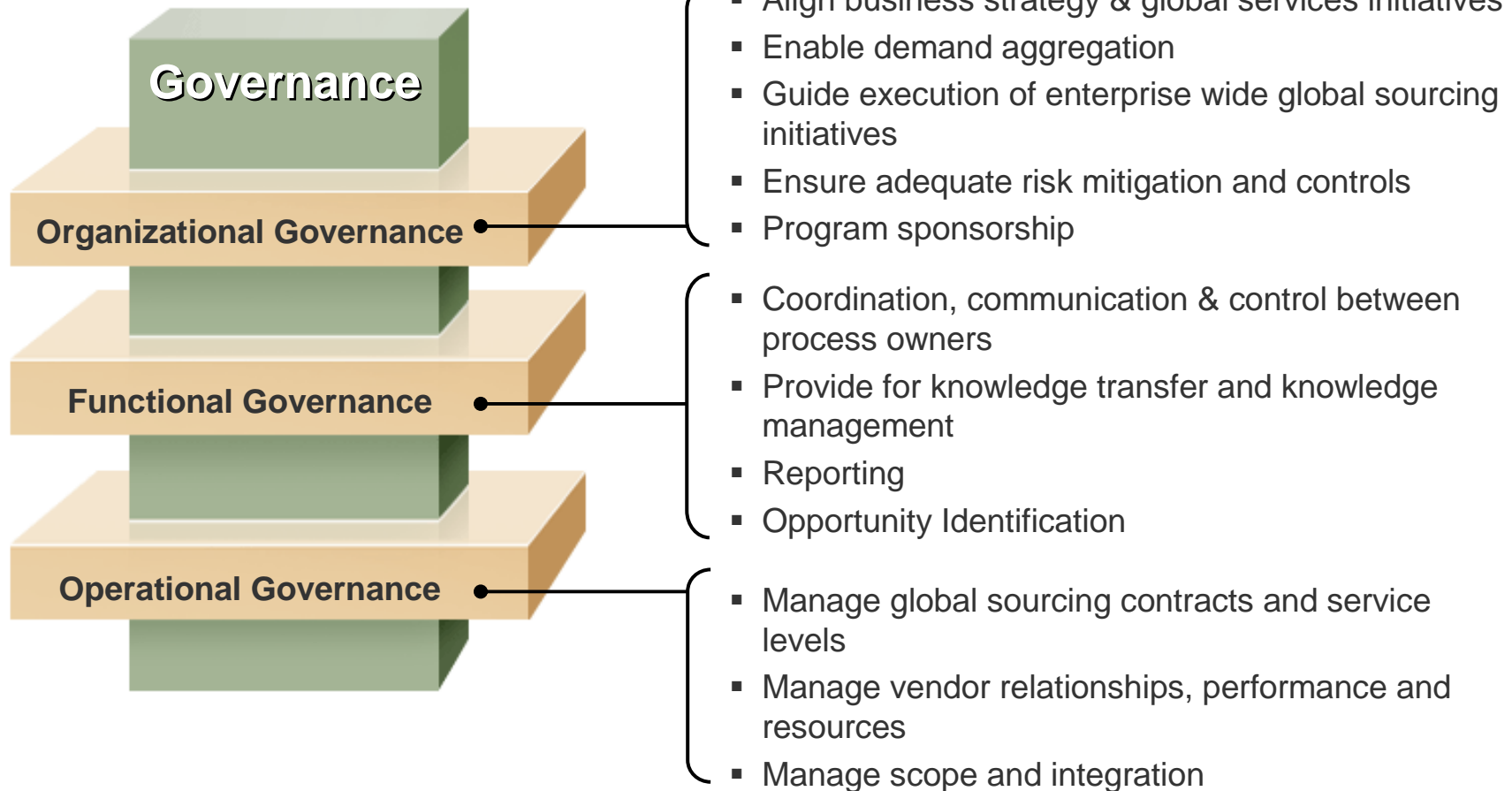
BENEFITS



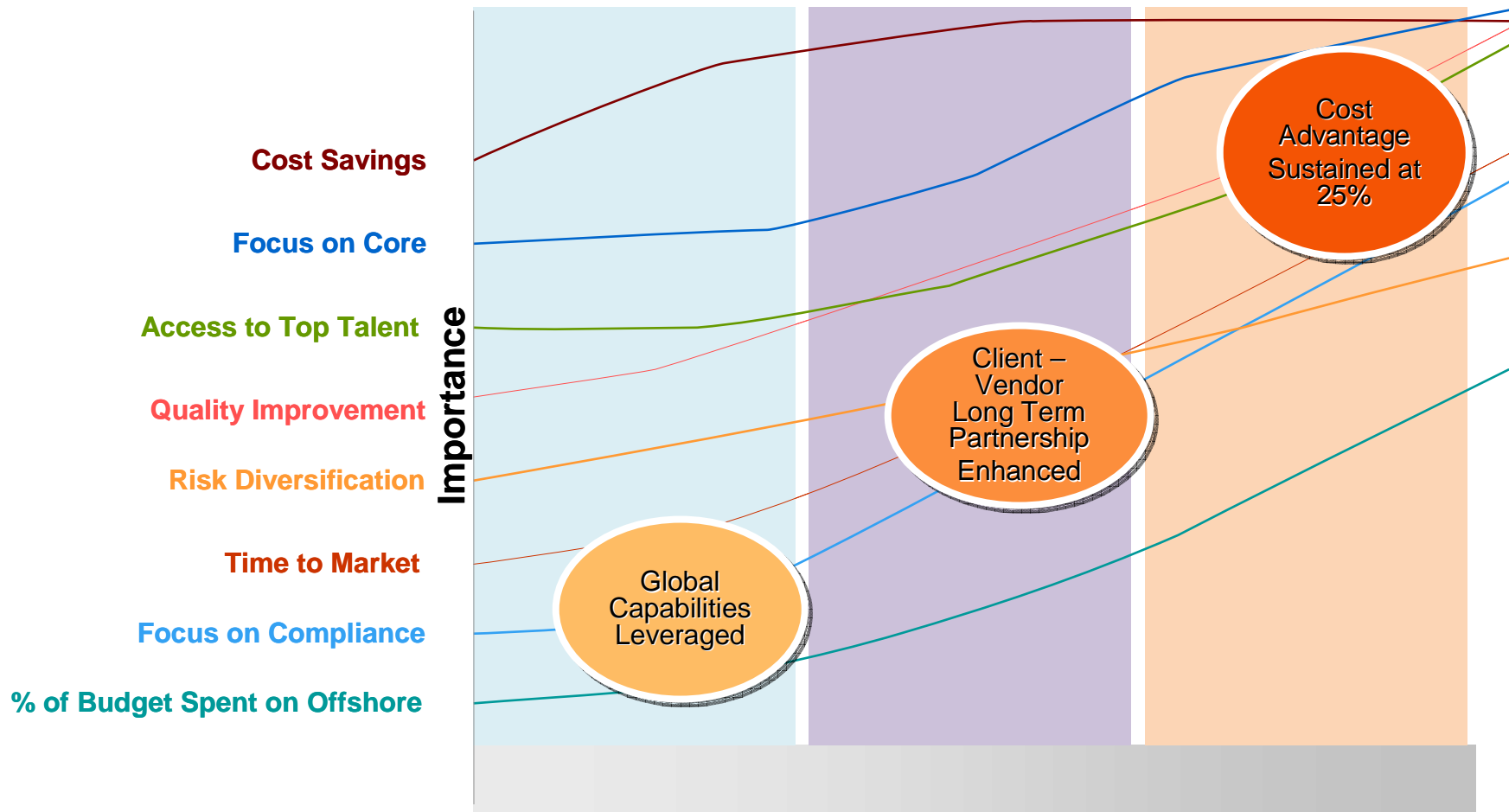
Managing the Outsourcing Program Comprehensively



Reflecting Continual Embracing Of “Disciplines” of Governance



Benefits of Outsourcing





Bobby Varanasi, COP
Chairman & CEO
bobby@matryzel.com

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