

The impact of a changing workforce on facilities management

Smarter buildings: Increase space utilization and lower operating costs

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Introduction

Today's workplace continues to evolve rapidly. Worldwide, about one in five workers already works from home every day.¹ And in one recent survey, two-thirds of those who responded said they expect their workplace to go fully virtual within the next few years.²

The roots of this change stem from many sources. Some grow from lifestyle and preference, with 89 percent of respondents indicating that the opportunity to work remotely is an important perk.²

But lifestyle also dovetails with demographics, as baby boomers—accustomed to traditional work hours in traditional offices—have begun to reach retirement age, and younger workers—empowered by technology and flexibility in work hours and locations—replace them. The economics of business also contributes, as the ability to conduct business online can have a significant effect on sectors such as banking, which now need fewer brick-and-mortar facilities.

This combination of elements dramatically alters not only the culture of work but the physical workplace itself. As the nature of work changes, facilities-management executives must come up with ways to address the shrinking workforce and growing oversupply of office space. They must work to improve facilities utilization. And they must accelerate preventive and corrective actions, especially those related to energy consumption, to reduce facility operations costs.

Identifying underutilized facilities space

Up until now, most organizations' office portfolios consisted of workspace designed for earlier generations of employees, who worked regular hours at assigned workstations. But in light of today's workforce and workplace transformation that trends instead toward flexibility, organizations now may be sitting on costly underutilized space.

One company, for example, operated an office facility built to accommodate 1,800 people. More recently, only 1,200 or so of its workspaces were assigned to staff, and occupancy showed a utilization rate of 66 percent. But when the facilities management team compared the assignment of workspaces to the actual number of workers who entered the building during the span of one month—measured by monitoring badge readers—the average daily occupancy was only 28 percent. In cases such as this, it is abundantly clear that the first step to better facilities space management is building a better understanding of the amount of space actually in use versus the space required.

Millions in savings from better workplace management

With more than 100,000 employees in 130 countries, a large European manufacturer consolidated its siloed, region-based real estate organization into a centralized, global workplace-management organization. In an effort to better align its business and workplace strategies, the company introduced a worldwide mobile work program. When the organization determined that only 40 percent of its office space was in use at any one time, it set a goal to increase utilization from a 1:1 ratio to 1:2 persons per seat.

Today, smarter buildings solution capabilities from IBM help the organization track and manage space utilization—including the occasional office use by home-based employees—so that management can scale workplace resources to support current needs and future growth. A detailed five-year cost analysis of the project shows a savings of USD73.8 million with an almost 400 percent return on investment.

Managing space for a better bottom line

Facilities count as a major expense—if not the number one cost of business—for most organizations. But through enhanced facilities management, organizations can reap huge potential savings. Not only does an increasingly remote workforce require less physical space, but when energy usage and sustainability are factored in, the cost reduction that the organization can achieve when it no longer has to heat, cool and power unused space can be even more significant.

Based on an estimate that roughly 45 percent of US employees work remotely at least part of the time—and projections from this number that 50 million people could work at home by 2018¹—one study concluded that by then, businesses could achieve an annual combined savings of USD170 billion in real estate and related costs.²

Three key strategies support effective space management[†]

Operational improvements to reduce energy use



Building retrofit projects to increase equipment efficiency



Space management to optimize facility use



- Organizations that achieved their energy-reduction goals
- Organizations yet to achieve their energy-reduction goals

[†]IBM, "Crossing the sustainability chasm," May 2012

A survey of 130 professionals responsible for the planning and implementation of sustainability initiatives identifies facilities management tactics as critical to achieving energy-reduction goals.

Leveraging flexibility for greater utilization

Flexibility provides the key to greater facilities utilization. Alternative workplace strategies such as hoteling, leasing and flex-space concepts can support mobile and home-based workers. But to do this, facilities managers need sophisticated capabilities for forecasting and assessing usage over time. Reliance on headcounts isn't enough anymore—because not everyone works in the physical office.

Instead, managers need advanced capabilities to identify underutilized and poor-performing facilities, assets, processes and resources, and to help improve return on facility assets. For example, managers might monitor the movement and number of occupants in real time with badge readers or occupancy sensors in various locations throughout the office. Or they might employ a reservation system to optimize the use of shared workspaces such as conference rooms and common-use workstations and to provide room setup, catering and audio-visual services.

Real-time information can enable users to identify operational demands and opportunities for new efficiencies. This data can help organizations to plan and enable the optimal use of offices and common areas. It can help identify opportunities for savings in areas such as energy consumption, and in turn, greenhouse gas emissions.

Bigger bang for the real estate buck

To improve the performance of its real estate assets, a Global 100 company decided to identify and consolidate its inefficient, high-cost properties. The company enlisted a workplace management solution that was flexible enough to handle constantly changing business environments worldwide.

The resulting view of its real estate portfolio across geographies, organizations and locations yielded surprising results. The company learned that it had redundant, underutilized assets in key high-cost metropolitan areas. It also learned that it had duplicate IT, telecom and reception areas, along with too many conference and training rooms.

The company's consolidation effort—together with process improvements, workflow standardization and an integrated workplace management system from IBM—produced dramatic results. It has generated more than USD925 million in real cost savings over a four-year period.

Adopting strategic facility planning

Space-management programs typically require design and implementation coordination across multiple departments. But the results can be well worth the effort, as these programs can not only support better space utilization, they can help cut energy consumption, reduce occupancy costs and help improve organizational productivity. With strategic facilities-planning initiatives in place, organizations can better align their core business goals with the needs of specific business units and their occupancy requirements.

In fact, the greater the complexity and rigor of their decision-support processes, the higher return organizations can expect from their facility assets. Managers can leverage these planning capabilities to find gaps between business demands and space availability. They can analyze, rank and recommend best-fit facilities-planning scenarios and automate manual and time-consuming processes. They can accelerate move requests to increase service efficiency and reduce costs. And if an organization has any leased properties, enhanced management can also prepare the organization for pending lease-accounting changes.

Ultra-advanced museum monitoring

A world-renowned art museum is working with IBM Research on a building solution that outperforms other current technologies in monitoring facilities characteristics such as building climate, light levels, air flow—and occupancy levels. The implementation of a new wireless environmental sensor network at the museum helps preserve some of the world's great historic treasures and artwork, and also provides advanced analytics on building occupancy to help with facilities management.

In the initial phase, IBM has deployed 100 sensors in strategic locations in several adjacent rooms of the museum, allowing for high-definition monitoring of the environment that captures the subtle dynamics of the space. This advance, which represents a shift from monitoring the environment to creating a sensing environment, will eventually be expanded to other museum locations.

Conclusion

Organizations can benefit immensely from IBM solutions for Smarter Buildings, which centralize and integrate critical facility-management processes to improve the effectiveness of a distributed workforce, increase physical facility utilization and accelerate workplace configuration. Integrated workplace management solutions can enable greater control over facilities data, systems, people and processes, which in turn can drive down cost and risk. These capabilities are crucial in order to adapt—and thrive—in the workplace of tomorrow.

For more information

To learn more about IBM solutions for Smarter Buildings, contact your IBM representative or IBM Business Partner, or visit: ibm.com/us-en/marketplace/smarter-buildings

Additionally, IBM Global Financing provides numerous payment options to help you acquire the technology you need to grow your business. We provide full lifecycle management of IT products and services, from acquisition to disposition. For more information, visit: ibm.com/financing

Footnote

- 1 Reaney, Patricia, "About one in five workers worldwide telecommute: poll," *Reuters, U.S. Edition*, January 24, 2012.
<http://www.reuters.com/article/2012/01/24/us-telecommuting-idUSTRE80N1IL20120124>
- 2 Wrike, "New Survey Reveals Overwhelming Demand for Virtual Collaboration," 2012,
<http://www.wrike.com/news/new-survey-reveals-overwhelming-demand-for-virtual-collaboration>

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