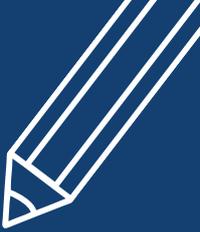


Cleverly



CAFM Software

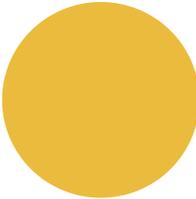
Things to think
about when
choosing a CAFM
software provider.

January 2021

Part of the Cleverly Software series

www.cleverly.works





Choosing the right CAFM is a big decision. Whether it is your first investment in this software space or you are doing it as part of a broader digital transformation project. Perhaps you have become increasingly frustrated with your current provider or your needs and functionality requirements have changed.

All of these are things that should be considered, and provide context for, your decision making process.

But first, let's perhaps take it back a little bit.

What is a CAFM?

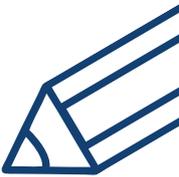
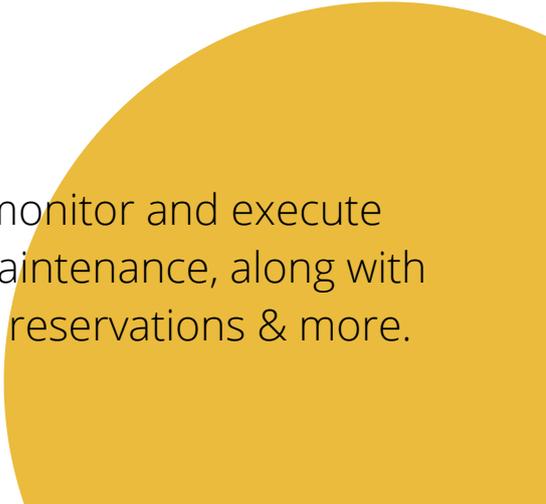
As you can see, the facilities management (FM!) industry loves an acronym.

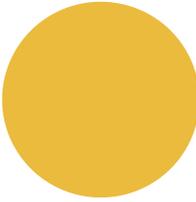
C-A-F-M stands for Computer Aided Facility Management. It is often used interchangeably with CMMS (Computerised Maintenance Management System) and IWMS (Integrated Workplace Management System) (and there is definitely overlap - but we will leave that for another article). If you are interested, you can have a look on our website for the relevant articles where we go into each of them in more detail!

Now that we have got that part sorted:

What does a CAFM do?

CAFM systems allow facilities managers to plan, monitor and execute activities including reactive and planned (PPM) maintenance, along with space & move management, asset management, reservations & more.





As you can see from the above, they are often fairly complex and comprehensive systems and each provider does things differently (or perhaps does not do them at all).



At their core, CAFM systems should allow facilities managers to more easily do their job. And as you probably know, a lot of things can be deemed to fall within a FM's job. Whether it is compliance, finance, data & analytics, downtime monitoring, project management, office moves, etc. a lot of things can get dropped on a FM - a CAFM should allow him to handle these in a more efficient manner.

How much does a CAFM cost?

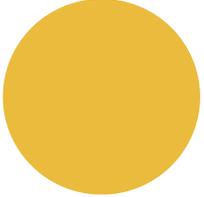


I'm afraid the answer to this is predictable (and annoying):

It depends.

However, I know that this answer is not terribly helpful, so let me give you a framework for the ways in which different companies charge and some benchmarks for what you will get at different price points. There are arguments around for anything from 1% to 10% of annual maintenance spend in terms of how much you should spend on your CAFM to be able to generate a return on your investment.

Unfortunately, this is an 'order of magnitude' range and therefore not likely to be terribly helpful for most participants, As a rule of thumb, it is probably worth honing in on the 3% to 6% range, but again this is only a sense check and is dictated by various factors such as whether you are 'client side' or a service provider; in a regulated industry; subject to stakeholder reporting; incentivised with bonus structures etc..



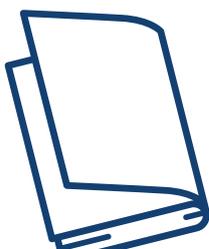
It is also important to note that almost every client's requirements, current systems, availability of information, spaces/sites/workplaces, assets etc. are different. As a result, it should be noted that it has historically been difficult for companies to provide 'standard' pricing. This is starting to change, but is going to take some time.

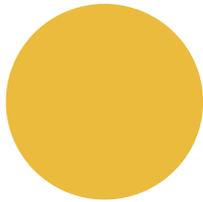
Because of the above, companies often charge licence fees - for example on a number of sites or users basis - plus itemised additional costs. The additional costs may be for traditional FM work - such as completing asset registers or site assessments - or digital services, such as data collection/manipulation and custom development. The digital services can be expensive, sometimes up to around £1,000 per day, so it is definitely worth considering the need for, and value of, these upfront.

Normally, purchasing a CAFM is part of a broader digitalisation/digital transformation project so there will likely be capital expenditure (one off costs designed to get the system set up) and operating costs (the annual licence fees). Please note, the upfront investment pays off over the life of the project/system. The more time and resources dedicated to this section, the smoother the process will go overall.

Please treat the below as guidance only - configuration or customization may change the below very considerably as may any associated work (which gets covered under the software costs).

First, at the lower cost end of the spectrum ...





Less than £1,000 per year

Customers are often using single purpose software (such as project management software) or general purpose solutions (such as Microsoft's Office suite). At this end of the market, any customization is done by the user themselves (or their development team) and will be limited.

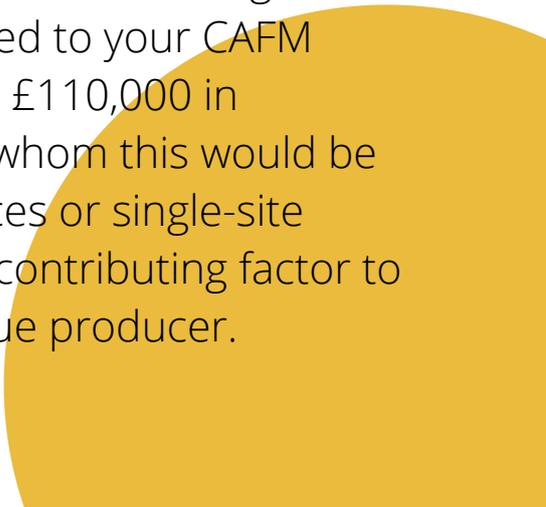
Software such as Microsoft Excel is obviously very powerful, but when one considers that getting it to do anything on its own requires the writing of scripts (normally developer only skills) the amount of time and money required to get it to do anything complex is difficult to justify.

Single purpose software in this space is exactly that. This may include apps that can be downloaded and used to create checklists for cleaners or document management for leases or operating instructions.

Information at this level will be inaccessible, or requiring collation and manipulation by the user.

£1,000 - £5,000 per year

At this level, and using the midpoint of our rule of thumb range for how much of maintenance spend should be dedicated to your CAFM software, this would translate to just £22,000 to £110,000 in maintenance spend. The sort of customers for whom this would be relevant would be occupiers of small rental offices or single-site companies where real estate is unlikely to be a contributing factor to their marketing e.g a catering kitchen or boutique producer.

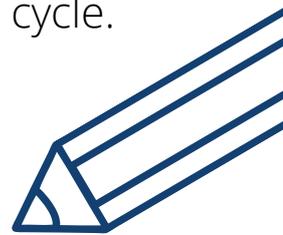




CAFM solutions available within this price range are likely to be focused on document storage and reminders to notify their users of compliance requirements. Systems will likely offer limited reporting capabilities (with no customisation) and be only user-oriented (as opposed to multi-party facing with views for e.g. tenants, customers and suppliers).

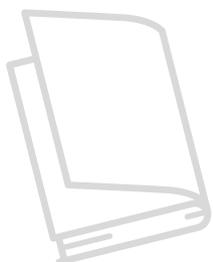
There will also be single service line (or limited functionality) players who do particular types of job well. This may include, for example, cleaning software or building maintenance checklists where there may be additional functionality such as real-time syncing and job reports (and more), but the systems tackle only a small part of the work life cycle.

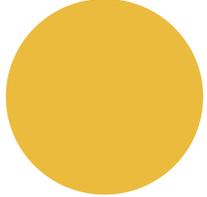
£5,000 - £15,000 per year



At this level of annual spend, purchasers can expect to get limited parts of more powerful systems or else a greater percentage of systems, but where there are only a limited number of users. Examples of the latter would include multi-site retailers of hospitality companies, but where there were only a small number (potentially of higher turnover) sites and therefore they are able to benefit from user-based pricing models.

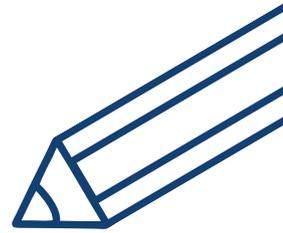
Systems available to purchasers should have the basic functionality such as creating and issuing work orders; adding asset registers; spend history and data; mobile versions and at least some sort of notification capabilities.





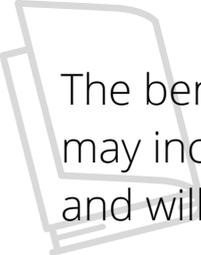
Customers for whom this would be an appropriate level of investment in CAFM will have fairly 'vanilla' FM requirements as customisation will still be extremely limited. When you consider that even the hosting or storage costs for the data stored in such a system could be half of the annual charge (assuming a smaller CAFM software solution), one must recognise that this is going to have to structure data very efficiently. Where FM is an important part of the business (e.g. where there are high downtime costs) and/or an area of cost reduction, this would be unlikely to deliver the desired returns.

£15,000 - £40,000 per year



This area of the market is typically populated by two sorts of CAFM software provider. The first is newer companies, who are hungry for customers but have built hugely capable systems and are looking to get market share.

The second type of player in this segment is the industry stalwart who have well-tested systems but have moved down the cost curve to target customers they would have otherwise ignored. Because these companies are often trying to eke out additional profitability from outdated systems, customers should expect very robust operational performance but are also likely to be confronted by very dated UI/UX (the way of interacting with the CAFM) and clunky processes. These systems have likely added functionality over years and therefore may have issues with system architecture, making them clunky.



The benefits of the more seasoned players in this part of the market may include a greater library of reports that are available 'out of the box' and will cover many of the likely use cases for clients.



Newer participants in this market will have more 'futureproof' systems, with areas such as automation; sensor integrations and APIs (allowing them to plug into other platforms such as CRM systems or business intelligence software). This is important for longer term ROIs - see below - and changing operating landscapes.

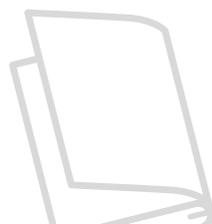
Whilst it may seem counterintuitive, at this higher spend level of the market, there are also likely to be higher onboarding/mobilisation costs to ensure that the system is fit for purpose and can be used as quickly as possible. This will include data population (sites, asset registers, invoicing details), training, hosting and data storage, data & reports and potentially implementing workflow rules or other customisation.

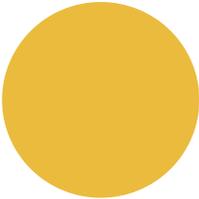
Examples of customers in this area would include multi-site operators (particularly those that have ambitions to grow); participants in regulated industries such as food production, care homes, schools and such; companies for whom real estate is a critical part of their business (e.g. flexible workspace providers) and manufacturing or production companies.

For more details of what a system will do at this sort of spend level, see the next section.

£15,000 - £40,000 per year

This segment of the market usually has similar levels of functionality to the one previously, but has likely triggered the higher spend by breaching a parameter such as the number of users/sites/assets/works orders etc..





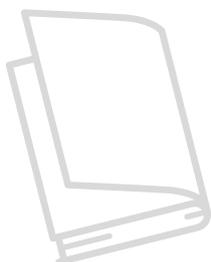
CAFM systems here should be offering the complete solution, including:

- Full work order handling
- Ability to store planned maintenance schedules
- Asset management/job reports
- Data and reports
- Field service management
- Quote management
- Financial reporting and invoicing

Each of the players still has strengths and weaknesses (or differing areas of emphasis for their system). Their solutions will likely vary as to whether (and to what extent) they offer the following additional functionalities:



- Analytics & Insights
 - Contractor management
 - IoT/Remote monitoring
 - Financial integrations
 - Customisable reports
 - Third party integrations (e.g. CRM, BIM, data visualisations and business intelligence, sensors, building management systems, access control)
- 



How does a CAFM deliver returns?

There are a number of ways in which investing in a CAFM (and digital transformation projects more broadly) can deliver returns. These typically include the following:

1. Increased human resource efficiency

As we said at the outset, the whole point of a CAFM is to make the jobs of facilities managers (or other responsible parties) more efficient in their work. This means needing fewer people to do the same amount of work, or allowing the same number of people to do more work. As employers know, people are expensive, so the more work that can be done by computers, the better. Decision makers should also consider the second order effects of investing in a CAFM. As above, whilst the direct effects are on those who use the CAFM, there are benefits to the organisation more broadly in allowing other employees to maximise their productivity.

2. Contractor and supply chain management

By providing information to facilities managers such as the time taken to attend site, the first fix rate and resolution time, decision makers can ensure that their engineers or supply chain are performing to the desired standard. In conjunction with SLAs and/or linking supplier performance with payments, managers can more closely link spend and results.



3. Spend analysis

Similar to evaluating the performance of suppliers, by analysing spend history by site, by service line or by asset offers the ability for managers to improve their operating efficiency. By undertaking tests such as running planned or preventative maintenance strategies simultaneously across different sites, facilities managers can determine their optimal strategies. Spend analysis also allows them to see where there are anomalies such as high spend locations or job types, and by incorporating downtime costs into their systems or models, the true cost of maintenance can be calculated.

4. Costs of compliance

Compliance has both direct and indirect costs and benefits. Direct costs include the amount of money spent undertaking compliance-related activities such as inspections, assessments or readings. This will likely include creating compliance calendars, scheduling attendances, chasing reports, storing the relevant documentation and reports and then retrieving it when required. Indirect costs relate to the costs of non-compliance which could be fines, lost rent or other such negative impacts. The benefits of compliance are the avoidance of indirect costs, and for example may include rental uplift by virtue of the signalling in having a well managed and maintained building.

5. Self-service solutions

The more advanced CAFM systems today are multi-stakeholder. This means that they offer the ability for third parties such as tenants, clients or employees to interact with the system and avoid the need for the facilities manager to be involved. A related benefit is that communication is centralised within the platform and therefore audit and analysis is made much easier. Related to this is the use of sensors or other third party systems to trigger actions within the system. All this means that the chances of information falling outside the system, or issues being missed, is greatly reduced.

6. Data Centralisation

By having all information in one place, savings can be made by avoiding the duplication that so often occurs without a single source of truth. This includes multiple visits being scheduled for the same issue; giving work order history; variability in prioritisation and more. Using a robust CAFM reduces or eliminates the above through such tools as 'clash detection' (avoiding scheduling multiple visits for the same issue) and work order history (avoiding duplicate jobs or repeating the same tasks).

What level of return on investment (ROI) can one expect from investing in a CAFM?

.At the risk of further annoying you, I'm afraid that the answer as to what level of return one can expect from their CAFM investment is:

It depends.

Before this can even be calculated, you need to have access to clean and comparable data as to the level of spend, compliance etc. over the comparison period. To be honest, it is rare that we find this information is available particularly when this should include not only the direct costs of the FM, but also the indirect costs to the business in terms of lost productivity, additional headcount across all affected areas, finance costs etc.

I will, however, give you a range of returns that you should expect, but once more please take this as a rule of thumb rather than a rule.

Customers should expect to earn a 5% - 20% return on their maintenance spend by implementing a CAFM solution. Again I recognise that this is a broad range, but just like the customers, every case is different.

One thing should be clear however, when one compares this to the annual costs of 3% - 6% of maintenance spend, it compares pretty favourably. Even at the lowest end of the returns spectrum, you are looking at a 1 year payback period ... an excellent investment!

I must however make clear that this is comparing the annual cost and benefits and does not include the other costs that may have been required in terms of system configuration, data collection, asset registers etc.. These costs should be included and amortised over the life of the project but even with these included, this still makes a compelling capital allocation proposition.

Where companies are likely to be able to get the 20% returns, there is the greatest mismatch between the rigour of current processes and the centralisation of data when compared to their spend and the business impacts of negative events.

The returns come from two main areas and often fall into a $\frac{1}{3}$, $\frac{2}{3}$ split.

The first $\frac{1}{3}$ of returns from the improved human resource efficiency, for example allowing FMs to do more, or reducing the time spent by the finance function in dealing with invoices. These returns are driven by the system itself and its ability to automate processes and streamline workflows.

The remaining $\frac{2}{3}$ comes from reduced spend off the back of enhanced contractor management and spend analytics. When combined with reports that show which areas are having the highest (and abnormal) spend levels, managers can see where they need to focus their time and efforts. This could be replacing plant and equipment or bringing in new contractors but you need the information to make those decisions.



What characterises the best CAFMs?

In all honesty, there is no single 'best' CAFM.

There are however a few key attributes that are common to the most well regarded CAFM solutions today.

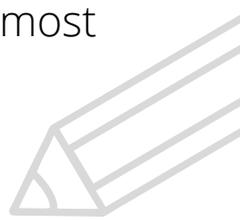
Modern UI/UX

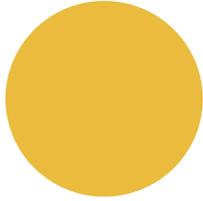
Whether the justification is to enhance your colleagues' employment satisfaction; to reap the benefits and ROI that can come from CAFM implementation or to attract the next generation of facilities managers, incorporating modern UI/UX is common across the best CAFM systems.

By adopting best practices in this area, superior CAFMs get the stakeholder engagement that ensures project success. With software entering and affecting so many parts of both our professional and personal lives this is essential to be considered amongst the leaders in CAFM.

Roadmap/Futureproofing

There are many that believe the FM industry has been slow to change or adopt new technologies. That may or not be true, but one thing is certain, the pace of change within the industry today is phenomenal. Whether it is being driven by companies looking to improve employee experience (and productivity); landlords looking to differentiate themselves to potential occupiers and tenants; or concerns resulting from a global pandemic.





Your CAFM supplier should be aware of, and embrace the change that is occurring in this industry. Areas that the best CAFM systems should have on their roadmap and be aware of include: automation, augmented reality and artificial intelligence. Each will be more or less relevant to different customers but all will greatly impact the industry.

User customisation

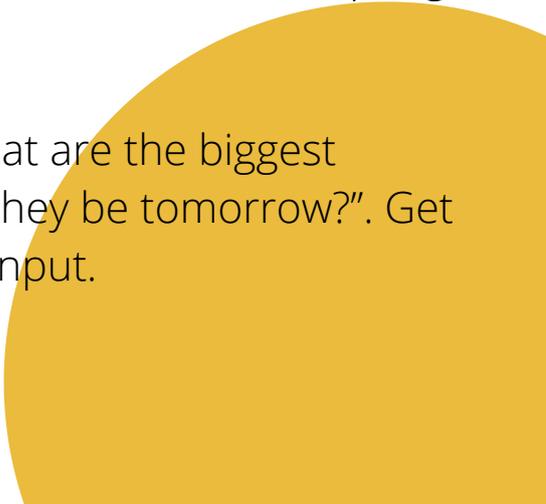
As I have said repeatedly, every customer is different. This means that they each want their CAFM to do different things and will measure success in different ways. The ability to set up a CAFM system to achieve their objectives is a huge contributor to customers' overall levels of satisfaction. A number of providers require you to submit requests and wait for them to be implemented. Even worse, there are still systems that are not cloud hosted and where you need to wait for updates to be installed. Even with excellent service and support cultures, the more you can empower customers to make the changes they want themselves, the better.

What does the procurement process look like?



When starting your procurement process, it is tempting to put together a list of all the things that you would like the system to do. It is tempting but should really be avoided.

Instead, ask yourself the following question: "What are the biggest problems we need to solve today and what will they be tomorrow?". Get everyone who is impacted to also provide their input.





Wherever possible, answer these questions with data and in the broader business context. For example, whilst equipment failures may only impact you to a certain degree in terms of your time, they may cost the business a lot of money.

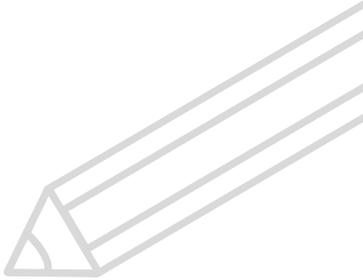


The reason for not writing a list of things the system should do is that no system does everything, and no two do things in exactly the same way. If something is not important to you, even though you think a system should have it, it causes a distraction.

Do create a budget.

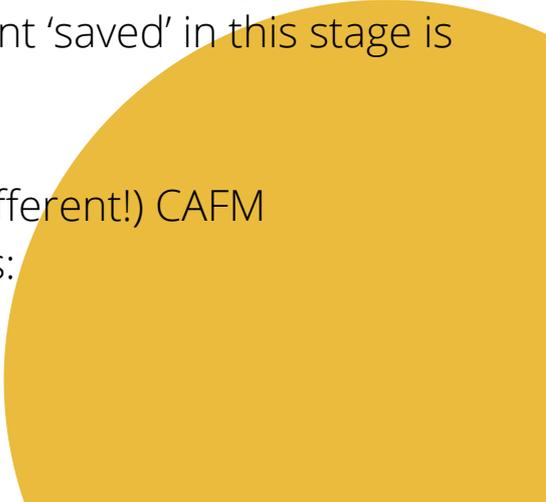
We hope you can use the above information as a rough guideline to work out what you need; how much it is going to cost and what returns you can expect.

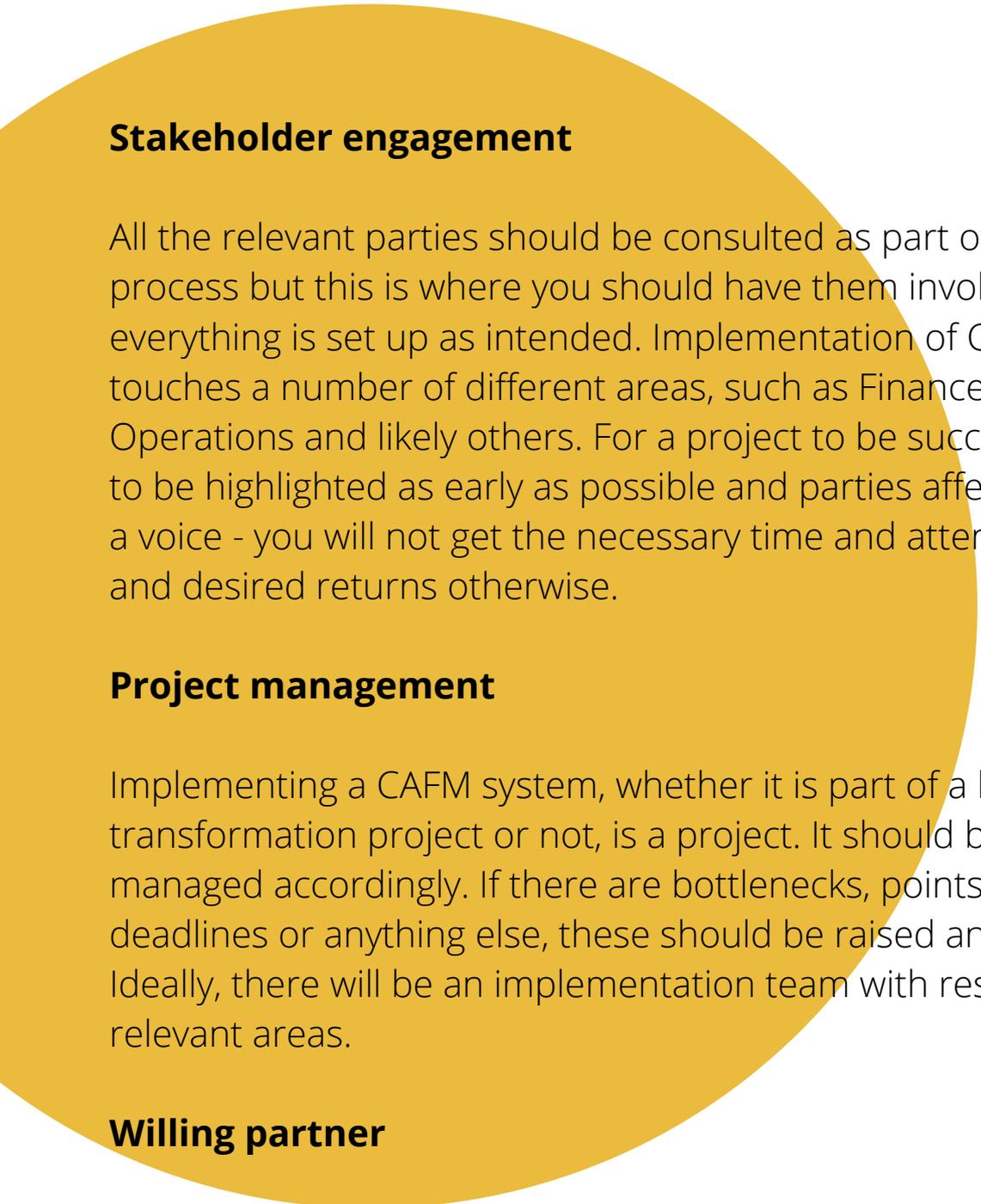
What makes for a successful CAFM implementation?



Once you have done the research and procurement processes, you're ready for rollout. This has likely been a 3 - 12 month process and so I'm sure you are excited about getting everything up and running. This is perhaps the most important stage. Every moment 'saved' in this stage is going to come back time and time again.

A successful (usually - remember, each one is different!) CAFM implementation has the following characteristics:





Stakeholder engagement

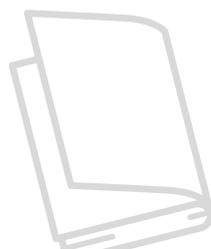
All the relevant parties should be consulted as part of the procurement process but this is where you should have them involved to ensure that everything is set up as intended. Implementation of CAFM systems touches a number of different areas, such as Finance, Helpdesk, Operations and likely others. For a project to be successful issues need to be highlighted as early as possible and parties affected need to have a voice - you will not get the necessary time and attention investment and desired returns otherwise.

Project management

Implementing a CAFM system, whether it is part of a broader digital transformation project or not, is a project. It should be mapped and managed accordingly. If there are bottlenecks, points on a critical path, deadlines or anything else, these should be raised and highlighted. Ideally, there will be an implementation team with responsibility for the relevant areas.

Willing partner

Although I have put this last, it is only because the others are within your control but this one sits with your software provider. A partner who listens and is responsive is critical to the success of the project. There will always be issues that come up and like with any successful partnership, you need to feel that you can work together to achieve the project goals.

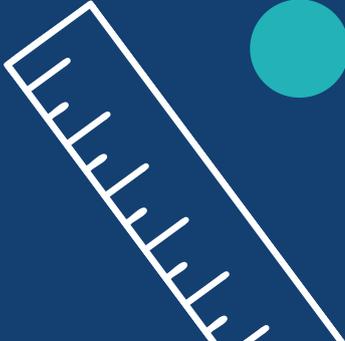




Thanks for taking the time to read our guide on choosing a CAFM system.



If you have any questions, or would like to discuss how Cleverly can help you achieve your desired digital outcomes, please get in touch.



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