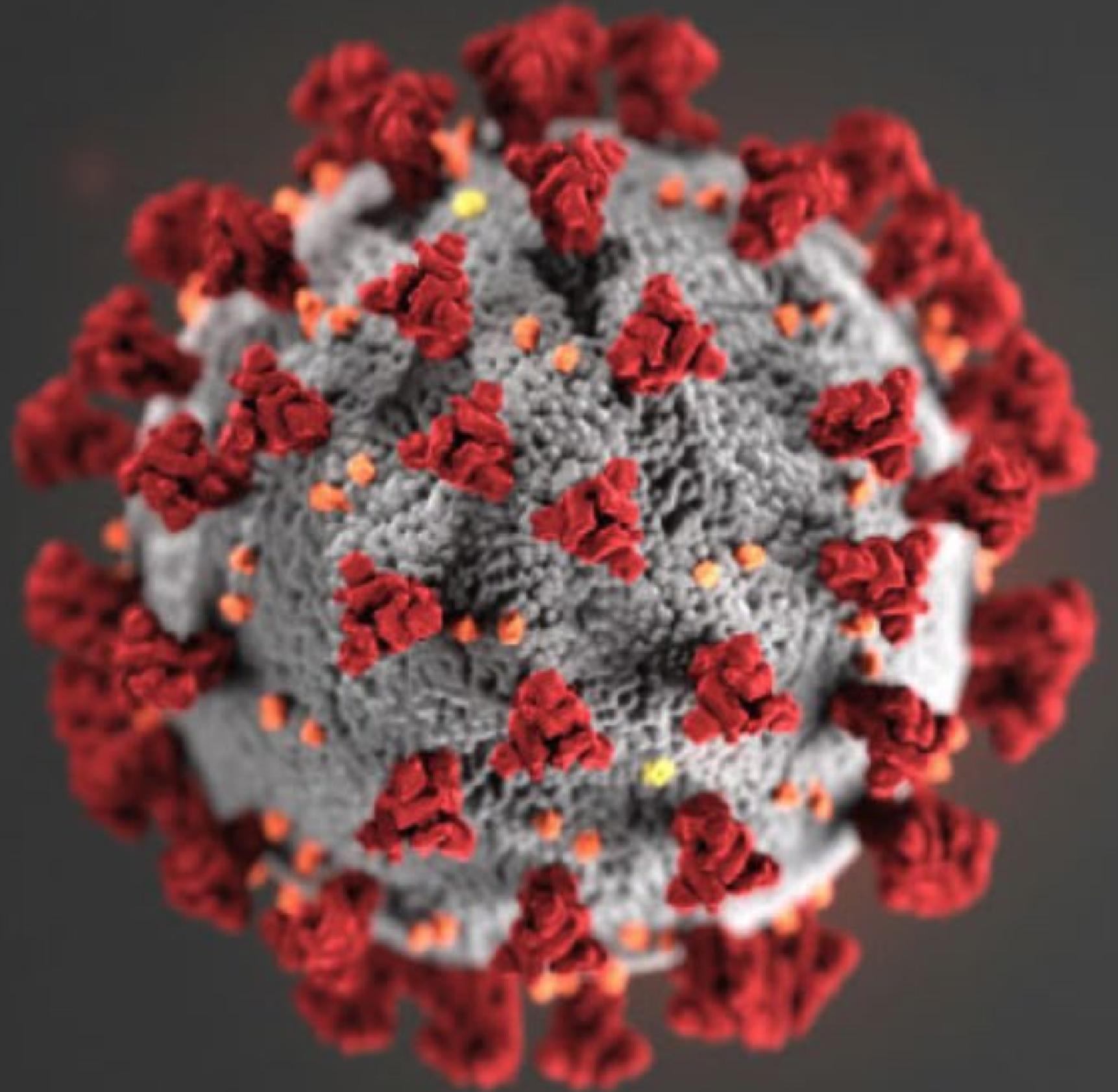




Corona virus – Impact Assessment – Facilities Management

April 2020



Impact Assessment : Facility Management

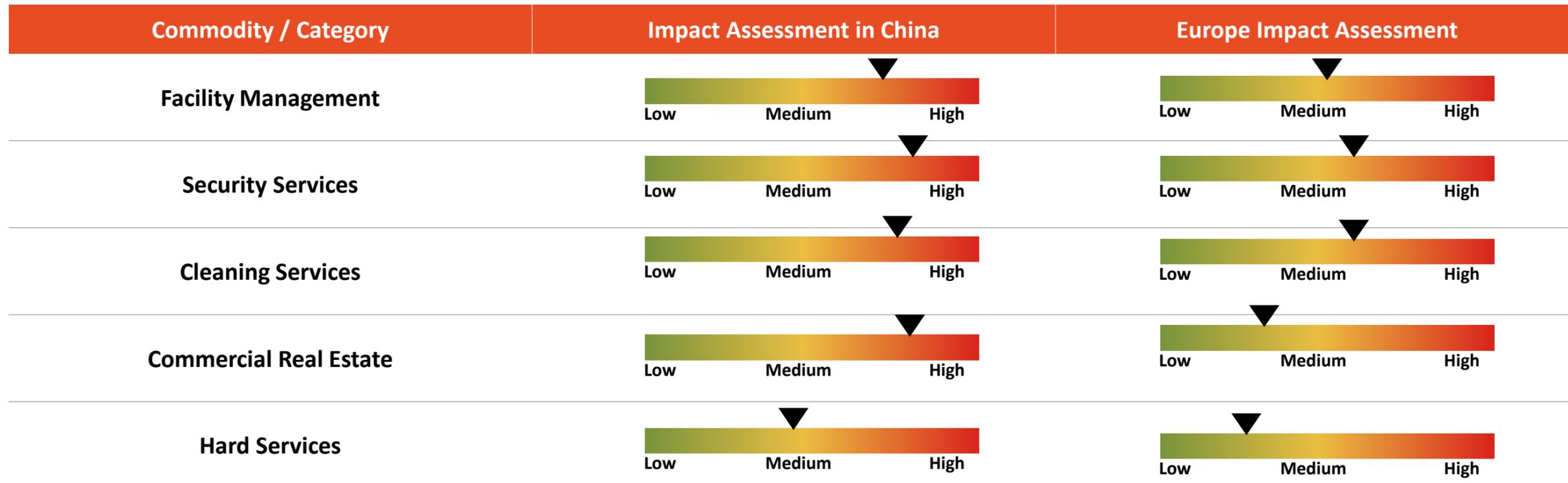
Advisory Insights

• Facility Management Contractual Issues amid COVID-19:

- FM services and outsourcing contracts are in different forms such as IFM or Bundled. Where the scope includes food and hospitality services it is quite common to find a very detailed set of prescriptive requirements which should be followed after then outbreak of contagious disease, in addition more mundane service requirements. Where cleaning is in-scope, the environment may again require set of heavy requirements e.g. food preparation areas, cleanrooms and laboratories, manufacturing plant, compared with other facilities such as offices, trading floors and data centers.
- Understanding the nature of the contractual duties and obligations owed to the customer will be important to determine the FM provider's basic day-to-day obligations at an operational level, as well as reporting and governance, and to ensure that additional customer requests e.g. deep cleansing or mothballing of space are properly managed under change control. Relief event clauses should also be reviewed in cases unforeseen events such as pandemic permit additional time for delivery or incremental cost recovery.

• From Buyers perspective:

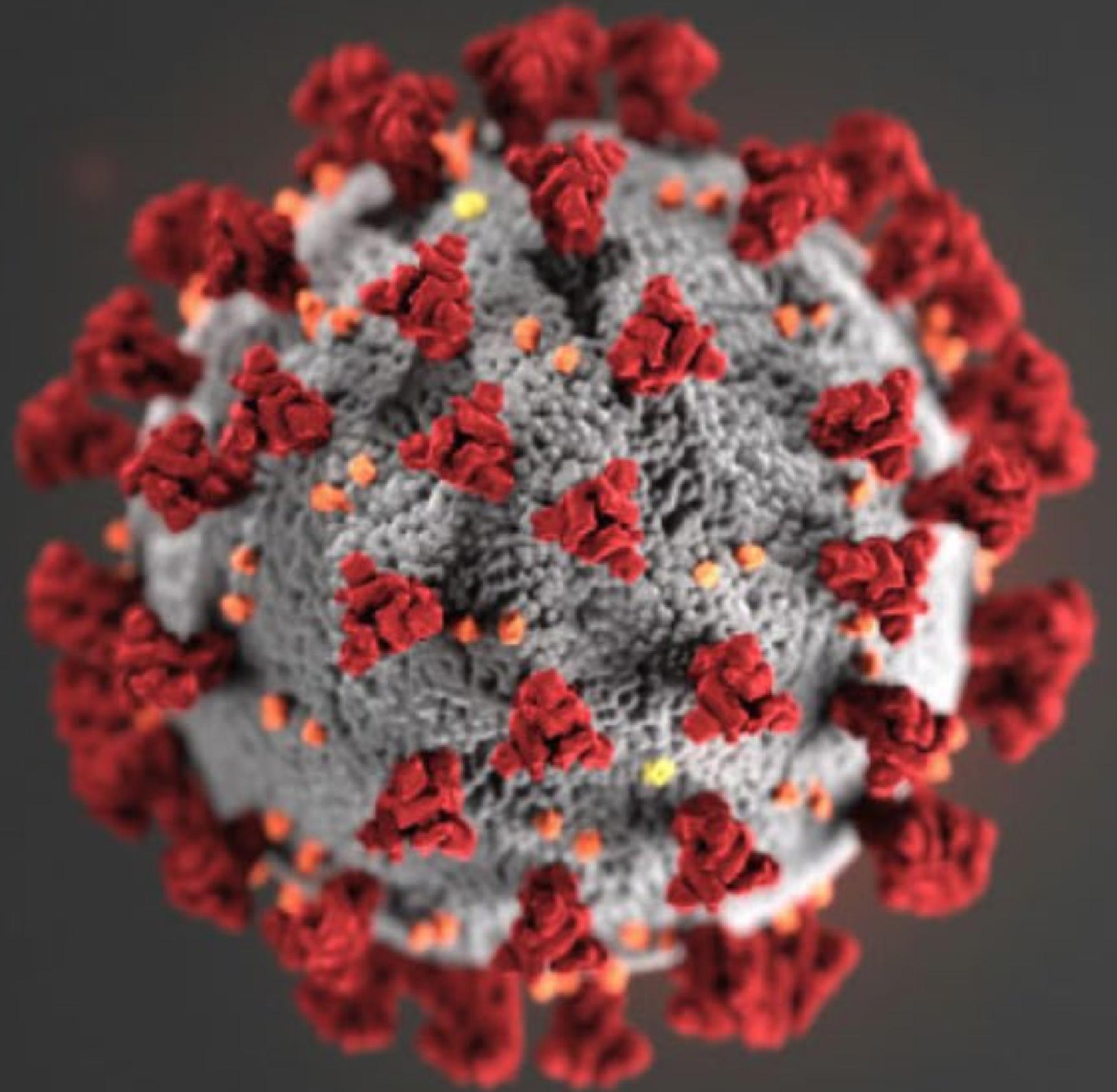
- Under the pandemic situation like COVID-19, **Force majeure** may prove to be relevant where a FM provider is unable to perform its contractual obligations. For example- organizations with complex supply chains, needing to review hundreds or thousands of contracts, to determine the position under force majeure and related liability and repayment risk, AI analytics tools can be used to extract and analyze relevant clauses.
- Buyers should insist the service providers to extend the payment terms. FM staffs can be utilized for other services like Moves services like shifting the desktops



Supplier News Alert

- **Compass Group:** One of the biggest food service providers in the world They predict operating profit is expected to be £125m - £225m lower than previously expected. Also as of 1st April 2020, they have decided to furlough their employees due to COVID-19 pandemic, the number of employees to be furloughed are yet to be determined
- **Sodexo:** As per officials reported. Based on the last few weeks' observations in China, Italy, France and the USA it is expected that for each 100M€ of revenue decline the impact on underlying operating profit is around -30% depending on the country and the segment
- **G4S:** One of the leading security service provider in the world, recently announced in their annual results, that they will not be paying 2019 final dividends, due to COVID-19 outbreak and its impact on security services





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