

facilities management

FIVE MINUTES WITH...

Abdulrahman Al Tanaiji,
FM director, DuServe p48



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Kingdom Rising

fmME REACHES OUT TO MOUNIR BENSEGUENI, HEAD OF BUSINESS DEVELOPMENT FOR OCS AND RICHARD NAYLOR, CHIEF EXECUTIVE OF UGL SERVICES (DTZ FM), TO DISCUSS THE RISING INTEREST IN SAUDI ARABIA'S FM MARKET AND THE CHALLENGES THAT REMAIN

Just as 2014 drew to a close, two high-profile joint ventures were announced almost back-to-back in the FM market of Saudi Arabia. The first to launch was Interserve Rezayat, formed from a partnership between UK's Interserve and Saudi Arabia's Rezayat Group. Publicised during a signing ceremony at the British Embassy in Riyadh, the company is expected to offer general support services consisting of technical maintenance and operations management.

The second announcement came from another UK-based FM provider, OCS Group, which entered into an agreement with the kingdom's Zahid Group, to establish a joint venture, OCS Arabia.

"The entry into the Saudi market will open up a host of exciting possibilities with one of the fastest growing economies with significant capacity for future infrastructure spending," comments Mounir Beneguani, head of business development for OCS.

Headquartered in the King Abdullah Economic City, a port facility and development zone, OCS Arabia will deliver a number of strategic services including inventory and audit, MEP maintenance, general and specialised cleaning, and property management. According to Bensegueni, "health and safety, as well as sustainability," will play a critical part of OCS Arabia's approach to its service.

The new company joins the group's portfolio as its third joint venture into the Middle East. Along with OCS Emirates, formed in 2014 in collaboration with United Technical Services in the UAE, and OCS Qatar, launched in 2012 with Qatar's Tadmur Group, OCS Arabia is poised to service a number of industries, such as aviation, healthcare, education and retail.

"By uniting the best of the three JV's, we will pave the way for a regional service offering and provide a one-stop shop solution capable of meeting customers facilities management needs, using a single source of supply across the GCC," explains Bensegueni.

According to the head of business development, OCS' venture into Saudi Arabia aims to take advantage of upcoming infrastructure projects. Citing a figure as reported during the Saudi FM Summit Jeddah in 2011, Bensegueni expects the nation's facility management market to be worth over \$2bn in 2015. It's his belief that the rising demand for facilities such as office complexes, retail centres, schools, and hospitals, will undoubtedly call for a higher-level of FM services that can adapt across "multiple industry sectors."

It was therefore critical for OCS to establish ties with a national partner that possessed invaluable experience working across a variety of industries. Zahid was identified as the clear choice, because of the group's diverse range of companies and operations in over 14 different industries.

"By combining Zahid Group's local knowledge and OCS's regional and international expertise, our partnership will assist us offer the full range of our 90 plus world-class services to the Saudi market," says Bensegueni.

Bensegueni admits

however, that the joint venture is not without its challenges. For the veteran who has worked in the region's FM industry for last 17 years, the key to the kingdom's market is "about commitment and the respect of the local culture and trend." In his experience, sophisticated standards and technolo-

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MOUNIR BENSEGUENI

gies alone will not necessarily guarantee a foot through the door.

"Facilities management is not new to the Saudi Market, but it is still undeveloped in comparison to Europe

in general and the United Kingdom, in particular where OCS Group is headquartered," explains Bensegueni.

"Given the limited knowledge of this service in



Richard Naylor
Chief executive of UGL
Services (DTZ FM)



Joint Venture
OCS Group and Zahid Group announced the new joint venture in December 2014.

“ IF YOU’VE GOT A HIGH LEVEL OF SOPHISTICATION IN NEW DEVELOPMENTS, IT IS GOING TO DRIVE THE REQUIREMENT FOR A SOPHISTICATED FACILITIES MANAGEMENT APPROACH. ”

RICHARD NAYLOR

its genuine sense, it will be obviously a challenge to push the service through the barrier of local trend and common practices,” he adds.

It is a sentiment shared by Richard Naylor, chief executive of UGL Services, a FM provider in the midst of rebranding its name to DTZ FM. One of the first western FM providers in the nation’s market, UGL’s entry into Saudi Arabia was a rocky one. Transferring over from the much more experienced FM market of the UAE, Naylor and his team came into an undeveloped industry that was, for the most part, unfamiliar with the value and expectations of high-quality facilities management services. To a certain degree, the same still holds true today.

“It is certainly an immature market, still predominately occupied by low-cost owning companies. Still very price driven and cost-sensitive,” asserts Naylor, who adds that pure integrated facilities management contracts make up only 5% of the overall published size of the kingdom’s FM market. The rest are input-based operations and maintenance contracts, typically historical agreements that persist in the kingdom.

Despite the challenges, the nation’s FM industry holds great promise. In the four years UGL has been present, Naylor has seen “encouraging signs of growing awareness of FM.” Commenting on the year-end announcements of the new joint ventures, he believes both developments will have a positive effect

for the FM market, both in Saudi Arabia and across the region.

“I think the upside of having more people here, which of course creates more competition, helps to raise the awareness of facilities management in the region,” he says.

While a great indicator that the nation’s market is poised for an evolution of sorts, Naylor is adamant that in order for the industry to truly turn a page in the country, a number of traditional business practices have to be shed.

Entering the market in 2011, UGL faced an uphill battle to gain a foothold into Saudi Arabia. Lengthy bureaucratic processes delayed the establishment of the business. An issue still faced today by newcomers, the chief executive explains that it takes most starting ventures take roughly six to nine months to get set up. During that time it is also difficult to grow as restrictions don’t allow for applications for foreign workers.

Another challenge arose when UGL reached out to identify a reliable supply chain. The company found that the



→ **Nationalisation**

It has been challenging to get nationals involved in FM, as candidates are few and far between, and often lack the experience and expertise for the industry.

market immaturity didn't end with the Tier-1 providers. Supply vendors typically didn't store quality supplies. There was also a general lack of awareness amongst suppliers on trade practices that are commonplace in western markets. In many cases, suppliers were unfamiliar with the nature of framework agreements or even the concept of a preferred supplier agreement. The need to educate and raise awareness became a necessity for early-Saudi FM providers in order to secure the right supplies in order to service the market.

UGL also faced problems when it came to staffing, a common issue amongst FM operators in Saudi Arabia. Whether it is attracting Western talent or identifying the right skillset in the local population, recruitment remains a persistent challenge in the country.

On the one hand, he finds that FM providers struggle to attract foreign workers who remain wary of what they perceive as restrictive environment with cultural sensitivities to navigate. Furthermore, workers with families will often look into alternative choices, such as the UAE and Qatar, before even considering work in the kingdom. Attracting locals is no easy feat either.

"It's difficult to attract Saudis into the industry. It is not seen as a glamorous industry at the moment," explains

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Naylor, adding there is a general lack of awareness on the concept of facilities management.

While UGL does boast roughly 18% of nationalisation its workforce, the search for fresh local talent is always a daunting affair. Finding a candidate who is enthusiastic on joining the industry is a rarity, but even rarer still is the one who possess the right skillset. With no formal FM training courses available in the country and a general lack of experience, few of those who apply are even qualified.

Looking to the future of the market, Naylor believes there is certainly a bright future ahead. In the past four years, he has seen plenty of advances



→ **Beneguent:**

The entry into the Saudi Market will open up a host of exciting possibilities.

in Saudi's FM market. Hurdles remain aplenty however, and in order to reach the competitive level expected at a global level, the nation will have to let go of some of its old business practices

"I think the traditional approach, which has been accepted in the country, clearly cannot continue. If you've got a high level of sophistication in new developments, it is going to drive the requirement for a sophisticated facilities management approach," asserts Naylor.

"By default, it is going to force the owners and the developers to look for a better approach to maintenance. I think that will help grow FM in the country and grow the awareness of the benefits of FM and investing in your assets." ■