

Shared FM Enterprises

Profile

Pioneer in Shared Business Services for Commercial Office Buildings

Company Overview	<p>Shared FM Enterprises (SFME) is a shared business services provider using lobby space in large multi-tenant commercial office buildings to deliver multiple shared services to tenant companies via the web combined with a physical presence. The services are positioned by property owners as an amenity with access via a portal-based eservice platform and onsite fulfillment. SFME's unique offering allows property owners to increase the value of their office space by meeting their tenant companies' basic professional and business services in an efficient and cost-effective manner within the secure confines of their building. SFME's model is based on capturing one-third to one-half of the outsourced volume of tenants, which is typically around 30%, by delivering a superior total solution.</p>
Services	<p>The business model is a double play on outsourcing. SFME's customers outsource services to SFME while SFME outsources the same to either world-class fulfillment providers such as Xerox or others who are based onsite. Key services generating revenues initially are business services such as Digital Printing, Scanning, Office Supplies, Shipping Solutions, and Multimedia Services. Future services include Web-based Data Storage and Retrieval, HR Shared Services, Procurement Management and an eProcurement Marketplace Module for both property owners as well as for tenants. An exchange enabling capacity load-balancing between various facility management (FM) providers will also be introduced to bring economies of scale to end-user companies and expand the market for direct dedicated FM document service providers.</p>
Markets & Customers	<p>The total US market for the various services that SFME offers and plans to offer is \$130B. The target market of large multi-tenant commercial office buildings, occupied by roughly 2% of the knowledge-worker population, is estimated to be of the order of \$3B. Of this target market, an estimated \$1B worth of business services are outsourced by the tenant companies occupying the large buildings. No other player is currently addressing this fast-growing billion-dollar market segment for outsourced business services. There are approx. 16,000 office buildings of an average size of 150,000 sq. ft. or more covering approx. 3B sq. ft. of space (out of the total US office floor space of 10B sq. ft.) and these buildings are occupied by about 10M people. The number of multi-tenant buildings of size >500,000 sq. ft. is 1,150 with an additional 4,000 buildings between 250,000 sq. ft. and 500,000 sq. ft.. These larger buildings are SFME's target market.</p> <p>The concept was piloted and the technology fully developed and successfully run in over 5 million-sq. ft. of office space in the SouthEast U.S. prior to launch. Two locations that were at Cousins Properties helped the pilot create traction and revenues from tenant clients such as 3COM, Coca Cola Enterprises, Computer Associates, Deloitte, Ericsson, Forbes, General Electric Power Systems, Georgia Pacific Corporation, Guinness, Hitachi Data Systems, IBM, MCI World Com, Microsoft, Powertel, Price Waterhouse Coopers, and WH Smith. Each of these clients validated the concept while helping develop and build a system that could handle their requirements most effectively, resulting in the creation of a unique tenant-centric system for multiple services. Revenues in the pilot as well as in the current rollout, generated from over 100 companies (25 of which are Fortune 1000), have demonstrated a 20% month-over-month revenue growth rate for the first year. Since 2004, the rollout of the concept was initiated in the North East and South East and the company sites located in Boston and in Atlanta. The REITs that SFME is currently working with include Equity Office Properties and Hines among others. The concept has been demonstrated to travel well and one that can be franchised.</p>
Growth Opportunity	<p>SFME plays at the crossroads of outsourcing, business services, professional services, computer services and specialty retailing, all packaged uniquely into a unique B2B format. The architecture is based on US Patent 6,411,936 for which we have a license. In addition, we have patents pending relating to the service delivery technology, which is unique in that it is a property-centric "portal based eservice platform". No competitor exists in the marketplace today, and the barriers to entry are formidable. The difficulty in entering this space include the complex relationships necessary with REITs in order to gain access to their buildings, specialized knowledge of digital printing and other services, relationships with fulfillment service providers, and the web-based software platform linking multiple services. SFME currently has relationships with Equity Office, Hines, Cousins, Transwestern and Lincoln Properties who have prime lobby-level locations in many of their buildings. Collectively these REITs own over 500 office buildings with at least 200 large buildings. The growth potential for the business is thus substantial. SFME's services have gross margins of about 40%, and the relationships built over time with tenant companies creates a platform from which new services can be launched, a very valuable asset.</p>