

The background features a complex, abstract design. It consists of numerous thin, dark, wavy lines that create a sense of depth and movement. Overlaid on these lines is a faint, light-colored grid pattern. The overall color palette is a range of browns, from deep, dark chocolate to lighter, more muted tones. The text is centered and rendered in a clean, white, serif font.

Innovation in Facilities Management Outsourcing

ROHITH P. GEORGE

AGENDA

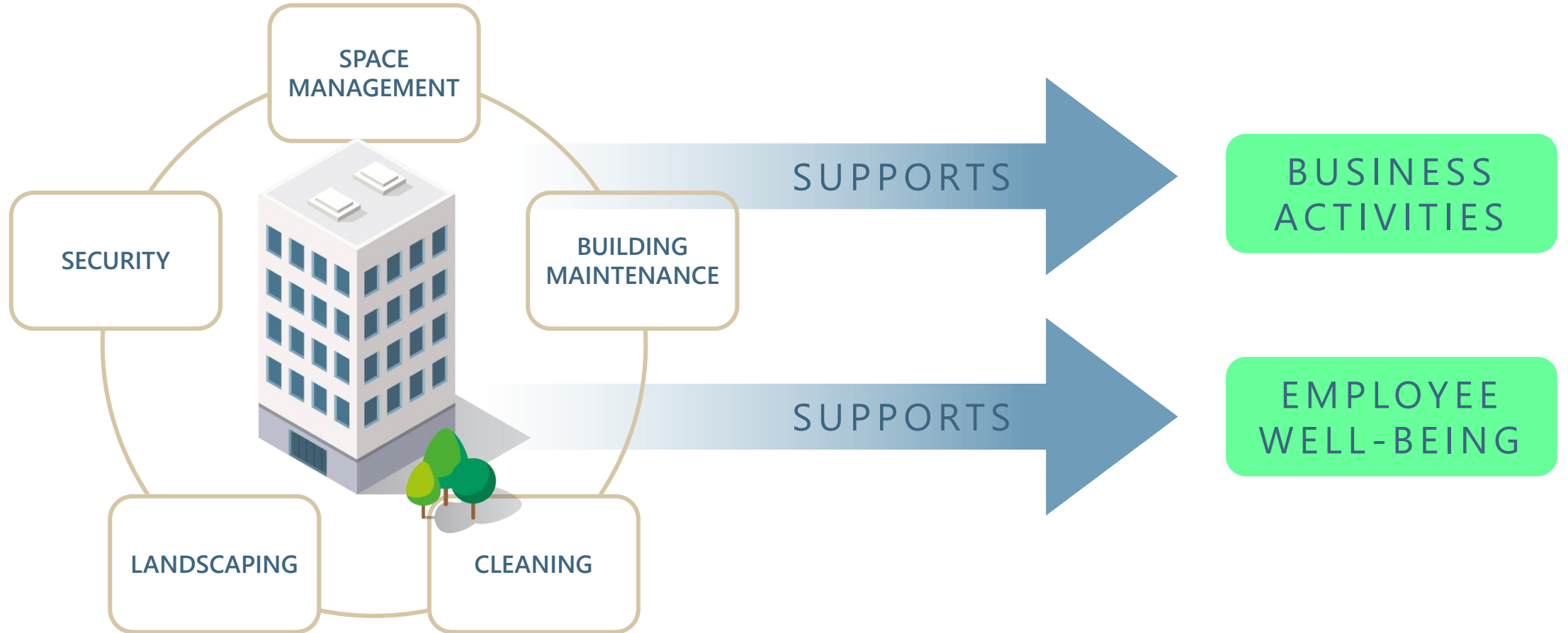
1. Background: Understanding FM Outsourcing
2. Recent Changes to FM Outsourcing
3. Updated Approach to Contracting
4. Enduring Critical Issues to Address



01

BACKGROUND: UNDERSTANDING FM OUTSOURCING

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FM OUTSOURCING DIFFERS FROM OTHER FORMS OF OUTSOURCING



PHYSICAL PRESENCE



STAKEHOLDER INTERACTION



RELIANCE ON SUBCONTRACTORS



PASS-THROUGH PRICING



02

RECENT CHANGES TO FM OUTSOURCING

RE-EVALUATING SPACE UTILIZATION

- Changes to the way people work have prompted a reevaluation of space utilization.
- Companies are looking for their FM providers to be more flexible and dynamic in order to maximize efficient use of buildings.



TECHNOLOGY EXPERTISE

- FM providers have always been able to offer specialized knowledge with respect to maintaining and optimizing facilities.
- Increasingly, FM providers are providing specialized technological expertise as well.
 - Maintenance software platforms,
 - Internet-of-things (IoT) devices,
 - “Smart” building platforms.
- Goal is to allow Companies to make real-time adjustments to facilities in response to evolving occupancy, cleaning, and maintenance needs.



DATA INTEGRATED INTO DECISION-MAKING

- FM providers can help Companies collect, track, and interpret data about their own facilities
- Can also provide recommendations based on data collected regarding other facilities managed by the provider.
- Real-time data about a particular facility can show where space is being used effectively and also where changes are necessary.



SUSTAINABILITY

- With many Companies identifying and setting ambitious sustainability targets, it's becoming increasingly important that they be able to monitor, measure, and optimize the energy usage of their workplaces.
- FM providers are being asked to assist in putting the infrastructure in place to enable this.





03

UPDATED APPROACH TO CONTRACTING

CONTRACT FOR FLEXIBILITY AND SCALABILITY

- Address the fluctuating nature of the post-COVID workplace with provisions that allow for flexibility and scalability in service provision.
- Right to adjust service requirements in response to changes in occupancy levels and shifts in workspace utilization.
- Beware of minimum thresholds that may trigger termination rights, which may involve reimbursement of severance.



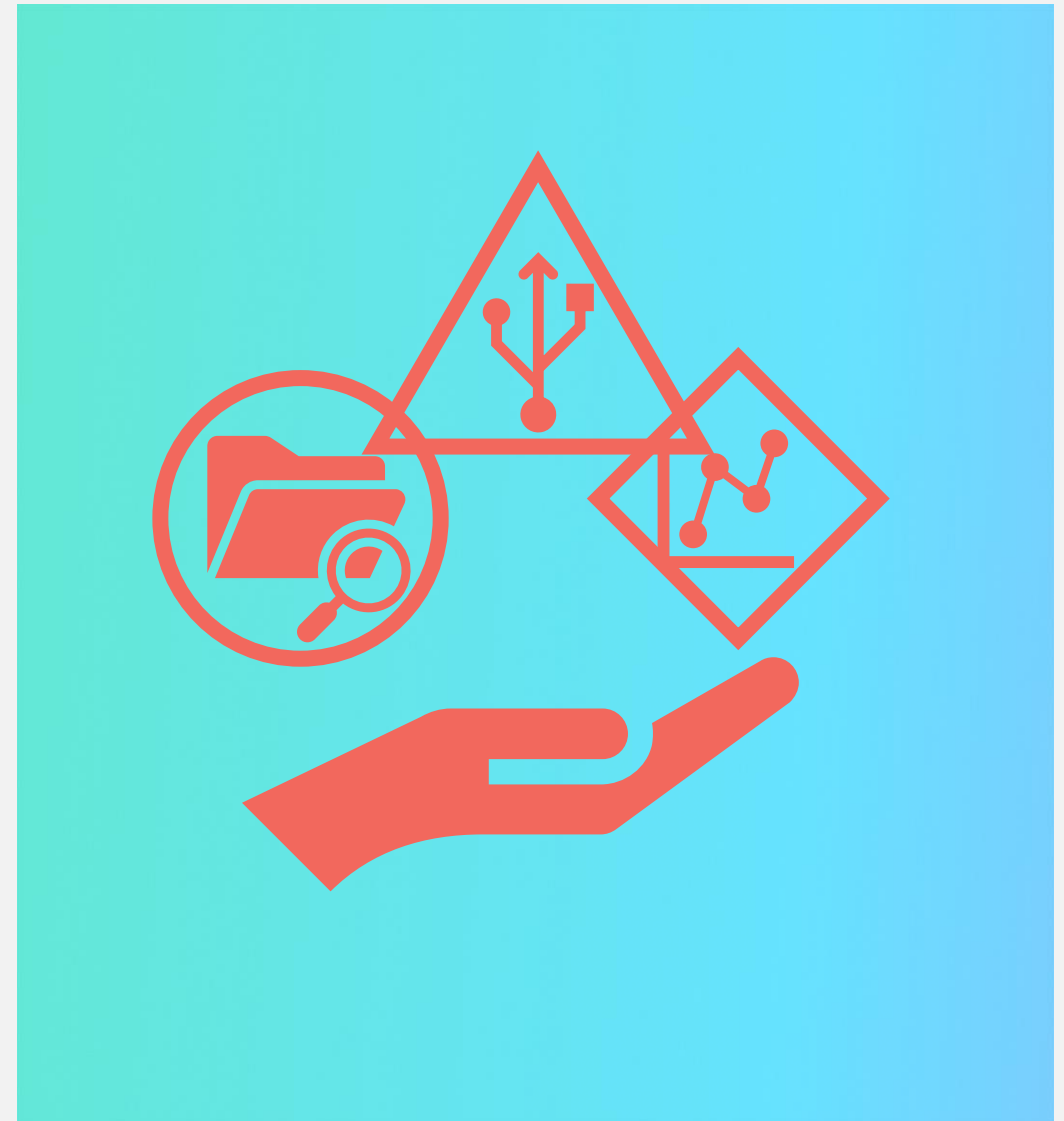
INSTITUTE PROCESS FOR BUDGET ADJUSTMENT

- Process for handling budget adjustments in a manner that minimizes opportunity for dispute.
- More collaborative approaches to budget management.
- Reconfiguring models for guaranteed “glide-path” cost-savings to more flexible models that incentivize the FM provider to collaborate in the Company’s cost-saving objectives.



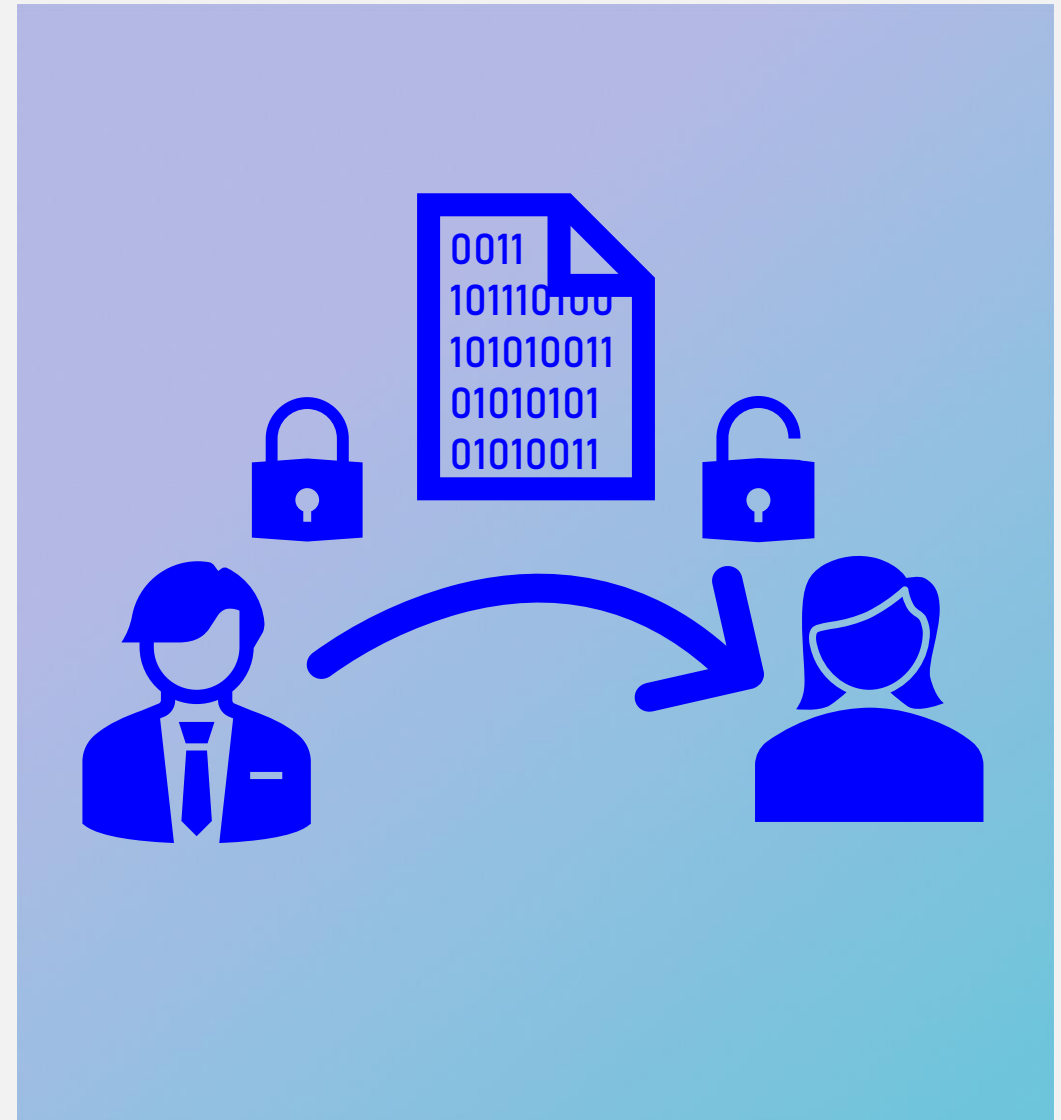
LEVERAGE TECHNOLOGY AND ANALYTICS

- Define a process for the introduction of advanced technologies.
- Specifying the plan for implementation, including the specific dependencies that must be met to achieve the plan.
- Specify SLA requirements and document required functionality.
- Clearly allocate rights with respect to any devices (such as IoT devices) and physical equipment.



CLEARLY DEFINE DATA RIGHTS

- Historically, majority of intellectual property (IP) flowed from the provider to the Company.
- Post-termination access rights to ensure a smooth transition to bring FM operations in-house or transfer responsibilities to another provider.
- Data and rights to use Company data more important today than before.
- Address data security and privacy, especially if sensitive information will be collected and analyzed.



ALIGN WITH SUSTAINABILITY GOALS

- FM providers can advance the Company's sustainability objectives.
- Define specific sustainability objectives, such as energy-efficiency improvements, waste reduction, and the use of green cleaning products.
- Include mechanisms for tracking and reporting progress towards these goals.





04

ENDURING CRITICAL ISSUES TO ADDRESS

REQUIRE TRANSPARENCY IN SPEND

- As part of the hand-over of the budget to the FM provider, Companies sometimes lose transparency in the underlying costs for the service delivery.
- This can make it difficult to in-source or re-source the work after outsourcing.
- Consider express provisions requiring reporting and transparency regarding the spend, including any rebates earned from subcontractors in connection with the services.



IMPOSE REQUIREMENTS ON ON-SITE PERSONNEL

- Given on-site nature, Companies should have greater control over the assignment of personnel to their facilities.
- Given heavily sub-contracted nature, it's critical to require that provider's obligations flow down to subcontractors.
- If on-site personnel will be wearing Company badges or Company uniforms, address co-employment risk.



DEFINE OBJECTIVES AND DESIRED OUTCOMES

- Define outcomes to be achieved as part of the FM services instead of specifying how the services are to be performed.
- Specificity remains important in many areas, such as building-specific health and safety protocols, sustainability targets, and technology integration requirements.



SPECIFY REQUIREMENTS FOR ON-BOARDING AND OFF-BOARDING

- Because of on-site nature and because of subcontracted nature, on-boarding a FM provider has additional steps that must be addressed in the contract to ensure smooth transition of responsibilities.
- Similarly, if the parties do not plan for expiration or termination of the agreement, the Company could face gaps in critical and necessary FM functions or face exceptionally high charges for the provision of such services on an interim basis.



CONCLUSION

FM outsourcing today requires a strategic approach that accounts for the heightened importance of technology, health and safety concerns, and the need for flexibility.

Companies must craft contracts that are both forward-looking and flexible.

By focusing on the key areas highlighted, Companies can ensure that these arrangements are resilient and aligned with their long-term objectives.

QUESTIONS?

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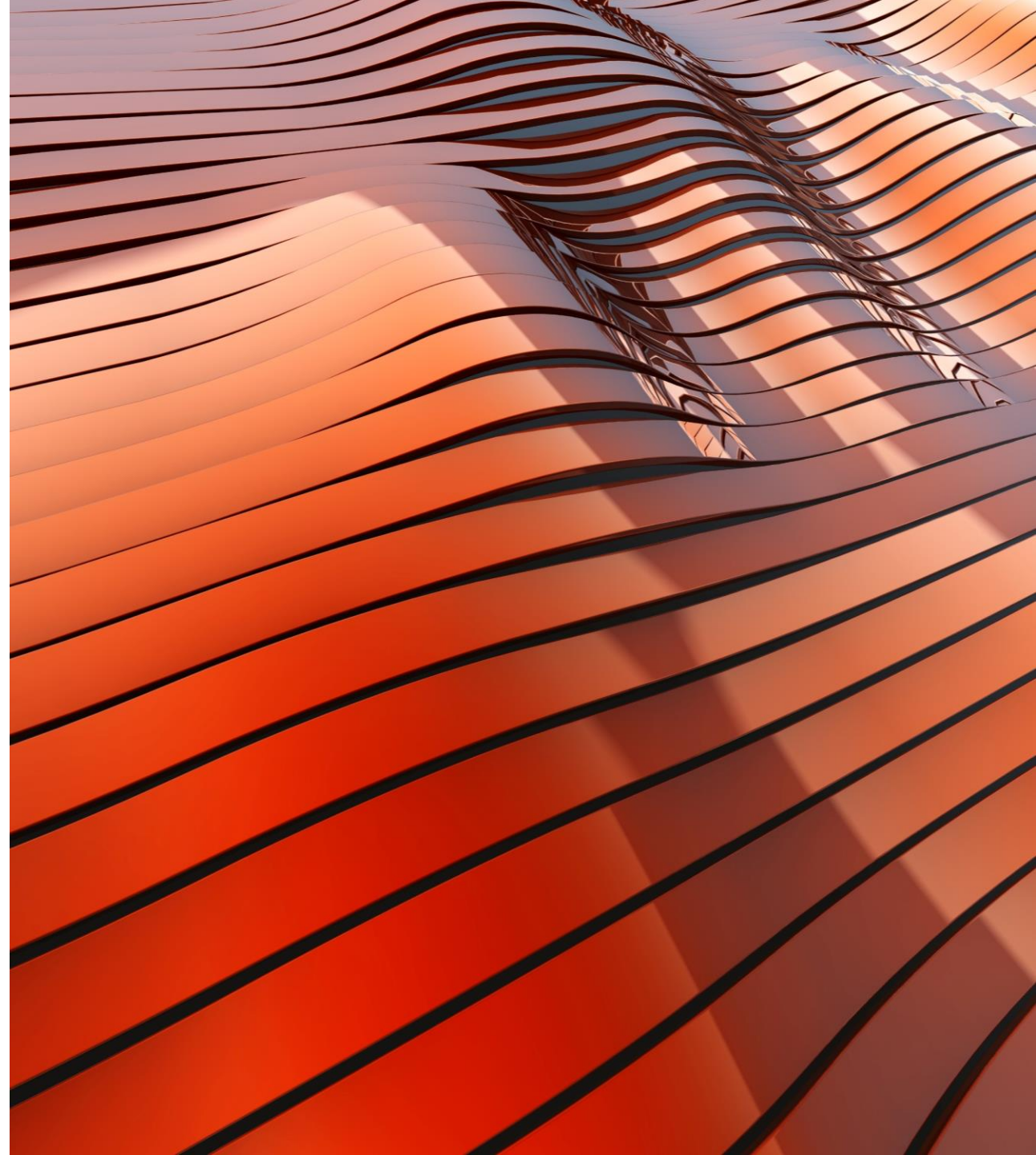
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