

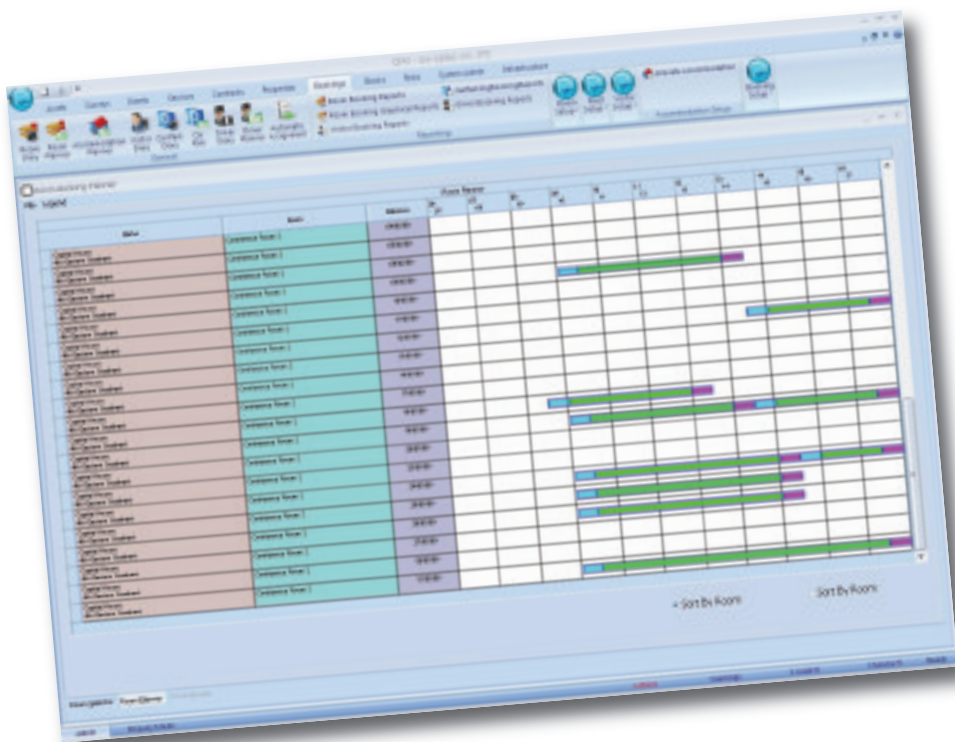
# CAFM – Cost Effective?

**CAFM has been around for a few years now, but is it paying for itself? Mark Kirkham tells Maureen Moody that he firmly believes it is and he suggests how FMs can build arguments to help to convince their finance directors to invest in CAFM systems**

**C**AFM (COMPUTER AIDED FACILITIES MANAGEMENT), says Mark Kirkham, director at Service Works, is an enabling solution. It enables facilities managers to achieve their operational objectives, whether used as a simple helpdesk tool, a computerised maintenance management system or a fully integrated performance management system.

If Kirkham has to home in on one particularly significant cost-saving aspect of CAFM it would be performance management. "Where CAFM can prove invaluable is in managing contracts where performance is reflected in the amount of money the service provider receives," he explains. "Performance-based contracting is all about meeting the service level contract. For example, if a school a job comes in to clean up a spill in a classroom and the service provider will have an hour to clean it up. If the job is completed within the hour there will be no penalty applied. Over an hour there will be a penalty; over two or four hours the penalty will be multiplied, and there may be another multiplier for repeated failures. Follow this to its logical conclusion across a hundred service lines, and penalty-based contracting rapidly becomes complex and onerous to manage without a software application to automate the

**A room planner module helps maximise facilities and minimise operational costs**



process. However, the benefits to the client can be significant.

"Most CAFM systems will report whether jobs were performed on time or late, leaving the service provider to manually perform the fee adjustment calculations, which can take anything up to four or five man-days a month. Invariably it's inaccurate, and of course it has an effect on contractual relations as a result of conflict arising from arguments. And it's money. With a fully integrated CAFM system, all parties can agree with the adjustments, and the service provider can present their monthly invoice directly from the CAFM system. That's what makes it indispensable."

## Mission critical

Sit the performance management features of CAFM alongside management of resources such as visitors, meeting rooms, car parking, alongside planned maintenance, and combine it with the helpdesk and add in management of landlords and tenancies, and you begin to have a full-blown facilities and property management solution. In fact many businesses recognise it now as a strategic tool.

"And I think that's what's most exciting about CAFM today," says Kirkham. "The leading CAFM providers are able to provide a facilities manager with pretty much whatever they need, no matter how broad their job scope is. These days facilities management is seen as a strategic part of the business and CAFM tools such as Serviceworks' QFM are now accepted as mission-critical."

But if FMs recognise that point, many finance directors remain to be convinced. Kirkham says that often the people with whom facilities managers have to negotiate internally don't appreciate what CAFM can do. But there is help.

"Something Service Works does is work with the facilities manager to create an absolutely cast-iron business case based on a return on investment (ROI) model. Because realistically if the finance director hears that the facilities manager wants to spend £1,000 pounds, for example, on a computer system to help the run facilities, they will immediately look on it as a cost rather than an opportunity to generate cost reduction. That's the biggest challenge the industry faces and continues to face – for facilities to be taken seriously at board level. Our experience using the ROI model

has been very positive. By the time we've been through our return on investment calculation with a facilities manager they have a case that demonstrates a positive cash flow and a payback within two years or sometimes even less. One of our clients is saving £100,000 a year in contract administration costs as a result of using QFM PayMech – the automated performance management function. This is the kind of argument that a finance director will find it difficult to counter."

## Cost saving

Operational cost saving is another persuader. Kirkham's experience with an integrated CAFM system is that an operational cost saving of between 5-15 percent can be secured. There are cost savings through operational efficiency. Consider the situation where a fault is reported and an engineer dispatched, meanwhile the same fault is reported by another building user and an engineer is needlessly dispatched. Or where he visits the same site next day to service something else. Or he arrives to find that the work area is inaccessible or being used. CAFM allows facilities managers to plan events, put jobs on hold any number of times and calculate the associated time and cost accurately, giving everyone a degree of comfort in these difficult financial times.

Time and money saving is also possible

through a CAFM software's ability to manage plant and building services. "We have projects where the building management systems create alerts that are automatically handled through our software," explains Kirkham. "The beauty of that is that in the past when a fire panel was blinking red you would have to rely on somebody looking at it, understanding what it was, and being committed enough to do something about it. That is no longer the case because many fully integrated CAFM applications now send the alerts prior to a failure. CAFM technology allows facilities managers to create a system where problems are being averted before people realise that anything is wrong.

One example is a hospital where the air-conditioning control systems may be linked to a CAFM application, so that, for example, if the boiler falls within 5 percent of a fail parameter, a job is automatically generated and it is fixed before people get too hot or too cold and start telephoning the facilities helpdesk."

So it seems that CAFM as a cost-effective FM enabler has come of age. From the days when it emerged as a useful helpdesk tool it has now matured to the stage where, as Kirkham observes, "If you have an facilities management operation of a reasonable size at all is almost inconceivable that you will not have a CAFM system."

● **Maureen Moody is a freelance writer**

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