

SOFTWARE IS EATING THE FM WORLD

(AND THAT'S A GOOD THING)

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How Software Really is Eating the World

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Managing the entire range of a multi-location company's facilities and equipment is a trying task in the best of times. Organizations are facing a highly competitive environment in which to attract and retain customers. Add to this ever-demanding occupant and service requirements, increasing competitive pressures and always-tightening budgets, and it can seem like a never-ending task to simply keep the lights on – literally and figuratively.

Compounding that, there are approximately five million commercial and industrial buildings in the United States across myriad technical disciplines and trades, all of which require ongoing care through maintenance and repair. The management of these facilities is estimated to cost approximately US\$500 billion per year in aggregate, and is historically administered by a network of brokers and middlemen who provide an interface between building managers, service providers and contractors.

The world outside of facility management, however, is rapidly evolving through digital transformation, defined as changes associated with the application of digital technology in all aspects of human society. This is sometimes called "Uberfication," in reference to the revolutionary impact Uber and its software application are having on the transportation-on-demand industry, conservatively estimated at US\$50 billion worldwide.

Uber is not alone. Software and online marketplaces are disrupting and modernizing large, seemingly



well-entrenched industries around us every day. Famed Silicon Valley technologist-turned-venture-capitalist, Marc Andreessen, described this phenomenon as software “eating the world” in an article he wrote for the Wall Street Journal in 2011. In it he introduced the Uberification concept, pointing out how it is reshaping the very definition of industries and their businesses.

For example, he argued that Amazon is not a retailer; it is a software company that happens to sell retail goods. Tesla is not a car company; it’s a software company that happens to manufacture automobiles. The same can be said for Kayak (travel), LinkedIn (recruiting) and Square (payment systems), as well as hundreds of other companies.

It is clear that the facility management industry, especially for maintenance and repairs, is ripe for Uberification through the transformative effects of modern software and associated technologies such as cloud computing, enterprise mobility and big data analytics.

According to many industry sources, facility maintenance and repair activities often suffer from high markups,

inconsistent quality and low transparency. While collectively large, the FM industry itself is still fragmented. Thus, as software eats more and more of the facility management world, FMs have reason to cheer it on.

Facility managers as the stewards of brand uptime

More and more FMs are viewing themselves as critical contributors to organizational success. However, in many companies, facility management is still relegated to the lower rungs of the corporate hierarchy, viewed more as a cost center rather than a strategic function. The good news is that Uberification of facility management presents many opportunities to tie FM’s value to corporate success.

One key opportunity is for facility managers to play an active role in brand uptime by applying modern, technology-driven industry practices. Brand uptime is defined as how the state of a company’s facilities has a real and tangible impact on how a corporate brand is perceived.

There’s a reason why this is so important. According to a study by Interbrand in association with JP Morgan, “on

average, brands account for more than one-third of shareholder value.” A prime example of this is among retail companies whose brands’ measurable components can be critical in driving consumer selection and impacting purchase decisions, hence real revenue impact.

In addition, consumers today are armed with ubiquitous and instantaneous mobile communications and social media that can magnify brand issues caused by poorly maintained facilities and shoddy infrastructure. If properly maintained, however, brand uptime can have many positive benefits for a company by enabling outcomes such as:

- Driving customers into stores, restaurants or other company locations;
- Encouraging customers to stay at those locations longer;
- Purchasing more goods and services than planned; and
- Causing customers to refer the company to others as well as becoming regular and repeat customers.

New technologies enabling improved FM performance

Software is the weapon that many FM pros today deploy to ensure brand uptime is maintained at their companies and stores. In fact, the commonality among the leading retail, restaurant and other multi-location companies is that they are using some type of facility management software to ensure that their locations’ conditions are operating at 100 percent.

This is particularly the case for those who use Web- and mobile-based applications to manage all the repair and maintenance work performed at their locations as well as their planned and on-demand service requests. Without such tools, it can be virtually impossible to ensure all work is performed on time and cost effectively, while also meeting compliance and brand standards.

A number of key technologies have proven critical to the growing deployments of these powerful FM software systems. Unlike years past when a software deployment necessitated heavy IT involvement, big upfront licensing costs, often multi-year installations and never-ending upgrade headaches, new advances have greatly simplified getting these systems in place and supported.

Cloud-based computing and software-as-a-service (SaaS) business models have changed the game for virtually every type of application, including those for facility management. With cloud-based SaaS systems,

companies are no longer responsible for all the technology and its associated upkeep, as it is outside the company. Using such a system requires no more than an Internet connection and Web browser. Software upgrades occur automatically and behind the scenes; applications are available 24 hours a day, seven days a week, regardless of location; costs are vastly reduced; system uptime is assured and there’s no longer any needed IT infrastructure investment.

Once such FM software is in place, an additional and tangible benefit of its use is the ability to reduce repair and maintenance costs by at least 20 percent through more efficient processes and speedier work order resolution. Adding these cost savings to the unrealized gains of maintaining high brand uptime can dramatically and positively impact a company’s bottom line. This kind of success will be welcomed inside any boardroom at any company, likely elevating the brand uptime of the facility management function itself.

The era of the data-driven FM professional

Arguably, though, the true benefit that these FM software systems provide is visibility. It has been said countless times that one cannot improve what one cannot measure. For today’s FM professionals, it is imperative to have insight into the state of all physical assets, active service orders, level of contractor compliance, problem resolution metrics, outlier locations, etc. Using software to provide real-time data and actionable insights into issues as they arise, proactively maintaining equipment on schedule, and having the business intelligence tools to cost effectively monitor all operations are the keystones to success.

In fact, by not collecting and analyzing facilities data, companies today risk incurring a number of actual and opportunity costs. The good news is that many FM software systems can seamlessly integrate into business intelligence and big data analytics tools, providing powerful visibility into an enterprise’s historical data that can be leveraged into real-time insights and actionable information.

For example, without data and analytics, it would be difficult for any company to break down repair and maintenance spending on a real-time basis, unless that business had kept meticulous records. But powered with big data analytics, it is now possible to have details such as spending by trade, equipment or service order type at the click of a button. Further, tracking these types of data over time could make FM practitioners an essential part of a company’s planning and budgeting process. This level of insight and information could be easily shared company-wide,

making facility managers better business partners with other corporate support functions such as finance, procurement and operations.

Effective vendor performance management is another benefit of empowering FMs with better data and actionable insights. This solves a major issue with traditional vendor performance, if completed at all, in that it was a highly asynchronous process — typically done after the fact and, often, on the honor system. Contractors provided performance updates and reviews, and customers took the information prima facie, if they chose to at all. Real-time performance management and project status updates were very difficult to achieve before modern FM software systems.

Now, it's second nature with contractors able to check in to a project site (using mobile, global positioning system-enabled devices) and providing real-time, blow-by-blow project updates, including the ability to share photos and other multimedia information to demonstrate progress. Additionally, FMs gain a historic view of how any vendor performed over time using key performance indicators such as reliability, time to case resolution, costs and other measures. Having these quantitative data points is the ultimate tool for accountability, as there are objective, hard metrics to back up performance evaluations, good or bad.

Other data sets and actionable insights enabled by today's FM software systems include:

- Easily tracking the progress of work orders on any connected device, by any user;
- Sourcing qualified, certified contractors with skills needed to handle specialized equipment, materials and fixtures;
- Ensuring all scheduled and preventive (planned) maintenance occurs as required;
- Performing consistent and comprehensive facility environment of care audits in support of accreditation processes; and
- Capturing warranty information in one system to eliminate unnecessary repair costs and optimize asset repair/replacement decisions.

Conclusions

Online, self-service marketplaces provide improved quality and responsiveness. These are the foundational elements of digital transformation, powered by modern enterprise software that is

revolutionizing practically every industry and profession, including facility management.

FMs who are seizing upon the new opportunities created by this revolution are benefiting from vast efficiencies and cost savings in their day-to-day operations. Further, they are gaining the means to play an integral role in maintaining their company's brand and reputation — while substantively impacting the bottom line from both a cost and revenue perspective. It's no wonder that facility management is becoming yet another "killer app" for the many positive effects of software eating the world. **FMJ**



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