

Mission 2020: The natural evolution of the Indian Facility Management market



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The Indian Facilities Management (FM) industry is in the midst of rapid developments in end-user industries, which has led to the considerable growth of [commercial](#) activities in metropolitan areas such as [Delhi/NCR](#), [Mumbai](#), [Hyderabad](#), Pune, [Chennai](#), and [Bengaluru](#). According to a Technavio report, analysts forecast a CAGR of 17.19% for the Indian FM industry, over the next three years. In effect, FM services are steadily gaining popularity among commercial as well as residential clients, driven by modernization and urban development. The southern, western and northern regions pose as potential growth areas due to their ability to attract more [real estate investments](#).

Growth opportunities

The growth in real estate will be paired with a preference towards safe, clean and secure environment, especially in the residential sector. Beyond the Tier 1 metros, demand is also expected to rise from the tier II and tier III cities due to increased [business](#) activities. Untapped areas of potential include [Kolkata](#), Chennai, the upcoming capital of Andhra Pradesh (Amravati), and UP.

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

By 2025, around 38% of **India's** population is predicted to live in urban regions, and cities will account for 80% 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, driven by sustained population growth. This will create a sustained need for professional, holistic facilities maintenance services.

Challenges

The biggest challenge faced by the industry is to transform the perception of FM services beyond traditional housekeeping services. **Building** maintenance is inarguably the core of FM services, but today also spans sophisticated requirements spanning Integrated Facilities Management, Industrial Facilities Management, Specialised Engineering Services, and Soft Services.

In comparison with the global industry, the Indian FM lags in areas such as **market** maturity 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 costs 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 with technical expertise serve as other key challenges.

The FM industry suffers from severe fragmentation and is dominated largely by the unorganised sector, primarily through local service providers. The low cost unorganized service providers often undercut the organised sector, as they have the capacity to absorb razor thin margins, due to their non-existent statutory compliance overheads. While attractive from a price perspective, there is a hidden cost and risk involved, as local players are unable to provide FM services on par with global standards and best practices.

Trends: defining the future of FM market

The FM industry is gearing up for a historic shift towards automated services, with considerable investment of manpower and resources toward creating **technology** driven services platforms. In the coming years, buzzwords like Building Information Modelling (BIM) and Computer Assisted Facilities Management (CAFM) are likely to feature in client demand lists, and act as a driving force towards the natural evolution of the industry, which is likely to witness:

- A consolidation in the industry as unorganised sector transforms and gets absorbed into organised sector
- Driven by greater demand for quality services that adhere to international standards, real estate **developers** and owners will prefer global and experienced corporate FM services providers
- Industrial and Manufacturing sector will shift from in-house maintenance to outsourcing FM services requirements
- An influx of trained and qualified engineers to help industry adapt to global engineering standards and best practices

Demands

The surge in investment and real estate developments has triggered an urgent demand for structural transformation in the industry. 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/IEC 27001 (for information technology–security technique) will create a compelling reassurance for end-users, in terms of experience and service delivery. Besides these, other demand drivers will include:

- Thermal audits, thermography studies, and energy efficiency studies to improve compliance with national and international green building regulations
- Eco-friendly materials and practices to limit and reduce impact on local environment, and achieve LEED platinum, gold, and silver certifications
- The ability to offer a one stop, single point of contact service for comprehensive FM solutions

The growing footprint of facilities management in the country would necessitate innovation and demand in Specialised Engineering Services, covering areas such as energy efficiency, thermal audits, and Green Building concepts. Moreover, by 2020, the growth in sectors such as Industrial, Manufacturing, and Commercial segments, are poised to transform the **landscape** of the FM market in India.

The future is bright and ripe with innumerable opportunities, and the need of the hour is to invest in the future and usher in fresh **ideas** and perspective, to help elevate the standards and norms, and transform the FM sector into a thriving highlight of the Services sector, generating employment for millions of motivated professionals.

And the organised FM sector has geared up to the challenge of nurturing the logical evolution of the industry to take it to the next phase of growth!