

The background of the slide is a night-time photograph of a city skyline. A prominent skyscraper in the center-right is illuminated with blue and white lights, with the 'SIEMENS' logo visible on its upper floors. Other buildings and city lights are visible in the background, creating a vibrant urban scene.

**SIEMENS**

IFMA - Workplace & FM Asia Summit, Siemens & DBEST

**1+1+1 = >3**

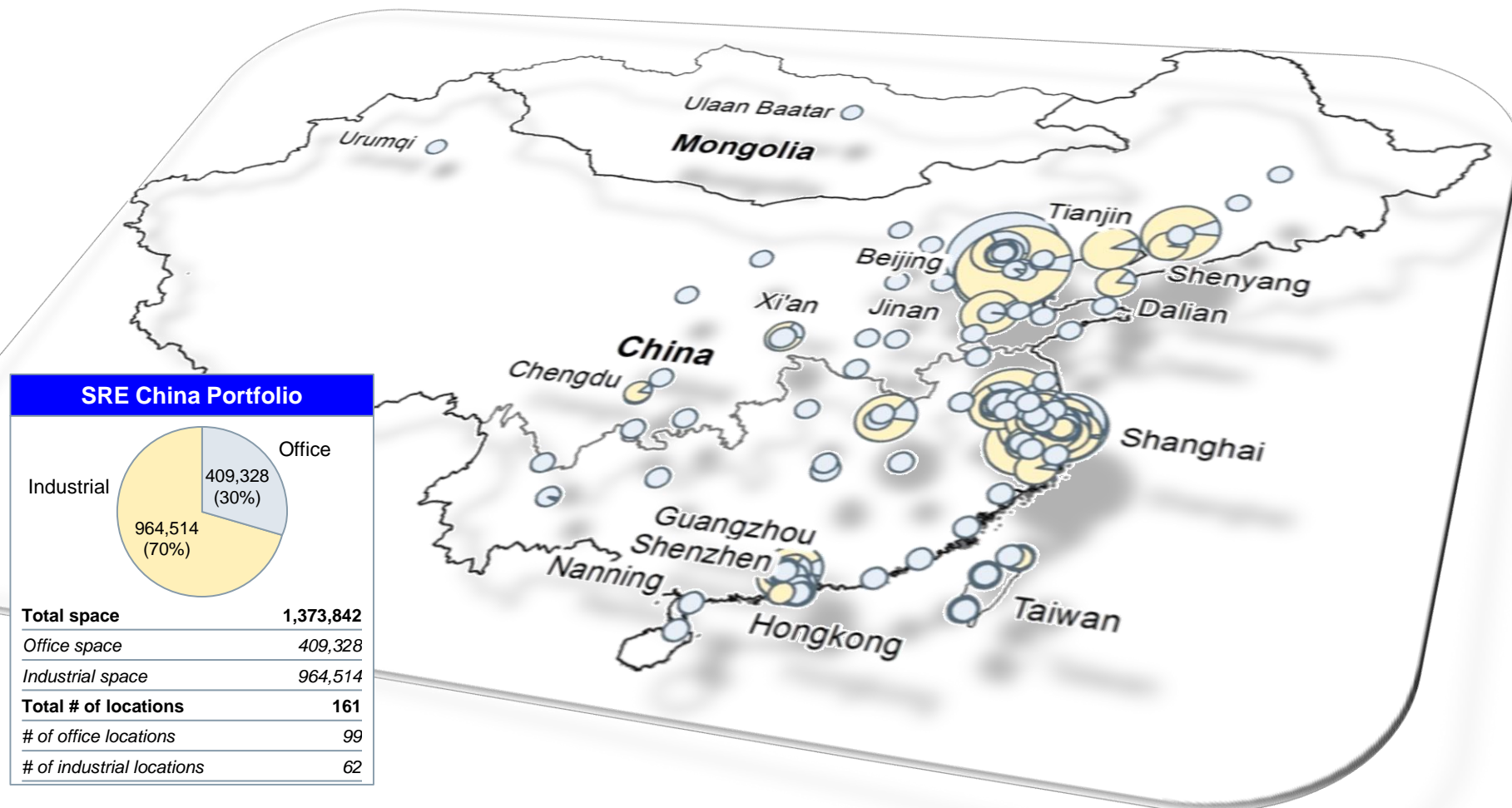
**Modern Facility Management beyond the  
Horizon of In-Sourcing or Out-Sourcing**

# Martin Ecknig, Lukas Funk



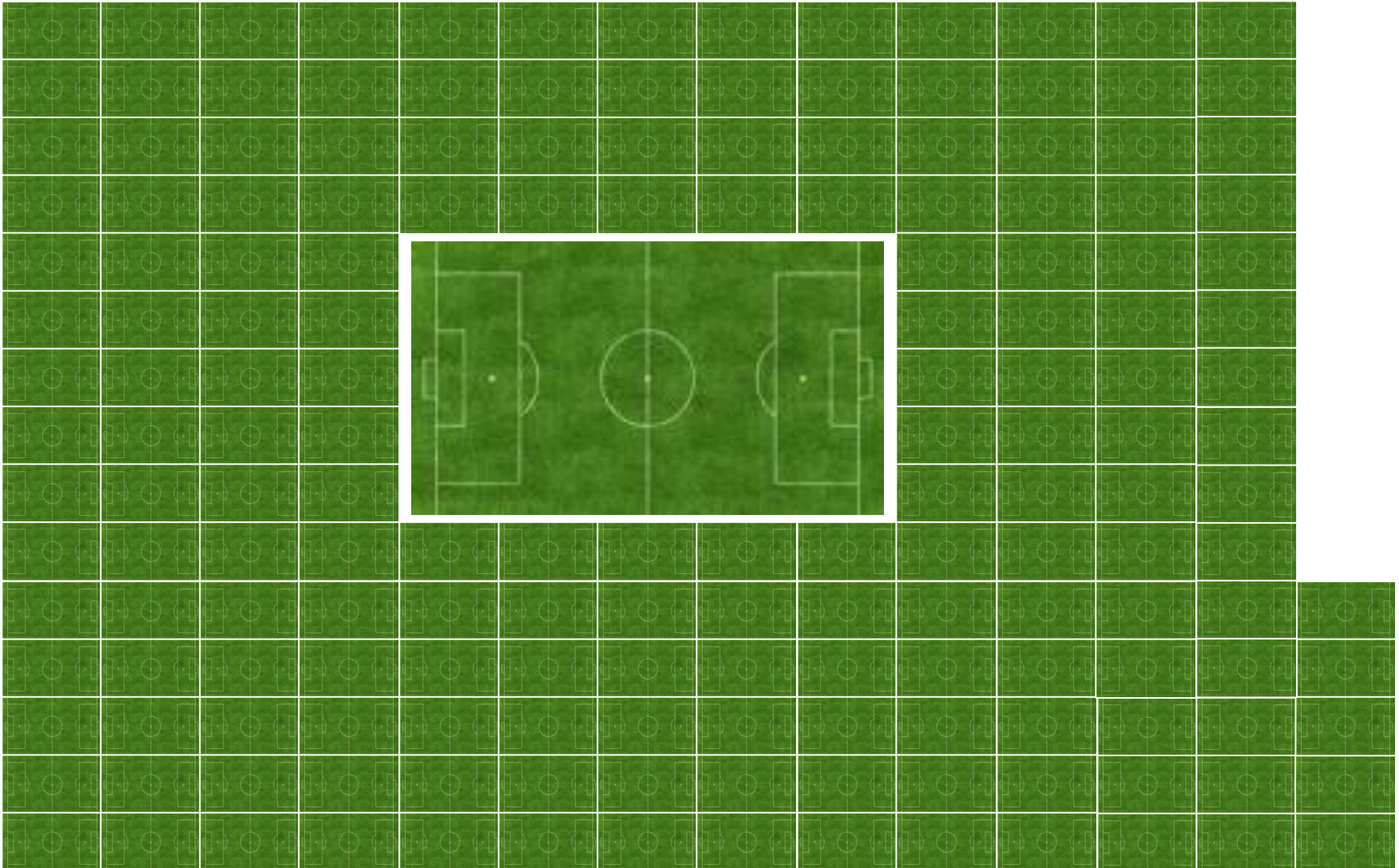
# Siemens Real Estate manages 1.37 mill sqm at 161 Locations across China

## Overview of SRE portfolio in China (m<sup>2</sup>)





# Siemens Real Estate manages 1.37 mill sqm – this equals 177 standard soccer fields



# Siemens Real Estate – a corporate Full-Services Provider with P&L responsibility



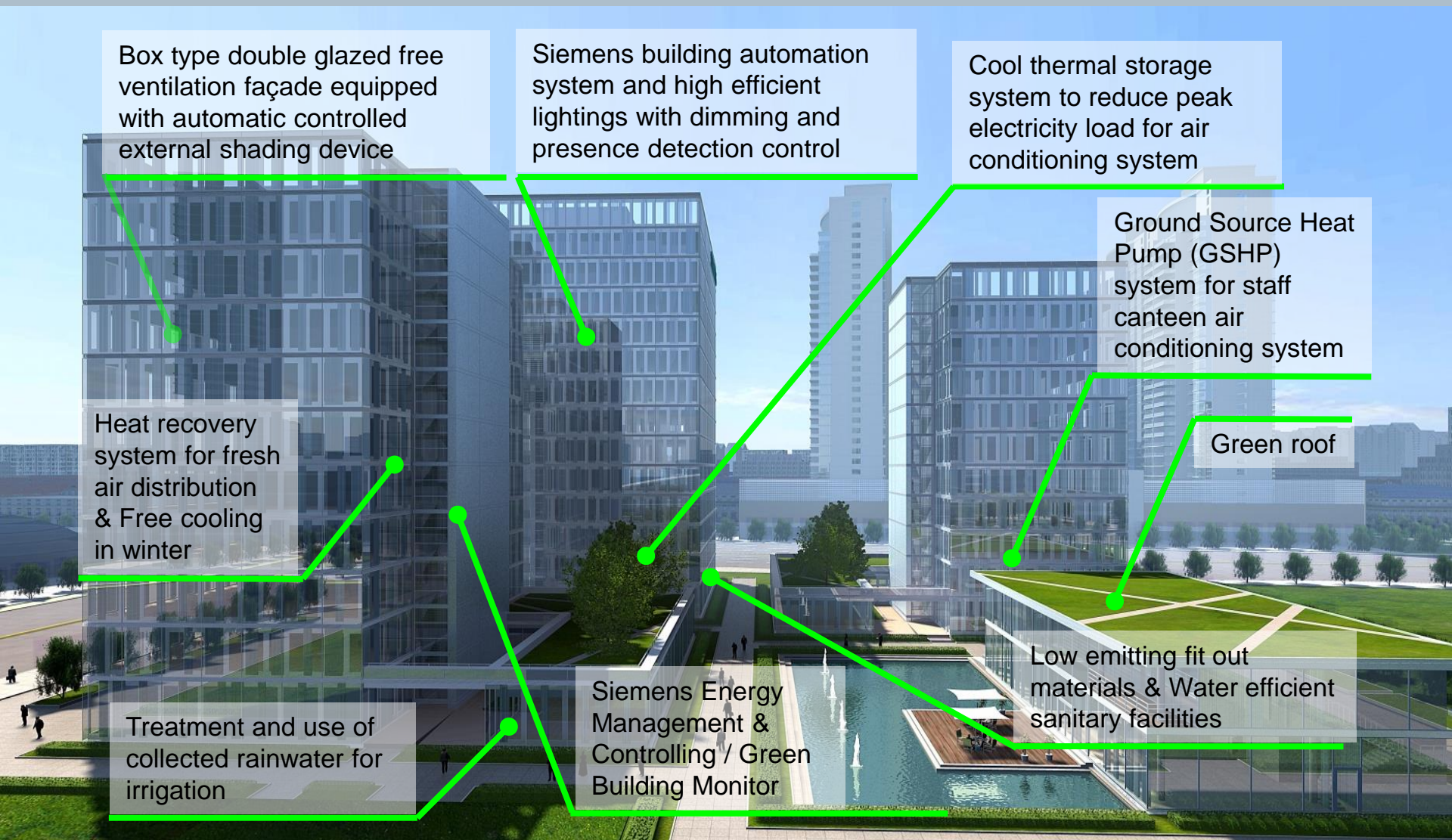
# We go for highest Sustainability



*Since 2006, Siemens Real Estate has been aiming for certification of all new Siemens buildings according to the sustainability standard "LEED".*

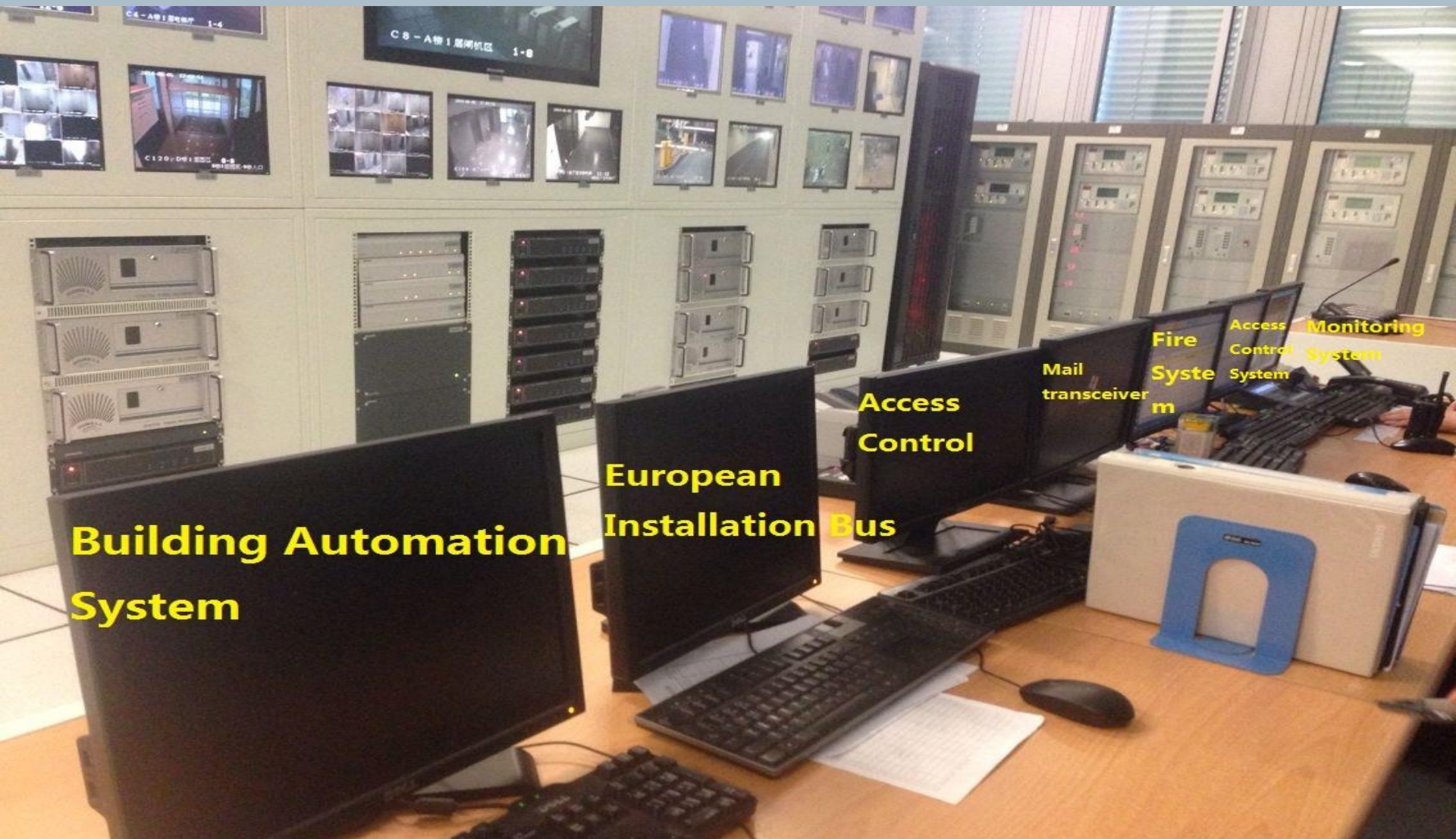


# Sustainability needs Intelligent Buildings – Example: Siemens Center Shanghai



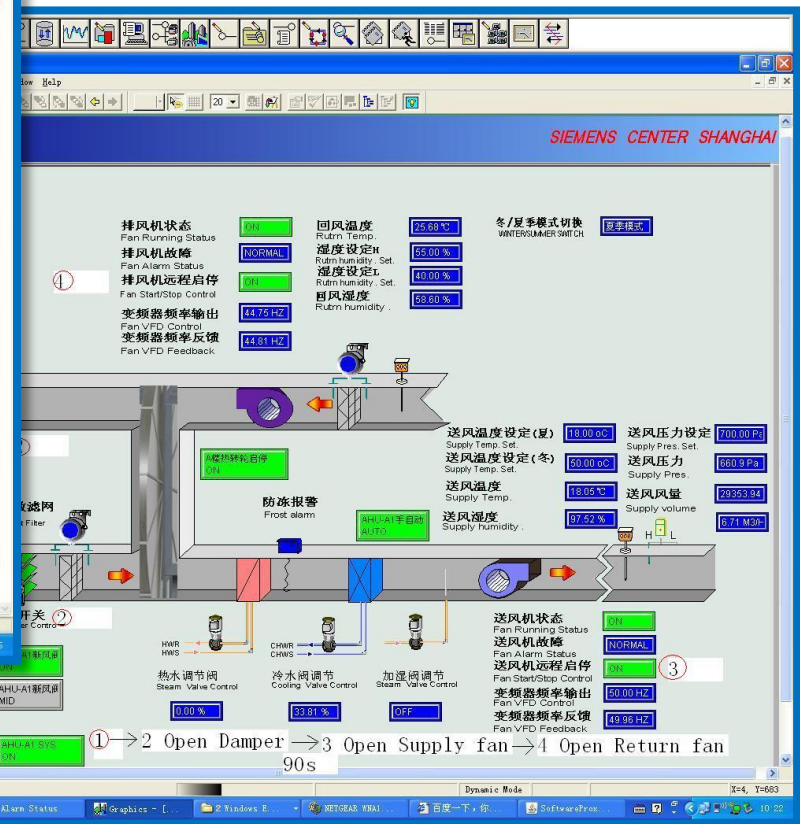
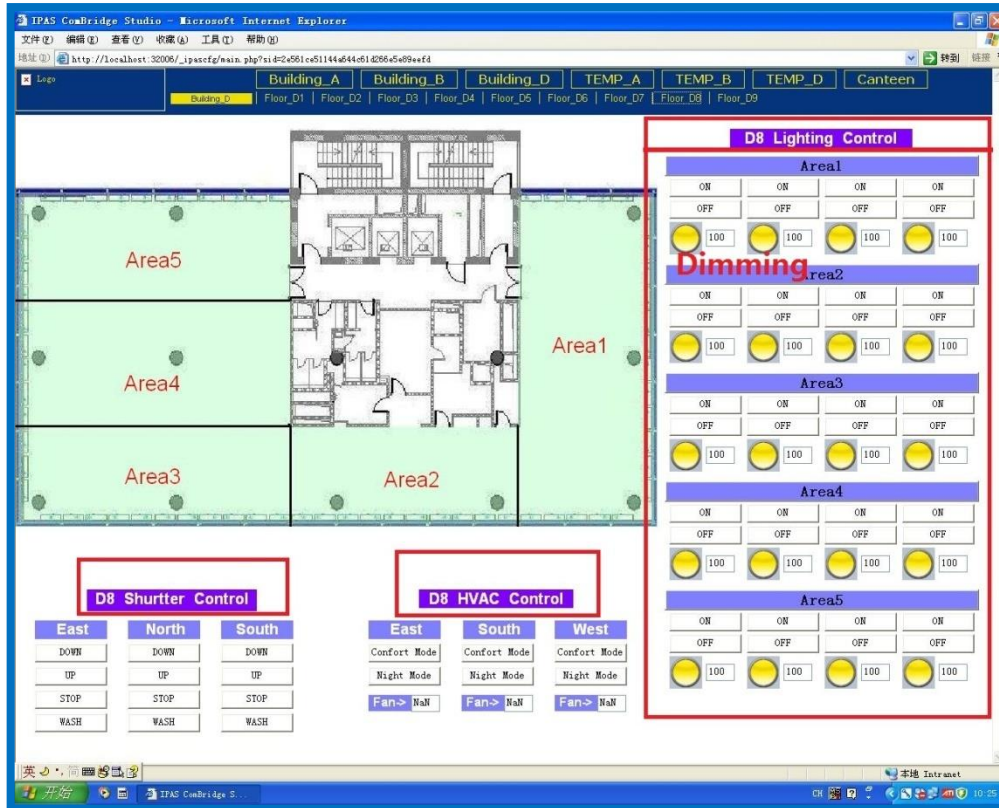


# Sustainability needs Intelligent Buildings – *Fully Automated*





# Sustainability needs Intelligent Buildings – e.g. in Light, Air, and Temperature Control



# Intelligent Buildings need extended Expertise in Facility Management

To cover Siemens China footprint, we needed to explore a long-term solution of a standardized, flexible, professional & high quality FM service.

We were looking for a solution providing FM services with:

- Quality Improvements
- Business focus on delivering quality
- Cost transparency
- Capability development via know-how transfer
- Performance monitoring & measurement
- Continuous Improvement Processes

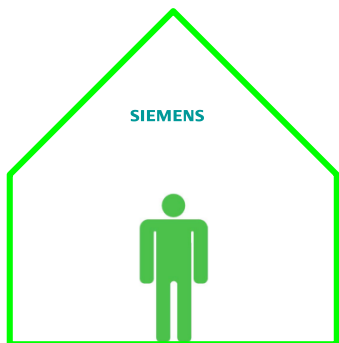




# The “normal” question – Make or Buy?

## Option 1 Do it by yourself

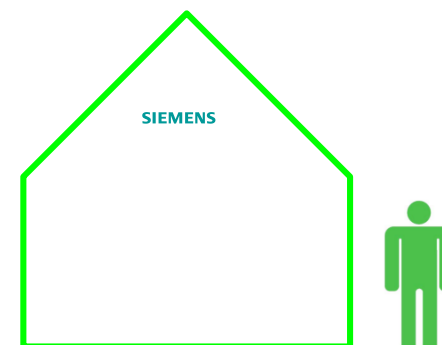
### In-Sourcing



- Build up manpower
- Not core-business

## Option 2 Find a suitable Vendor

### Out-Sourcing



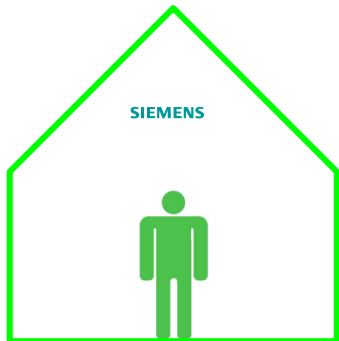
- Lack of available expertise
- Risk / lost of control
- Constant involvement required

Make or Buy ?

# We took the “3<sup>rd</sup> Way” to guarantee Hard Service in high quality

## Option 1 Do it by yourself

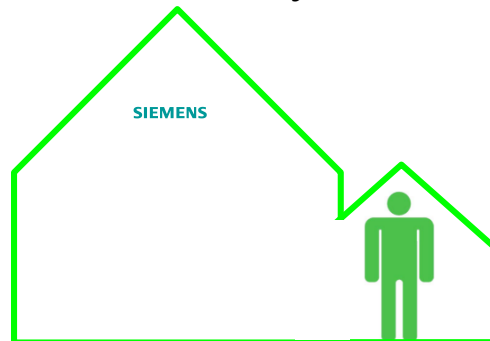
### In-Sourcing



- Build up manpower
- Not core-business

## Option 3 “Create” a suitable Vendor and be part of it

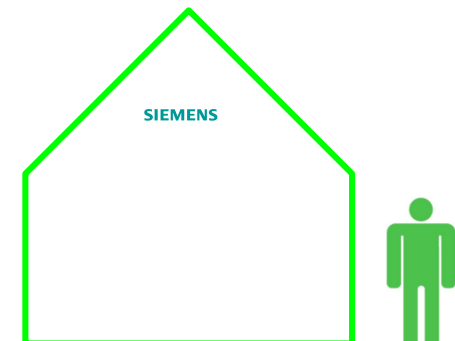
### The “3<sup>rd</sup> Way”



- Lay base for self-sufficient enterprise
- Transfer expertise
- Create Win-Win-Partnership

## Option 2 Find a suitable Vendor

### Out-Sourcing



- Lack of available expertise
- Risk / lost of control
- Constant involvement required



# Going the “3<sup>rd</sup> Way” to ensure best-in-class Facility Management at market adequate costs

Joint venture of three partners with complementary strengths & heritage

$$1 + 1 + 1 = >3$$



HSG FACILITY  
MANAGEMENT



SIEMENS



From first idea to “go-live” in less than 2 years

**Exploratory Talks**  
June 2012

**1<sup>st</sup> Workshop**  
Sept 2012

**Letter of Intent**  
June 2013

**MOFCOM appr.**  
Oct 2013

**Business License**  
Feb 2014

**Go-Live**  
March 2014

## Joint Venture started on March 1<sup>st</sup> 2014

Focus on rapidly growing FM market in China

Phased approach:

- **Siemens** office portfolio
- **Siemens** pilot industrial sites including new constructions
- **International customers**
- **Local customers**





# Joint venture of three partners with complementary strengths & heritage

$$1 + 1 + 1 = >3$$



German Bilfinger International Facility Management brings in

- Substantial technical, process and quality know-how
- International Standards
- Scale the tools
- International Clients
- Management



Chinese partner BITCC provides

- Local presence,
- Local contacts
- Access to the local labor market
- Government & public clients
- Base of operations
- Access to Chinese talents

**SIEMENS**

Siemens with expertise in

- High-tech buildings
- Building Technology
- Energy and LMV products and solutions
- Access to Siemens Portfolio



## Driving the Evolution of Integrated Facility Management with innovative Value-Add

- Based on Service Level Agreements (Output oriented)
- (Bonus-) Penalty System
- Detailed Key Performance Indicators (KPIs)
- Integrated ERP/CAFM solution used company wide
- Focus on self-delivery of technical services
- Guaranteed year-on-year savings



***People***  
***Processes***  
***Performance***

## Processes – Integration and detailing on German level

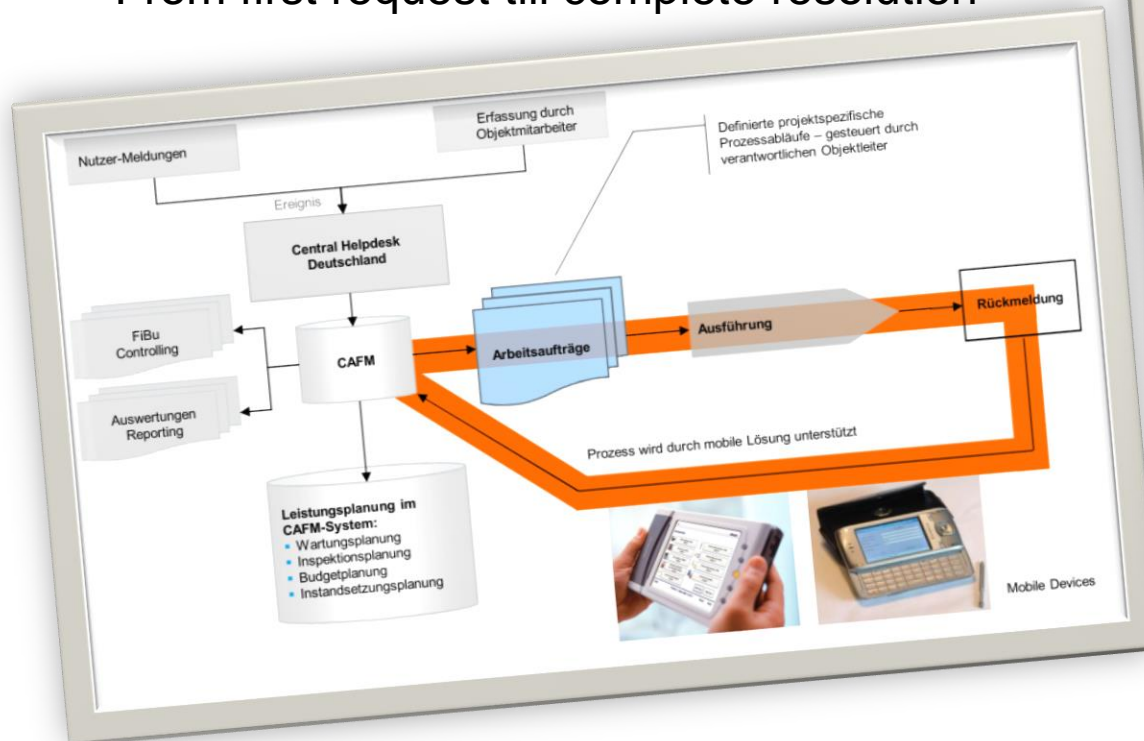
- Standard Operating Procedures are based on the German VDMA 24186
- Management Procedures & Operational Procedures & Support Processes
- Higher transparency and creation of ‚fact basis‘ for more specific decisions
- Quality, Continuous improvement, Savings, Reliability



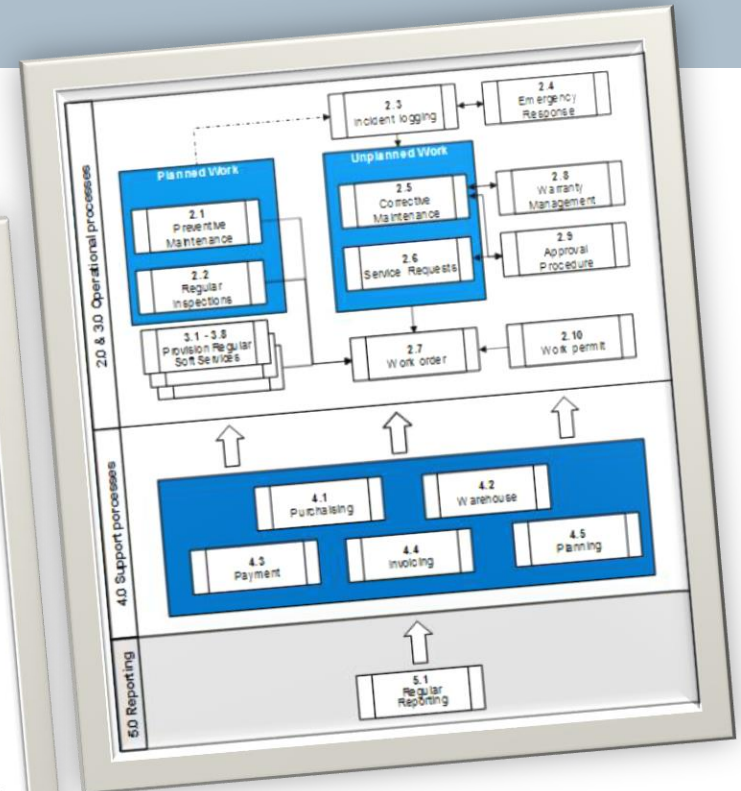


# Processes & Standardized Workflows

- Comprehensive electronic ticket workflow
- From first request till complete resolution



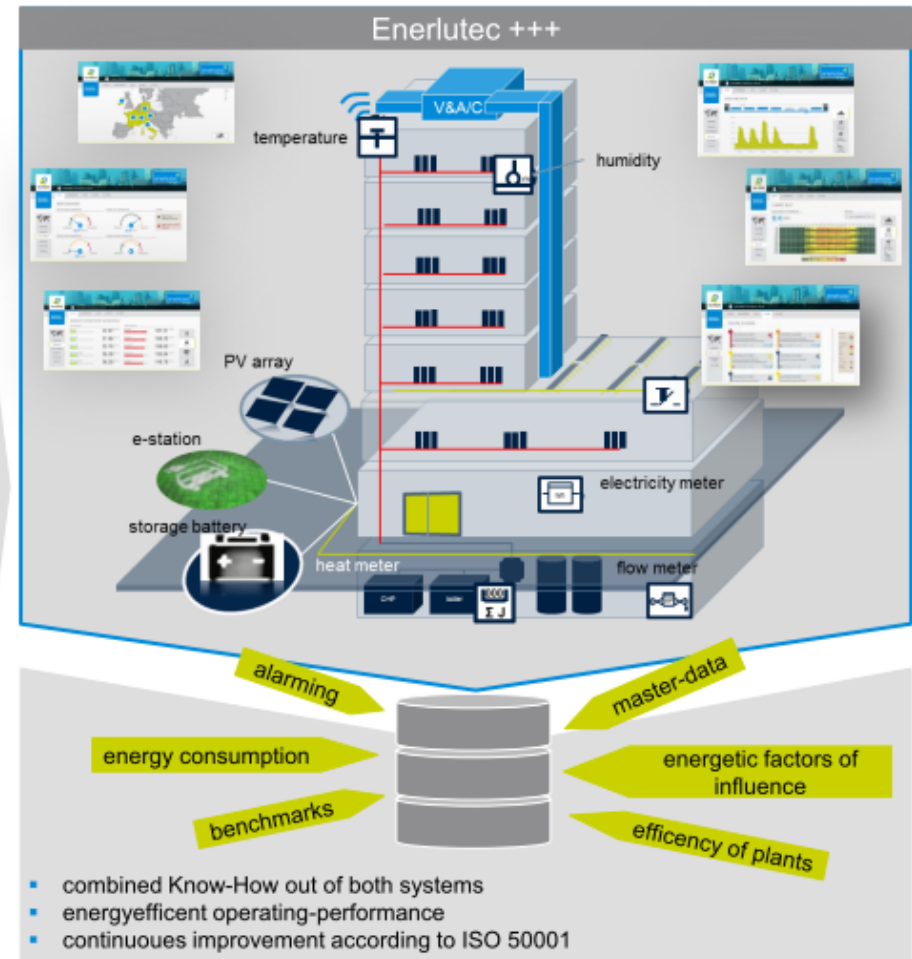
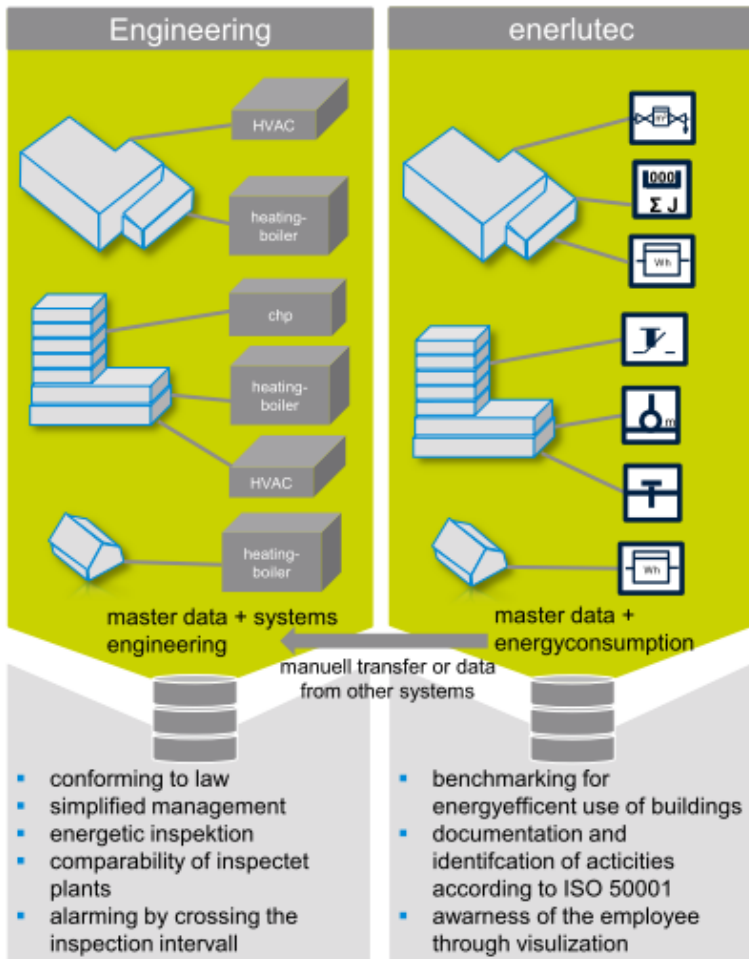
- Measurement of response and resolution times depending on priorities for each single ticket



- Comprehensive landscape of all needed standard operation procedures
- For Soft-Services & Hard-Services & Business Support

# Generating Energy Efficiency by using Engineering-Tools

## enerlutec – the Metering + Monitoring-System



## Our People – Diversity and Expertise

Three examples from our workforce:



Mr. Feng Xue

**Service Center  
Manager**

**College Degree in  
English**

**6 Years' Experience in  
the Branch of Soft  
Service**



Mr. Zhang Wei

**Site Manager & Hard  
Services Manager**

**Assistant Engineer**

**Bachelor of Engineering  
Management**

**18 Years' Experience in  
the Branch of FM**



Frank Katzemich

**Director of Centre of  
Competence Energy &  
Sustainability**

**Master of Engineering**

**More than 10 Years'  
Experience in  
Energy Management**

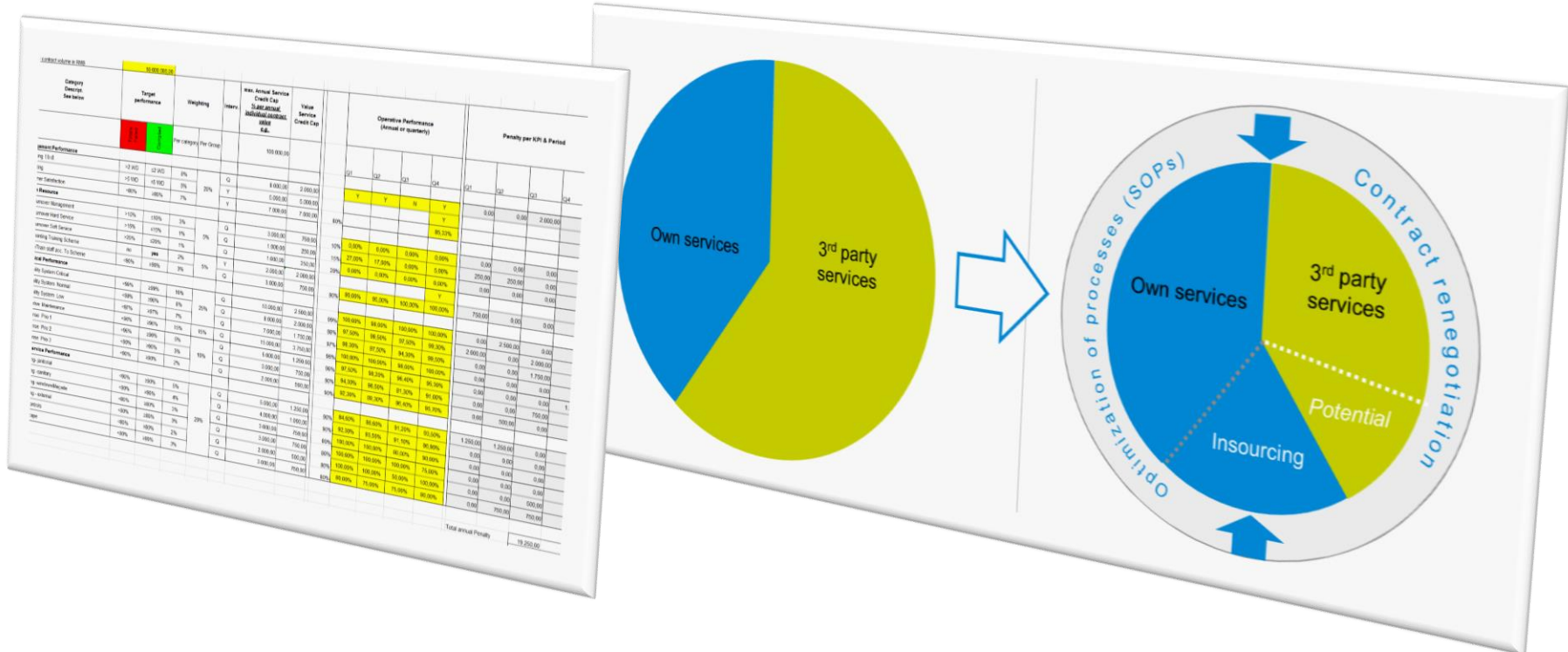
People-Development:

- ✓ Local & International Talents
- ✓ Full dedication to FM as Core Business
- ✓ Further developing Expertise in various areas
- ✓ Focus on Training on-the-job and off-the-job



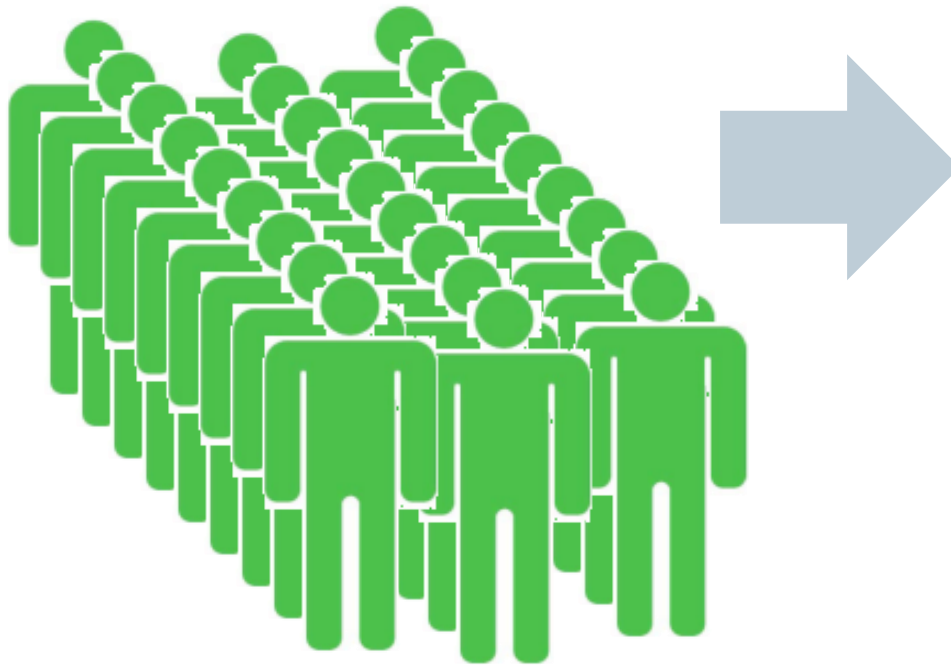
# Performance measured in KPIs and guaranteed Cost-Savings

- Periodic KPI performance measurement
- Transparent and output-oriented service levels
- Lean vertical and horizontal key account structure for fast communications
- Guaranteed cost-savings provision including re-negotiation of 3<sup>rd</sup> party suppliers
- Reduction of costs due to increased self-delivery and optimization of service



## Our Charging Model – Service Level Agreements

No matter **how many Staff** are  
on the ground.....



.....our Customers pay  
for **Functionality** –  
not for head-counts.



## FM beyond In-Sourcing or Out-Sourcing – Conclusion –

- Up-to-date buildings of today have an increased demand in terms of **automation & control** – “Industry 4.0”\* impacts both office and industrial bldg.
- Triggered by continuous improvement in Energy-saving, Security, Safety, Comfort and Space Efficiency, management is **getting more complex**.
- To master the complexity and keep these buildings efficient, cooperation with **service providers** is required, but the way of cooperation offers more alternatives than just “make or buy” options.
- Service providers for up-to-date buildings can only achieve **productivity increases** and costs reductions with strong and robust processes, modern IT-tools and capable people.
- Service has to provide innovative & transparent approaches of **performance measurement** – like professional service-level-agreements and detailed KPI measurement systems
- Since such highly automated buildings will represent the majority of tomorrow’s portfolio, service providers will face that only **output** and reached service and **efficiency will get paid**.

\* The term “Industry 4.0” refers to the fourth industrial revolution - computerization of traditional industries, which is characterized by adaptability, resource efficiency and ergonomics.



**1+1+1 =>3**

**FM beyond In-Sourcing or Out-Sourcing**



**Thank you for your Attention.  
Your Questions, please?**