

WINDS OF CHANGE BLOWING ACROSS THE INDIAN FACILITIES MANAGEMENT INDUSTRY

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Headquartered in Dubai, EFS Facilities Services is a facilities management company offering services across 17 categories and 75 service lines that maximise and protect the long-term value of assets, reduce operating costs, and limit exposure to local labour, health & safety, environmental, and other regulatory issues.

Effective facilities management (FM) has become vital to the operations of large scale corporate houses and the real estate sector at large. The swiftly growing services and real estate sector is creating potential steady demand for quality FM services, and is anticipated to grow at a CAGR of around 17 percent in the next three years, as per a Global Infrastructure Facilities and Project Managers Association (GIFP-

MA) report. The global FM industry is expected to witness an upward growth in value from \$606.4 billion in 2015 to \$1,887 billion by 2024.

The growing footprint of facilities management in the country demands innovation and expertise in Specialised Engineering Services, covering areas such as energy efficiency, thermal audits, and Green Building concepts. From a macro perspective, the growth in sectors such as Industrial, Manufacturing, and Commercial

segments are poised to transform the landscape of the Indian FM market by 2020.

Growth opportunities

The expansion of the real estate sector is one of the primary pillars of growth. The sector is the second largest employer of talent in India and is experiencing a growth spurt in the rise of residential and commercial buildings. Moreover, by 2025, around 38 percent of India's population is predicted to live in urban regions, and cities will account for 80 percent of India's GDP. The Government's ambitious plan to develop 100 smart cities, (attracting an investment of \$216 billion into infrastructure), will result in a surge in infrastructure creation.

The benefits of the growth in the real estate sector are also expected to spread to tier-II and tier-III cities, beyond the traditional demand witnessed in the crowded tier-I metros. Untapped areas of tremendous potential include Kolkata, Chennai,

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the upcoming capital of Andhra Pradesh (Amravati), and UP.

Industry wise, IT/ITES/BFSI sectors are inclining towards FM services and constitute more than 21 percent of revenue generated, followed by demand leaders in other sectors such as retail, healthcare, infrastructure, and manufacturing.

Challenges

The biggest challenge faced by the industry is to increase the scope of FM services beyond traditional house-keeping services. Building maintenance, inarguably the core of FM services, can also extend to sophisticated requirements spanning Integrated Facilities Management, Industrial Facilities Management, Specialised Engineering Services, and Soft Services.

In comparison with the global industry, Indian FM lags in areas such as market maturity, adoption of cutting edge technology, and appreciation for high standards of service delivery. There is a strong case to be made for raising awareness about the benefits of quality FM services, in terms of business continuity, operations cost rationalisation, long term real estate asset value optimisation, and green standards compliance. The dearth of skilled and non-technical manpower and the lack of infrastructure to train manpower serve as other key challenges.

The considerable fragmentation in the industry is a source for concern. Small and medium sized unorganized local players dominate the market on the premise of 'cheap' services. These service providers can absorb razor thin margins, due to their non-existent statutory compliance overheads. Although attractive from a price perspective, there is a hidden cost and risk involved, as these local players are unable to provide FM services on par with global standards.



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Trends

One of the major trends that will gain traction in the market is the growing transition toward global procurement. End-users have already started preferring global service-providers to ensure quality control through standardization and seek a single vendor for centralizing their facility management services across different locations. This is a capability that only large-scale FM services providers are able to provide, due to their deep-rooted procurement and supply chain networks across the country.

The FM industry is also gearing up for a historic shift towards automated services. In the coming years, buzzwords like Building Information Modelling (BIM) and Computer Assisted Facilities Management (CAFM) are likely to feature prominently in client requirements list, and act as a value added winning proposition, which is likely to influence the following trends:

- A consolidation in the industry as unorganised sector transforms and gets absorbed into organised sector.

- Industrial and Manufacturing sector will shift from in-house maintenance to outsourcing FM services.

- An influx of trained and qualified engineers to help industry adapt to global engineering standards and practices.

Demands

The surge in investment and real estate developments has triggered an urgent demand for structural transformation. ISO compliances and Integrated Management Systems will reflect FM service providers' commitment to client satisfaction and employee health and safety standards. Certifications such as ISO 9001 (for quality management systems), ISO 14001 (for environmental management), OHSAS 18001 (for occupational health and safety management), ISO/50001 (for Energy Management) will create a compelling reassurance for end-users, in terms of experience and service delivery. Besides these, other demand drivers will include:

- Rising government regulations on waste and energy management will compel organizations to turn to FM to improve long-term sustainability of their businesses and environment.
- Thermal audits, thermography studies, and energy efficiency studies to improve compliance with national and international green building regulations and reduce power consumption and carbon emissions.

- Eco-friendly materials and practices to limit and reduce impact on local environment, and achieve Leadership in Energy and Environmental Design (LEED) platinum, gold, and silver certifications.

The future is bright with innumerable opportunities, and the need of the hour is to elevate the standards and norms, and transform the FM sector into a thriving highlight of the Services sector. ■