FACILITY MANAGEMENT MARKET IN SPAIN

Real Estate and Facility Management Department TU Wien

BACHELOR’S THESIS

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Information summary

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Abstract

Facility Management (FM) is becoming nowadays an important subject for worldwide companies. It has been already proved in some enterprises that FM has decisively contributed to an increase of productivity and profits. The main goal of this Thesis is to determine the value added FM provides to companies in Spain. Also important in this study is to investigate which is the FM status quo in Spain, firstly focused on qualitative terms and afterwards, focused on data analysis. Last but not least, the data analysis will not only be centered on FM Spanish results, but also on comparing Spanish status quo with other European countries. The information for this analysis has been collected by means of a standardized survey which covers different areas of the enterprises, but all related to FM issues. The scope of this data collection is the Top 500 companies in Spain (ranking is sales driven), 23 of them participated in this study. The research is based on the Mixed Method Approach and the Mixed Model Research.
Acknowledgments

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I would like to give special thanks to Univ.Ass. MMag. Michael Zobl who has constantly supported me in this Thesis and ao.Univ.Prof. Dipl.-Ing. Mag.rer.soc.oec. Dr.techn. Alexander Redlein who has been my supervisor and has given me the possibility to work on this project.

Endless thanks to all the Facility Managers who have had the willingness to answer questionnaires, trusting in our confidentiality.

Last but not least, I would like to thank all my family and friends who have supported me performing my Thesis since the first until the last day.

Àlex Octavio Bayón,

July 2014
Summary

This research project has been organized as follows:

First of all, there is an introduction which enables readers to be better introduced into the topic. This introduction includes the project background and what makes this study interesting, different definitions Facility Management (FM) has, its history in the world and also in Spain, which benefits FM provides, and which services FM focuses on.

Afterwards, it comes an investigation of FM in Spanish market. It focuses on the status quo of FM in Spain and how deep it is implemented. Moreover, it includes an outlook on the next years. At the end of this chapter, there are data of the FM volume of Spanish market in main disciplines, such as maintenance, real estate, or cleaning.

After that, there is the explanation of the methodology performed in order to realize the data analysis.

Following the methodology chapter, the results are displayed. By means of a well-known spreadsheet application, called Microsoft Excel, data has been analyzed. This analysis has led to a discussion of all these results.

At the end, some conclusions have been drawn. These conclusions have mainly focused on answering the main goals and research questions formulated in the beginning of the study.
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1. Introduction

1.1 Project background

Since 2005 the Vienna University of Technology analyzes the demand side of Facility Management (FM) on a yearly basis in different European countries such as Austria, Germany, Bulgaria, Romania, Turkey and the Netherlands. The goal was to determine the value added of the use of FM and also the parameters influencing the magnitude with the help of scientific models and methods. These projects will continue being performed, as more detailed analyses of different countries and/or industries let gathering more information and an expansion of the data within this research field.

This Thesis will enlarge this research field by analyzing the Spanish market of this sector, as Spain has never been considered before.

Research questions that are tried to be answered in this study are as follows:

- “What do enterprises in Spain want to accomplish with the use of FM?”
- “How big is the annual saving potential through the use of FM in Spain?”
- “How important is outsourcing for companies in Spain and which are the most outsourced services?”
- “How different is the performance of FM in Spain from other European countries?”

During this study all these questions will be answered as much complete as possible, apart from other goals commented in the abstract.

1.2 What is Facility Management?

Facility Management (FM) is a discipline that has been spreading at the worldwide companies in the last years, as it has shown interesting results to those organizations that decided to give FM an important role in its organism. According to the European Norm EN 15221 FM is defined as:

“Integration of processes within an organization to maintain and develop the agreed services which support and improve the effectiveness of its primary activities” [1].
All public or private organizations use real estate, assets, and related services to support its principal activities; through the coordination of these assets and services using its experience in management and introducing organizational changes. FM helps to work dynamically and to fulfill with all requirements. Moreover, this management is performed to optimize costs and operation not only real estate but also services. Figure 1 shows the FM model which provides a framework describing how FM supports the primary activities of an organization. It deals with the demand and supply relationship and presents the different levels of possible FM interaction [2] [3].

![FM model](image)

**Fig. 1.**
FM model [4].

### 1.3 World and Spanish FM history

Before FM was born in the USA, there were two significant simultaneous events in the early 1970’s in the USA that helped set the evolutionary course of FM:

- The beginning of today’s sophisticated systems furniture, commonly known as cubicles.
- The introduction of the computer terminal into the workstation.

At that time associations comprised of ‘facility managers’ were not able to manage the offices of the future, as they could not provide the needed information. In December 1978 Herman Miller Research Corp. hosted a conference “Facility Influence on Productivity” in Ann Arbor, Michigan. The three founders of the National Facility
Management Association (NFMA), George Graves, Charles Hitch, and David Armstrong, asked for the need for an organization comprised of facility professionals. A FM association named NFMA was established in May 1980 by George Graves. In 1981 it was renamed to International Facility Management Association (IFMA).

At the very beginning, the core value of FM was said to be integrating people, process, and place (David Armstrong 1982), as it can be seen in the Figure 2:

![Figure 2. FM implies integration of Place, Process, and People [5].](image)

In 1984 it was the British architect Sir Frank Duffy who started using FM in Europe when designing offices. Since then the development of FM in Europe has been very diverse. National culture, language, law and market structure have influenced the direction and form of facility management strongly [5].

It was not until the end of 1990’s that FM became a professional discipline in Spain. The first most interested sectors in it were banking and telecommunications, as they have plenty of squared meters of offices [6].

Thanks to the great effort and devotion of some professionals from different economic sectors, the Spanish division of the IFMA was born in November 2001. These people saw FM as an added value to the correct real estate management and its associated services. They thought this could have a positive effect on the correct operation and productivity of employees and companies [7].
Nowadays in Spain, a high percentage of the largest companies have in its structure, at least one employee in charge of the Facility Management tasks. However, this activity is not fully spread to the small and medium enterprises [6].

1.4 Facility Management principal benefits

Facility Management provides plenty of advantages to those organizations that decide to implement it in their structure. According to the European Norm EN 15221/1, these are the principal benefits FM offers:

- Clear and transparent communication between the demand side and the supply side by dedicating persons as single points of contact for all services, which are defined in a FM agreement.
- Most effective use of synergies amongst different services, which will help to improve performance and reduce costs of an organization.
- Simple and manageable concept of internal and external responsibilities for services, based on strategic decisions, which leads to systematic insourcing or outsourcing procedures.
- Reduction of conflicts between internal and external service providers.
- Integration and coordination of all required support services.
- Transparent knowledge and information on service levels and costs, which can be clearly communicated to the end users.
- Improvement of an organization sustainability by implementing a life cycle analysis for the facilities [8].

1.5 Facility Management services

Facility Management comprises plenty of different functions and services. In table 1, an organization chart can be observed with all services that FM provides to a company, according to the IFMA Spain [9].
Table 1.
Facility Management services [9]

<table>
<thead>
<tr>
<th>Facility Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Real Estate</strong></td>
</tr>
<tr>
<td>Strategy</td>
</tr>
<tr>
<td>Space planning</td>
</tr>
<tr>
<td>Planning</td>
</tr>
<tr>
<td>Dealing (rental and investment)</td>
</tr>
<tr>
<td>Consultancy</td>
</tr>
<tr>
<td>Assessment</td>
</tr>
<tr>
<td>Portfolio Planning</td>
</tr>
<tr>
<td>Contract Management</td>
</tr>
<tr>
<td><strong>Project Management</strong></td>
</tr>
<tr>
<td>Restoration</td>
</tr>
<tr>
<td>Moving</td>
</tr>
<tr>
<td>Project Management</td>
</tr>
<tr>
<td>Construction Management</td>
</tr>
<tr>
<td><strong>Building, personal, and business services</strong></td>
</tr>
<tr>
<td>Maintenance</td>
</tr>
<tr>
<td>Supply</td>
</tr>
<tr>
<td>Cleaning</td>
</tr>
<tr>
<td>Vending</td>
</tr>
<tr>
<td>Gardening</td>
</tr>
<tr>
<td>Waste Management</td>
</tr>
<tr>
<td>Plague Management</td>
</tr>
<tr>
<td><strong>Corporate services</strong></td>
</tr>
<tr>
<td>Travel</td>
</tr>
<tr>
<td>Fleets</td>
</tr>
<tr>
<td>Document Management</td>
</tr>
<tr>
<td>Hygiene and Safety</td>
</tr>
<tr>
<td>Office supplies</td>
</tr>
<tr>
<td>Audiovisual</td>
</tr>
<tr>
<td>Mailroom</td>
</tr>
<tr>
<td>Security</td>
</tr>
<tr>
<td>Reception</td>
</tr>
<tr>
<td>Catering</td>
</tr>
<tr>
<td>Concierge</td>
</tr>
<tr>
<td>Post</td>
</tr>
<tr>
<td>Reprography</td>
</tr>
<tr>
<td>Messaging</td>
</tr>
<tr>
<td>Hygiene and Safety</td>
</tr>
</tbody>
</table>

Table 1. Facility Management services [9]
2. Facility Management in Spanish market

2.1 European and Spanish FM market classification

In order to determine the development stage of the FM market in a given country, in our case Spain, a two step procedure may be used: (1) first FM operators are classified according to a hierarchical criterion; (2) second the moment when the classes of FM operators start operating in each market is found [10].

(1) Classification of the FM operators

In the European FM market providers may be classified into four big groups that, depending on the extension and complexity of their supply, are hierarchically ranked:

- **Single services suppliers**, focused on just one area of the activity: technical, commercial or infrastructural;
- **Multi-services suppliers**, which offer services’ packages, covering one or more of the abovementioned areas;
- **Integrated services suppliers**, which offer services of all areas of activity.
- **FM companies** specialized in the management and coordination of sub-suppliers and they are able to deeply exploit synergies and the business potential. This class is not seen as the best solution but one of the possible ones because the outsourcing partner is only “managing the services” and outsources the delivery again. This leads to a situation where the outsourcing partner is doing the same as the internal department. An interesting question is how will do it better and more efficient [10].

(2) Evolution stages of the FM market

The time horizon to be considered includes the last 25 years and the development scheme is divided into the following stages:

- **Pre-emerging markets**, at the end of the 90’s appears single services supply, presenting poor professionalism not only in the demand-side but also supply-side of the market.
- **Emerging markets**, where single services supply appears during the second half of the 80’s and multi-services supply starts operating during the second half of the 90’s. Large-sized enterprises entrust their facility services to a small number of big FM operators, mainly foreign companies. Moreover, a high number of small and medium-sized suppliers prosper in the FM market, characterized by a
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low level of competition. Except for large-sized enterprises, outsourcing of facility services is not a widespread practice.

- **Developed markets**, where facility services supply operates since at least 20 years. Single services supply co-exists besides multi-services supply in the beginnings of 90’s. The FM market that in the 90’s started the privatization process of the state-owned companies place in this evolution stage. Outsourcing is continuously increasing and also the professionalism is growing.

- **Advanced markets**, where the integrated services supply starts operating in the second half of the 90’s and in the late decade the first Public Private Partnership projects are implemented. [10]

In order to have a clearer view of the model, in table 2 the evolution stages of the European FM markets can be observed:

Table 2.

<table>
<thead>
<tr>
<th>Single services suppliers</th>
<th>Multi-services suppliers</th>
<th>Integrated services suppliers</th>
<th>FM companies</th>
</tr>
</thead>
</table>

Advanced market

Developed market

Emerging market

Pre-emerging market

|-----|-----|-----|-----|-----|-----|

According to IFMA Italia, in table 3 the classification of the European countries can be observed:
As table 3 shows, the FM market in Spain is classified as an ‘emerging’ market. It has been growing at an average yearly rate of 10% between 2007 and 2009, when the world economic crisis began. However, it is still far from the development of the Northern European countries, such as the Netherlands or UK [11] [12].

The first services that were introduced and used for companies were the outsourcing of cleaning and maintenance, both in the second half of the 80’s. After this first approach, a decade later came the contracting out of services’ packages. Nowadays, integrated facility management (IFM) contracts start to operate. However, single service providers still outnumber IFM ones, probably, due to the fact that companies prefer to manage the core business in-house [12].

### 2.2 State of the FM discipline in Spain

According to David Martínez, Global director FMHouse, in Spain little Facility Management is executed, but the one is made is above average from other countries much more developed, such as UK, the Netherlands or USA. He states that in Spain, as it is so difficult to sell an idea, the product offered must be excellent in all ways [13]. Whatever it may be, there is a strong need for professional recognition among the Spanish facility managers. The changes are happening very slowly. Although technical and engineering skills are essential in the FM Department as well as the problem solving ability, low level professionals held usually the Facility Manager position, in terms of contract and salary schemes. Moreover, relational skills are given very little

<table>
<thead>
<tr>
<th>Evolution stages</th>
<th>European FM markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced markets</td>
<td>Denmark, Netherlands, United Kingdom</td>
</tr>
<tr>
<td>Developed markets</td>
<td>Austria, Belgium, Luxemburg, France, Germany, Ireland, Italy</td>
</tr>
<tr>
<td>Emerging markets</td>
<td>Portugal, Poland, Hungary, Czech Republic, Slovenia, Sweden, Finland, Bulgaria, Spain</td>
</tr>
<tr>
<td>Pre-emerging markets</td>
<td>Greece, Slovak, Romania, Estonia, Latvia, Lithuania, Cyprus, Malta</td>
</tr>
</tbody>
</table>
attention, notwithstanding the need for any Facility Manager to communicate and associate with the top management [12].

2.3 Demand-side

In order to make a proper analyze of the Spanish enterprises’ organizational structure concerning the facility services, a classification should be established between small and medium-sized companies, large-sized firms, and big groups:

- **Small and medium-sized** companies have neither a Facility Department nor a Facility Manager. What they do have is technical specialists referring to departments such as human resources, finances or procurement.
- **Large-sized** enterprises own internal staff in charge of the facility services and also some outsourcing levels.
- **Big groups** have either a company of the group that serves the whole corporation or a Business Unit [12].

The mentioned different levels of outsourcing in large-sized companies can be divided as follows:

- The majority of the facility services are managed and delivered in-house (with the exception of the cleaning service, which is outsourced in almost all cases).
- Most facility services are outsourced, but managed with internal personnel.
- The integrated management of all the facility services is outsourced to a unique provider, known as Integrated Facility Management (IFM) [12].

In large-sized companies, the Facility Management Department consists on average of 80 people, who manage all the department areas. As it has been previously mentioned, single service providers outnumber IFM contracts, that is to say, companies in Spain very rarely outsource all the facility services to one or more providers. According to EN 15221 the strategic and tactical management tasks have to stay in the demand side company. For this reason, enterprises usually manage these sorts of tasks in-house.
2.4 Outsourcing

Facility Management and Outsourcing are high related terms. When talking about FM, outsourcing has a big role in it. According to an Ernst & Young study, these are the main reasons why European companies (Spain represents the 14% of the companies surveyed) outsource their services, as in figure 3 can be observed:

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement in cost level or reduction</td>
<td>42%</td>
</tr>
<tr>
<td>Efficiency improvements</td>
<td>33%</td>
</tr>
<tr>
<td>Improved focus on core business</td>
<td>26%</td>
</tr>
<tr>
<td>Reduction in headcount objectives</td>
<td>24%</td>
</tr>
<tr>
<td>Access to specific knowledge, expertise and tools</td>
<td>23%</td>
</tr>
</tbody>
</table>

Fig. 3.
Most important reasons for outsourcing [14].

However, the risks of outsourcing should also be taken into account (see figure 4):

<table>
<thead>
<tr>
<th>Risk</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependency on external service provider</td>
<td>51%</td>
</tr>
<tr>
<td>Loss of control</td>
<td>43%</td>
</tr>
<tr>
<td>Impact on quality</td>
<td>35%</td>
</tr>
<tr>
<td>Loss of knowledge</td>
<td>29%</td>
</tr>
<tr>
<td>Loss of confidentiality</td>
<td>29%</td>
</tr>
</tbody>
</table>

Fig. 4.
Most important risks for outsourcing [14].

As in figure 4 can be observed, loss of confidentiality is mainly perceived as a risk by Spanish organizations. The perception of loss of confidentiality plays a role in the location of outsourcing. Graeme Butterworth, Leader of EY’s Center of Excellence Outsourcing Advisory, comments: “When organizations perceive confidentiality as a risk of outsourcing, they are less willing to outsource their services to another country”.

As is visible in figure 5, Spanish organizations outsource very little to nearshore and offshore locations. *Nearshore* refers to from another country in the same continent and
offshore from an offshore location, usually located in Asia, the Middle East, Africa or Latin America [14].

Fig. 5. Location of outsourced services per country [14].

2.5 Supply-side

Nowadays, there are very few IFM providers in the FM market in Spain and fewer ones sub-contracting all their tasks except the management. In chapter 2.1, a general classification of operators has been given but not in the particular Spanish case. Four types of operators can be identified:

- **Single services providers** are very numerous. Sectors of maintenance and cleaning services are fragmented and receive many small-sized enterprises.
- **Multi-services providers** are also numerous. They come from the construction and real estate sectors.
- **Design and architectural services providers**, specialized in space management services.
- **IFM providers** are normally international operators. On the other hand, the most important Spanish providers (Eulen and Clece) come from the soft services sector (cleaning and security) [12].
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The concentration process is still very slow in the FM Spanish Market. According to IFMA Italia, the total income of the top 20 companies (Table 4) is 53% of the whole outsourced market:

Table 4.
Top 20 FM companies of the Spanish market in 2008 (source IFMA Italia 2009) [12].

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Company</th>
<th>Revenue (million €)</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>In Spain</td>
<td>%</td>
</tr>
<tr>
<td>1</td>
<td>grupo Eulen</td>
<td>1,101.0</td>
<td>85%</td>
</tr>
<tr>
<td>2</td>
<td>Clece - grupo ACS</td>
<td>822.0</td>
<td>100%</td>
</tr>
<tr>
<td>3</td>
<td>Acciona Facility Services</td>
<td>651.0</td>
<td>84%</td>
</tr>
<tr>
<td>4</td>
<td>ISS (DK)</td>
<td>617.4</td>
<td>7%</td>
</tr>
<tr>
<td>5</td>
<td>MCI - grupo Ferrovial</td>
<td>592.3</td>
<td>100%</td>
</tr>
<tr>
<td>6</td>
<td>Dalkia (F)</td>
<td>317.0</td>
<td>4%</td>
</tr>
<tr>
<td>7</td>
<td>Concentra PS - grupo Alicesa</td>
<td>294.3</td>
<td>100%</td>
</tr>
<tr>
<td>8</td>
<td>Cofely (F)</td>
<td>208.2</td>
<td>3%</td>
</tr>
<tr>
<td>9</td>
<td>Sodexo (F)</td>
<td>149.0</td>
<td>1%</td>
</tr>
<tr>
<td>10</td>
<td>Agefired - Dalkia (F)</td>
<td>45.0</td>
<td>100%</td>
</tr>
<tr>
<td>11</td>
<td>Ageval - Dalkia (F)</td>
<td>30.0</td>
<td>100%</td>
</tr>
<tr>
<td>12</td>
<td>BNP Paribas RE (F)</td>
<td>20.5</td>
<td>4%</td>
</tr>
<tr>
<td>13</td>
<td>Giroc - Dalkia (F)</td>
<td>26.0</td>
<td>100%</td>
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In order to reduce fragmentation and saturation of the market, big providers tend to concentrate. Another fact is that captive enterprises usually acquire small-sized firms, so that they can increase their dimension. Furthermore, foreign providers acquire small operators focused on soft and maintenance services to enter in the Spanish market. The biggest FM companies mainly manage in the infrastructural, technical, and soft services areas. An interesting point is that the market is mainly dominated by domestic enterprises, although there are also important foreign firms in the top 20 such as ISS (Denmark) or Bilfinger Berger AG (Germany) nowadays known as Bilfinger SE [12].
2.6 Size of the FM market

Facility Management offer and service supply is so large that is difficult to provide a reliable turnover datum. Only the market value of maintenance service was 7.9 billion € in 2012, according to Business Development Knowledge (BDK).

According to a EuroFM study, the Facility Management volume of the market in Spain comes to 51 billion €. Moreover, the implementation of this discipline would suppose potential savings of 13 billion € (6 billion to the private sector and 7 billion to the public sector). According to Pedro García Carro, IFMA Spain vice-president, these savings would help a lot in the today crisis context, mainly in the public sector where cutbacks and savings are primordial. He also states that the real estate management department manages the second highest cost of any organization, after employee salaries. Taking this into account, and performing a professional and strategic management in the property and its services, it would suppose savings between 20% and 30% of the total costs itself. Furthermore, the annual net profit would increase between 6% and 9%.

Facility Management is also extending in other sectors. According to Jose María Gil, the Workplace Services director, the health-care sector has a big potential due to the hospitals structure and because of the increasing importance of non-sanitary support services inside hospitals [15].

2.7 Public sector market

According to Fernando Vázquez, the 3g office president, the public sector is approximately 15 years in delay comparing to the private sector. Although the difficult economic situation, they have performed a space optimization exercise. However, it appears to be very difficult to enter in the public sector, as politicians focus just on the four coming years. FM studies the building life in 25 or 30 years. Moreover, politicians are not interested in maintenance. Pedro García Carro adds that public contracting legislation obstructs the full performance of the service suppliers [15].

In May 2013, IFMA Spain and Alcobendas council signed the first collaboration agreement to work together on a hydroefficiency project in order to optimize the cost and management of the hydro resources through FM [16].
2.8 Outlook on the next years

Both demand-side and supply-side of the Spanish FM market are changing structurally. Outsourcing practice is increasingly adopted by clients; in the ‘80s cleaning and maintenance services were mainly outsourced and in the ‘90s signed the first multi-services contracts; today even management activities are outsourced, mainly in the insurance and banking sectors, due to its large amount of offices as mentioned in some points above. However, the definition of the demand of the primary activities regarding Facility Services and infrastructure, the sourcing and controlling of the provision will continue being carried out by the internal FM department.

Furthermore, while dimension of the Facility Department is being reduced, companies are giving more importance in it, because, as real estate portfolios are being reduced, the FM function is comparatively gaining in weight.

Professionalism is being increased in providers, particularly soft service suppliers are focusing on mergers and consolidation. Public-Private Partnership (PPP) projects practice started in 2005. Today around 20 projects are being carried out, mainly in the health-care sector and in the Madrid area (like Alcobendas), but also new projects will be launched in other municipalities, prisons, schools as well as health-care institutions.

Often PPP projects are headed by construction companies, as they satisfy dimensional and financial requirements. As they do not have the management skills needed to operate the buildings for the next 30 years, services’ management contracts to FM companies are delivered [12].

According to Pedro García Carro, FM implementation in public administration is one of the main objectives in the coming years. As mentioned before, public administration faces an economic crisis context and FM could represent the best solution [15].
3. FM volume market in main disciplines

3.1 Maintenance

The real estate maintenance sector invoiced in Spain in 2012 around 4.8 billion €, 0.2 billion € less than 2011, 4% less.

By business segment, although all invoice similar amounts, elevator maintenance has had the highest invoice followed by the industrial machinery maintenance, the electrical installation and lighting maintenance, and in last position HVAC (heating, ventilation and air conditioning) equipment.

The number of employees in this sector was around 150.000 in 2012, including those workers who were in charge in the maintenance of other type of installations besides buildings.

The number of companies in this sector was over 6,500 in 2012. Like in the number of employees, this number includes companies focused on the maintenance of other installations.

The majority of enterprises are small and medium-size; the 10 main companies represent approximately the 25% of the market share. Companies generally concentrate in Madrid and Catalonia provinces.

The increasing number of specialized firms in maintenance services combined with the cut spending policies of the companies, lead to a strong competence among these kinds of enterprises [17].

In figure 6, it can be observed the number of companies, number of employees, and invoice evolution in maintenance Spanish sector.

![Evolution of Maintenance sector in Spain](image)

Fig. 6.
Evolution of Maintenance sector in Spain [17].
3.2 Security

The private security sector invoice in Spain, particularly the vigilance, was over 2 billion €.

The number of employees in this sector was around 85,000 in 2011. The majority of private security enterprises were small or medium-size because 70% had less than 20 employees. In 2011, there were only four firms with more than 5,000 employees.

The number of companies in this sector was 1,492 in 2011, 443 of these were vigilance enterprises. The rest were, for instance, transportation, alarm systems, counseling, deposits etc.

The concentration of the enterprises is evident, as the five biggest companies in the sector represent more than 50% of the total invoice.

In Madrid, Catalonia, Andalucía, and Valencia communities exist the highest concentration of companies.

The main sectors that order vigilance services are industry and energy, financial and trade entities, closely followed by public administrations and transportation.

As figure 7 shows, there has been a decreasing tendency of the invoice due to cut spending policies of companies and public administrations [17].

![Fig. 7. Evolution of Security sector in Spain [17.]](image)

According to a survey carried out by IFMA Spain in February 2014, figure 8 illustrates how the Security services will develop in the next years.
Figure 9 shows how companies manage the risk assessment.

Fig. 9.
Risk assessment by the companies [17].
3.3 Real Estate

In 2012, the real estate offices asset in Spain was approximately 25 million m², with an estimated value of 55 billion €.

In Madrid and Barcelona exists the biggest concentration of offices, with an estimated stock of 13 million m² in Madrid and 6 million m² in Barcelona. The following are Valencia, Seville, Bilbao or Malaga.

The monthly average rent depends on the city and the area in the city of the building. Madrid and Barcelona have the most expensive monthly average rents, around 16 and 14 €/m² respectively, whereas the Spanish average is about 12 €/m².

In 2011, in cities such as Bilbao, Valencia, Seville or Malaga, the monthly average rents varied between 9 and 10 €/m².

The real estate clearance of offices in 2011 was approximately 12% in Madrid, 14% in Barcelona, 21% in Valencia and around 17% in Malaga or Seville. The Spanish average is 16%.

Due to high availability and low demand, the rents are decreasing as figure 10 shows [17].

![Fig. 10. Evolution of Real Estate sector in Spain [17].](image)

According to a survey carried out by IFMA Spain in January 2014, figure 11 illustrates the most important qualities (in order) a building office should have.
Figure 11. Most important qualities in building offices [17].

Figure 12 shows the tendency the new building offices will have according to the interviewed companies.

Figure 12. Tendency of the new building offices [17].

- Good communication and access
- Good image of the building
- Own building services
- Parking facility
- Variety of services in the surroundings

- The demanding space will decrease due to labor flexibility and telework implantation.
- More distinction will be searched with stamps, tags and accreditations of the property.
- Common services in the building will improve by the owner.
- More privative services will be offered to the tenants by the owner.
- Companies will tend to occupy peripheral areas instead of central due to lower cost.
3.4 Restoration

The restoration sector in Spain invoiced in 2012 approximately 3.15 billion €, 100 million € less than 2011.

Although there is a tendency outsourcing in companies, the invoicing in any of the segments was lower in 2012 than 2011.

The number of employees in 2012 in this sector was around 56,000. The average employee number per company is 59 employees and more than 75% of the enterprises have at least 100 employees in their organization.

In 2012, more than 950 firms worked in this sector, being the market share of the top 10 enterprises the 55% approximately.

Companies’ size varies depending on the segment where they operate. The biggest are restoration firms for transportation.

In any of the food segments, both number of employees and companies is decreasing, due to enterprises integration and the economic crisis.

Madrid and Catalonia are the communities where there are more companies, followed by Valencia Community, Basque Country and Andalusia [17].

Figure 13 shows the decreasing tendency of both number of companies and employees.

![Decreasing trend of restoration sector](image)

Fig. 13. Evolution of Restoration sector in Spain [17].

According to a survey carried out by IFMA Spain in October 2013, figure 14 illustrates what customers most appreciate with a restoration service.
Figure 15 illustrates the main benefits of having a collective restoration service in an enterprise.

1. Improves employees well-being
2. Improves company image
3. Helps labor conciliation
4. Improves productivity

Fig. 15. 
Main benefits of restoration services [17].
3.5 Cleaning

Cleaning sector in Spain invoiced in 2010 approximately 7 billion €. The number of employees in this sector was around 400,000 in 2010. The average number of employees per enterprise is 34 workers. According to some other sources in January 2011, 94% of the companies had at least 20 employees.

The number of firms in this sector was 23,770 in 2010, decreasing to 23,430 in 2011. The invoicing of the top 10 companies, which six of them belong to IFMA Spain, represents the 25% of the market share.

The majority of the firms are in Madrid, Catalonia, and Andalusia.

Due to the economic crisis, medium-sized companies tend to reduce and they are generally absorbed by the large-sized enterprises. However, small-sized companies from self-employment are increasing.

In order to satisfy customers demand, large-sized cleaning firms are also offering other services at the same time, such as maintenance or auxiliary services [17].

Figure 16 shows the decreasing tendency of number of enterprises, number of employees, and invoicing.

![Graph showing decreasing trend of enterprises, employees, and invoicing](image)

Fig. 16.
Evolution of cleaning sector in Spain [17].

According to a survey carried out by IFMA Spain in October 2013, figure 17 illustrates which are the main proposals that would lead to bigger savings in cleaning service.
Figure 17. Proposals with potential savings in cleaning services [17].

Figure 18 shows the mid-term tendency of the cleaning service in order of importance.

1. Cost reduction
2. Services integration
3. Contracting for results
4. Improvements in quality service
5. Other options

Fig. 18. Mid-term tendency of cleaning service [17].
4. Methodology

There are many aspects to consider before writing any Thesis. First of all, it is essential the author informs himself of the topic he is going to undertake. At this stage, in order to write this Thesis, it has been performed an extensive literature review, from looking for scientific papers at TU library to looking up information through Internet. Afterwards, by means of a persistent brainstorming, the main goals of this study have been determined. At the same time, some data from companies settled in Spain have been collected, so that the Thesis represents better the FM reality.

In order to collect the required data, three major research paradigms can be found: Quantitative Research Method, Qualitative Research Method and Mixed Research. Quantitative and qualitative methods both have particular weak points. So, it has been considered convenient to use the research method “Mixed Research”. This term is used to refer general type of research in which qualitative and quantitative research techniques, methods, and other paradigm characteristics are brought together in an overall study [18].

There are two major types of mixed research: Mixed Model Research and Mixed Method Research/Approach. In the Mixed Method Research quantitative questionnaires with qualitative data collection are combined e.g. individual interviews, focus groups, observations and action research. That is to say, in one phase of the study qualitative research paradigm is used and for the other phase of the study the researcher uses quantitative research paradigm. Therefore, performing this combination allows the researcher answering specific questions in a more proper way. It also allows the analyst to have a feedback with the interviewers and it may help to rephrase some questions or add more questions to make the survey even more efficient. On the other hand, there is the Mixed Model Research. In this type of mixed research, quantitative and qualitative approaches are also used. In this case, the survey contains rating scales (quantitative data collection) and open-ended questions (qualitative data collection) [16][17][18].

To have an overall view of the methodology, there are eight stages in the mixed research process, as shown in figure 19.
In this study, both Mixed Model Research and Mixed Method Research have been performed. To collect all the required data, a standardized questionnaire with up to 38 closed and opened questions has been used. First of all, the questionnaire was translated from German to English, and afterwards to Spanish. Performing the interviews in Spanish has enabled the fulfillment of the survey to be much faster and efficient. The survey has been divided into six main areas that are as follows:

1. **Organization**: This part focuses on the general organization and which role FM departments play in the company e.g existence of a FM department, hierarchy and main goals of FM department.

2. **Value added**: This part concentrates on parameters that determine how successful FM is for the company e.g savings, increases of productivity.

3. ** Outsourcing**: This division focuses on how the company outsources its main services e.g number of external service providers, fields of the external service providers, or type of contract the external service is applied.

4. **IT Support**: This part cares of the use of IT systems and software by enterprises e.g ERP and CAFM systems.

5. **Basic data of the company**: This part focuses on general information of the company e.g. type of industry, number of employees, or value of the property.

6. **Sustainability and CSR**: This division concentrates on, as its noun says, sustainability and which contribution FM can give.
The population for the survey has been the Top 500 companies (ranking is sales driven) in Spain, 23 of these have participated in the survey. These enterprises have been chosen randomly not only in terms of ranking but also in terms of type of industry. All companies that had been contacted were exported to a MS Excel sheet to have a clearer view of the number of enterprises studied. Interviewees have been the internal Facility Managers or the people responsible for all FM tasks according to the European Norm EN 15221-1. The tools used for the surveys have been phone and E-mail. All the phone interviews with the Facility Managers of the different companies have been carried out by one researcher. By this means, the data quality was more secured. These answers have been entered in a MS Access database and afterwards exported into Microsoft Excel in order to evaluate and analyze the data [18].

At the end, all results have been discussed and have helped to draw conclusions that will answer the research questions formulated in the beginning of this Thesis.
5. Results and analysis

This chapter will be divided into two parts: the first one will focus on the FM status quo in Spain displaying most of the results collected from the 23 surveyed companies. These results will be structured as follows: organization, outsourcing, IT support, basic data of the company, and sustainability and CSR. The second part will show a comparison between FM Spanish situation and some other European countries in the following topics: organization, outsourcing and IT support. At the same time, all these results will be discussed and analyzed.

5.1 FM status quo in Spain

5.1.1 Organization

To begin with, more than 80% of the companies have an own FM department, which explains that FM in companies in Spain begins to have an important presence. Figure 20 shows more clearly the results.

![Figure 20. Portion of companies with an own FM department.](image)

Another important variable is the number of employees that FM departments have. It is evident that FM departments are still quite small in terms of employees, as Figure 21 shows. Almost 70% of the FM departments do not have more than 10 members.
A positive aspect is that most of the FM departments are fully integrated in the organizational structure of the enterprises, as Figure 22 illustrates.

In the FM Spanish market, cost reduction, outsourcing, or cost transparency are some of the main objectives enterprises look for through the use of FM. It is remarkable that a 100% of the surveyed companies take cost reduction as an important objective. Figure 23 shows more precisely the strategies FM departments have.
Also interesting to analyze are the problems that companies have to face in the field of real estate/FM. In Spain, in almost 80% of the enterprises, the introduction of a new philosophy is a problem to be solved or improved. Other problems are shown in Figure 24.

Fig. 23.
Main goals FM departments have.

Fig. 24.
Biggest problems companies have in the field of FM.
The biggest cost driver in the field of real estate/FM is maintenance/repair in the case of Spain. However, there is not a big difference with the following cost drivers, such as technology, energy or realization. Figure 25 shows more clearly this information.

![Biggest cost drivers companies have in the field of FM.](image)

During this Thesis, it has been mentioned that FM enables companies to manage better their assets, so that they will be able to be more cost efficient and, as a consequence, obtain savings. Figure 26 illustrates the fields/services with the biggest savings through the use of FM (results expressed in companies’ percentage).

![Fields/services with the biggest savings through the use of FM.](image)
Another mentioned consequence of implementing FM is the increase of productivity. Maintenance and staff are the services with the biggest increase of productivity as Figure 27 shows (results expressed in companies’ percentage).

More than 50% of the companies obtain savings between 10 and 19% and almost a 30% savings between 20 and 29% through the use of FM. These numbers not only indicate that FM is successfully performed, but also that it is helping firms to have bigger profits and be more competitive. Figure 28 shows the data.
5.1.2 Outsourcing

As it has been previously observed in Figure 23, outsourcing is one of the main strategies FM departments have. Therefore, the analysis of this parameter will lead to more useful information. As Figure 29 shows, most of the companies retain between 3 and 10 external service providers. Contracting 1 or 2 providers seems to be quite unusual.

A very remarkable fact is that the top companies in Spain tend to outsource their services quite a lot. All the surveyed enterprises carry out at least 50% of their services. Figure 30 illustrates more precisely this information.
There are plenty of different services that can be outsourced. In this case, cleaning and maintenance are the most outsourced services with a 100% of the companies. Figure 31 shows more accurately the areas of outsourcing. It can also be observed that the outsourced services belong to support services.

![Areas of outsourcing](image)

In order to perform a good outsourcing policy, it is essential to choose the better provider as possible. The reasons for choosing one provider or another are displayed in Figure 32. It is remarkable that the most important reason is the price-performance ratio followed by an active service provision. Some people would say that price is the main characteristic companies search when contracting an external service provider. The reality shows that it is not even in the top 5 reasons.
5.1.3 IT support

Another variable that is highly linked to FM is Information Technology (IT). Two IT systems that are used to support FM and Real Estate processes are CAFM-systems and ERP-systems. CAFM (Computer Aided Facility Management) is a high-tech tool used by facility professionals to track and manage virtually any facility-related asset. ERP (Enterprise Resource Planning) is a business software system that enables companies to share common data and activities throughout the entire enterprise, automate and integrate the critical parts of its business processes and generate and access information in real-time environment. Figure 33 shows that a little bit more than a 50% of the surveyed companies use a CAFM system [21].
There are huge amount of processes that can be covered with a CAFM system. However, there are some that are more common than others. The CAFM systems are widely used for maintenance, space management, cleaning management or application planning among others. Figure 34 shows all the different applications covered with these systems.

![Fig. 34. Processes that are covered with the CAFM system.](image)

Another interesting fact are the reasons for implementing a CAFM system. They may slightly differ from the FM primarily strategies, thus it is important to observe the results shown in Figure 35, where all reasons are precisely displayed. It is remarkable that reduce complexity is one of the main reasons when implementing a CAFM system.
A large portion of companies use an ERP system, more specifically, 89% of the surveyed enterprises utilize an ERP system as Figure 36 shows.

Like CAFM systems, ERP systems enable organizations to control a wide range of different business processes. In Spain, cost accounting and financial accounting are the main processes covered by the companies that use an ERP system. However, there are many other processes that are controlled with these systems. Figure 37 shows more accurately all these covered business processes.
It is remarkable that the main reason for implementing a CAFM system and an ERP system is the same, reduce complexity. It seems clear that “make things easier” is a big reason for top companies in Spain when implementing any IT system. Figure 38 gives a clearer view of the main reasons for implementing an ERP system.

Fig. 37.
Business processes covered with the ERP system.

Fig. 38.
Reasons for implementing an ERP system.
5.1.4 Basic data of the company

A total of 23 companies of the Top 500 (ranking sales driven) have participated in this study. As mentioned in previous chapters, these organizations have been chosen randomly. Consumer goods has been the industry with most participation, closely followed by chemistry, industry, and banking. Figure 39 shows all the different industries that the interviewed enterprises belong to.

Bearing in mind the participant companies are in the Top 500, their organization will probably have a big number of employees. Figure 40 corroborates this showing that more than 80% of the surveyed firms have more than a 1000 employees within their organization.
5.1.5 Sustainability and CSR

Sustainability and CSR (Corporate Social Responsibility) are topics that must be taken into account when analyzing FM. Figure 41 shows the importance that FM has for the CSR of the company. In only 30% of the companies, FM is considered important for the CSR of the enterprise. This number reveals that more work has to be done in order to give FM a more important role within the organization.

Fig. 41.
Importance of FM for the CSR of the company.
However, around 70% of the firms have a CSR annual report or some other publications on CSR. Figure 42 illustrates these results.

A key performance indicator is how satisfied are facility managers with the success of FM. Figure 43 shows that almost 60% of facility managers would rate the FM performance as successful or very successful. These results clearly indicate that FM has already been established in the Spanish market; notwithstanding there is still a lot of work to do.
5.2 FM Spanish market compared to other European countries

As it has been previously mentioned, this chapter will focus on comparing FM Spanish status quo with other European countries, displaying similarities and differences. By this means, readers will have a wider view of the FM situation in Spain and in Europe.

5.2.1 Organization

As it has been mentioned in the previous chapter, more than 80% of the companies in Spain have an own FM department. Although this fact may suggest a very high FM settlement at enterprises in Spain, in Austria this portion is even higher with almost 90% of the companies. Figure 44 shows data of other European countries such as Germany, Bulgaria, and Romania.

As mentioned in the previous chapter, most of the FM departments do not have plenty of employees in it. Looking at Figure 45, it can be observed that Austrian and Spanish results are rather similar, whereas in Germany and Romania the FM departments tend to have more employees.

Fig. 44.
Portion of companies with an own FM department by country and year [18].
In the case of Spain, FM departments hold a more important role, in terms of hierarchy, than other countries like Austria, Germany, or Romania. Figure 46 shows more precisely the hierarchic level FM departments have in the company.

Fig. 45.
Number of employees within the FM departments by country and year [18].

Fig. 46.
Hierarchic level of FM department in different European countries [18].
The strategies of the FM department slightly vary from one country to another. One significant difference is that Austria gives more importance to stability of value than in Spain or Romania. Another remarkable difference is that sustainability is much less important for Romania than for Austria or Spain. In spite of all these differences, it can be seen in Figure 47 that these countries have similar aims.

![Figure 47](image1)

Fig. 47.
Strategies of the FM department in Spain, Austria, and Romania [18].

A much bigger difference can be observed in the cost drivers. There are some similarities but it is more common to see differences among Austria, Romania, and Spain. Figure 48 shows the biggest cost drivers companies have in real estate/FM field.

![Figure 48](image2)

Fig. 48.
Biggest cost drivers of companies in the field of FM in Spain, Austria, and Romania [18].
As it has been previously observed, cost reduction is one of the main objectives when implementing FM within a company. This cost reduction leads to savings that Figure 49 shows. The annual savings through the use of FM in Spain, Austria, and Romania are quite similar. The most common annual savings are between 10 and 19% in all cases. This fact suggests that FM in Spain is performed with a similar success than in other European countries, such as Austria and Romania.

![Annual savings through the use of FM in Spain, Austria, and Romania](image)

**Fig. 49.** Annual savings through the use of FM in Spain, Austria, and Romania [18].

### 5.2.2 Outsourcing

In the previous chapter, it has been observed that outsourcing is an important management approach used by FM departments in Spain. However, it is convenient to compare it with other European countries in order to better assess its performance. Figure 50 shows the number of external service providers retained by companies in Romania, Austria, Bulgaria, and Spain. There are slight differences between them but not very significant. In Romania there is a higher portion of companies that only contract 1 or 2 external service providers. Also remarkable is that enterprises in Austria tend to retain more external service providers than Spain or Romania.
Facility Management market in Spain

Figure 51 illustrates the outsourcing areas where companies retain their external service providers. This figure confirms that enterprises in Spain tend to outsource more their services than other countries, in this case Austria and Romania. This is probably explained due to the economic crisis that Spanish market dramatically suffered in the last years. Unfortunately, in this crisis context, plenty of companies opted to outsource part of their services in order to reduce costs. As a result, not only multinational companies but also small and medium-sized enterprises are increasingly outsourcing their services. However, there are some remarkable similarities, for instance, cleaning and technical maintenance are one of the main outsourced areas for all these countries. Also interesting is that winter service is hardly outsourced in Spain, whereas in Austria is the second most outsourced service [22].
5.2.3 IT support

It will be also interesting to compare the IT support used in Spain from other countries like Austria or Romania. Figure 52 shows that there are some differences between these countries in the portion of companies using a CAFM system. Spain is the country with a higher portion of enterprises with a CAFM system with a 56%. Besides increasing productivity, implementing a CAFM system entails more cost drivers, because of the need to collect and maintain data. As it was observed in Figure 48, collecting data for Austria is an important cost driver, whereas in Spain is not. This may explain why companies in Spain tend to keep using CAFM systems in a higher portion, as it does not represent a threatening cost [21].

There are significant differences in the reasons for implementing a CAFM system between Austria, Romania, and Spain. However, there is not an evident pattern in the results as Figure 53 shows.

![Figure 52. Portion of companies with a CAFM system in Austria, Romania, and Spain [18].](image-url)
The portion of firms with an ERP system is quite similar from one country to another. Spain, with an 89% of the companies, is the country with a higher portion of companies using an ERP system, followed by Romania and Austria. Figure 54 shows the results more clearly. Figure 52 and 54 suggests that, as well as in Austria and Romania, most of the surveyed companies in Spain use standard software (ERP) rather than graphics-oriented (CAFM) to cover FM processes and functions.

Fig. 53.
Reasons for implementing a CAFM system in Austria, Romania, and Spain [18].

Fig. 54.
Portion of enterprises with an ERP system [18].
There are significant differences in the reasons for implementing an ERP system among countries. Figure 55 shows more precisely the results. As happened before, there is not an evident pattern in the results.

![Diagram showing reasons for implementing an ERP system](image)

Fig. 55.
Reasons companies have for implementing an ERP system [18].
6 Conclusions

At the beginning of this Thesis, some objectives were defined in order to perform this study and to set more precisely the scope of the Thesis. Moreover, some research questions were formulated in order to receive explanations that answered these questions as much complete as possible. After having investigated and analyzed the FM market in Spain, both theoretically and empirically, it is the ideal moment to assess whether the goals have been accomplished or not.

The first objective was to know the value added FM provides to companies in Spain. Throughout this entire Thesis, many benefits from implementing FM in an enterprise have been seen, such as increase of productivity or important annual savings. In business terms, these two factors are regarded as key performance indicators. That is why, at first glance, FM provides important benefits to any company that implements it.

Another important aim was to determine the FM status quo in Spain, firstly focused on qualitative terms and afterwards, focused on data analysis. This objective has been fully fulfilled. At the first part of the Thesis, there is more qualitative data about the FM Spanish situation. FM in Spain appears to be in a growing and development phase, so that, there is still a long way to go; it is considered as an emerging market. There is still quite a big distance from the top European countries, such as the Netherlands or UK. However, the market volume that represents the real estate/FM field is quite remarkable. At the second part of the Thesis, there has been all the data analysis from the interviewed enterprises. This analysis has revealed that FM in Spain, at least in the top companies, begins to play an important role in the market. Moreover, the big FM growth in the last years permits professionals to be optimistic for the future.

The last but not least objective was to compare the FM Spanish status quo with other European countries through the data analysis. Although it has been compared to few countries, especially Austria and Romania, this comparison has been useful to set a reference and to assess more strictly the FM Spanish market. As Austria is considered to be a developed market of FM, comparing the results with this country is a good reference point. In terms of organization, FM Spanish market is still a little bit behind Austria or Germany as it has a lower portion of companies that have an own FM department. The annual savings seem to be very similar and it makes difficult to assess
whether the FM Spanish market is more successful or not. In outsourcing, companies in Spain appear to be much acquainted in outsourcing their services, even more than Austria. In IT support, the results shown make difficult to claim whether the FM in Spain is more successful or not. The overall results suggest that FM in Spain is being successful, but it is convenient to remember that these results have been taken from the top companies. One of the FM Spanish weak points is the lack of FM settlement in small and medium-sized companies and also in public administration.

Before finishing this study, it is convenient to remember the research questions formulated at the beginning. Although these questions have been deeply answered throughout the Thesis, in this chapter summarized answers of them will be given.

“What do enterprises in Spain want to accomplish with the use of FM?”

FM offers plenty of advantages but the main strategies undertaken by companies in Spain are cost reduction, outsourcing, flexibility through the internal team, and cost transparency.

“How big is the annual saving potential through the use of FM in Spain?”

Most of the enterprises obtain annual saving through the use of FM. More than 80% of the companies have annual savings over 10%; meaningful results.

“How important is outsourcing for companies in Spain and which are the most outsourced services?”

Outsourcing, as mentioned before, is one of the main strategies FM has and the results confirm this fact. A very remarkable fact is that all surveyed companies outsource at least 50% of their services, being cleaning and maintenance the most outsourced services. So, nowadays outsourcing is definitely important for enterprises in Spain, although the facility demand and services should always be managed by the internal FM department.

“How different is the performance of FM in Spain from other European countries?”

The FM performance in Spain compared to other European countries is definitely successful. FM Spanish market presents competitive results in terms of annual savings
and increase of productivity among others. However, small, medium-sized companies, and public administration are still far of the top level of other European countries.

More research in this field has to be done in order to check the FM Spanish market progress throughout the next years.

8. REFERENCES


