

The “Silent Expense” Of Underutilized Commercial Spaces

How One Honeywell Software Solution Can Help Control It



According to a 2017 research conducted by Memoori Research AB*, most offices worldwide are underused by as much as half of their capacity on any given day. This is the result of changing work styles, mobile technologies, and shifting business needs.



Real estate is often a significant cost for corporates and without even realizing it, large companies are potentially overpaying millions of dollars each year for the space they do not utilize optimally. These unwarranted expenses are many times not just on account of the rent or lease being paid, or the cost of buying or constructing commercial real estate.

Expenses also include the costs incurred on energy, operation, and house-keeping for the underutilized spaces. It often all adds up to a significant cash outflow that can negatively impact an organization's bottom line. Unfortunately, this expense often goes unnoticed, simply because it is difficult to get an accurate view into how building spaces are used, or if they're being used at all.

In short, it can be a silent expense that is difficult to control because organizations often lack the necessary insights to take meaningful action and address it.

To make matters worse, underused spaces in some building areas can also create pockets of congestion, excessive noise, and temperature discomfort in other places – impacting overall employee productivity. People are often the largest investment for an organization, and the war for talent can be fierce. This makes it critical for organizations to create well-organized, frictionless workplaces that better enable their employees to perform their best work every day. Something building managers should know is how their facility is impacting the attraction and retention of top-tier industry talent.

* “The Future of Workplace Optimization Technology in Smart Buildings” by Memoori Research AB and HID Global

In general, some of the most important challenges faced by Corporate Real Estate (CRE) and building management personnel with respect to space management can be summarized as below:

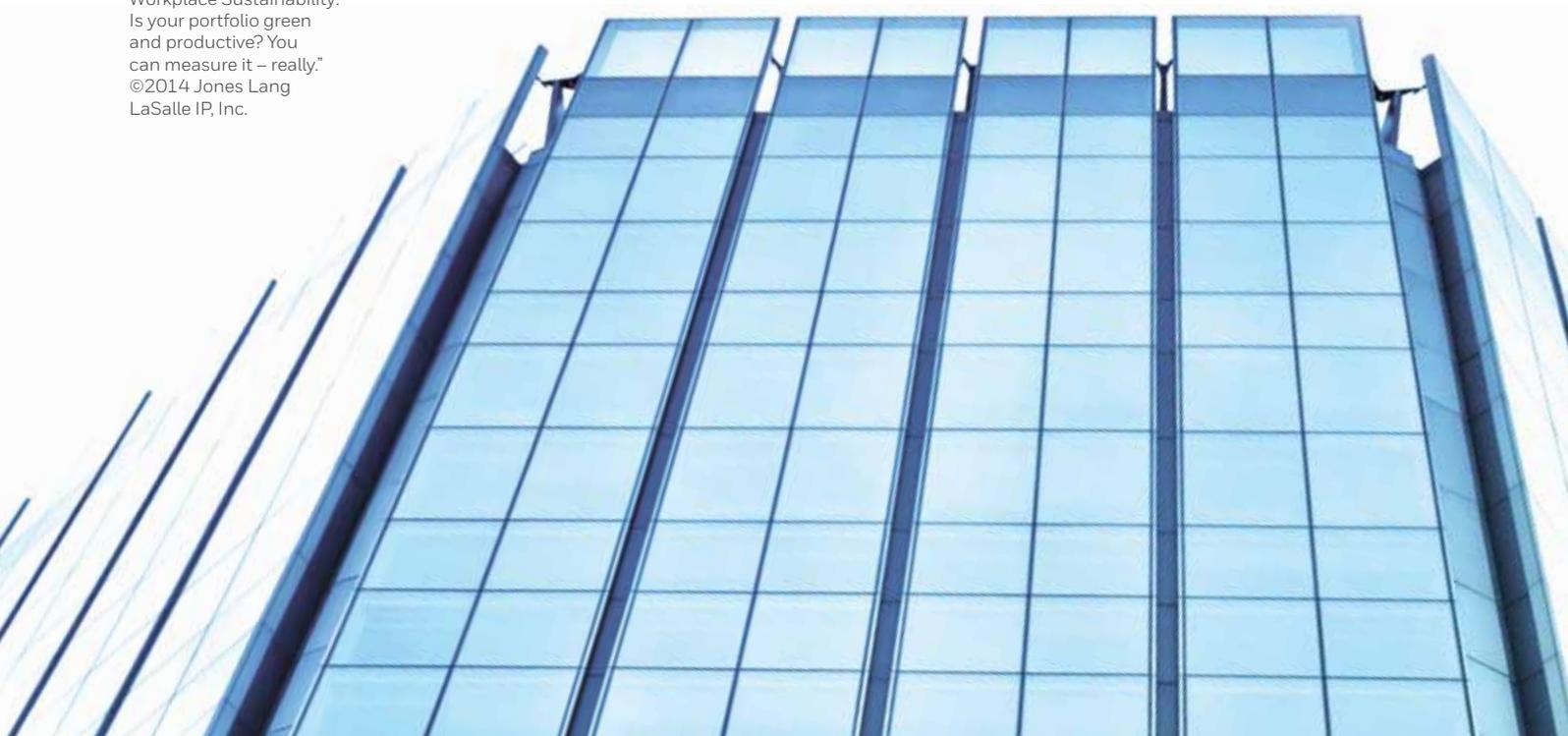
- 1. How do we accurately identify underutilized capacity in our real estate portfolio?**
- 2. How do we measure the ongoing performance of space and get actionable insights that enable us to determine if a space is working well?**

Clearly, it is critical for building managers to more accurately assess how their facility is being used. Being able to better measure usage patterns and performance of a space can help make more cost and energy-efficient decisions that are also occupant-friendly.



To put the cost implications of inefficient space management in perspective, Jones Lang Lasalle’s “3-30-300” rule of thumb says that organizations typically spend approximately \$3 per square foot per year for utilities, \$30 for rent, and \$300 for payroll*. A good cost-saving strategy, therefore, often focuses on taking measures that improve space efficiency and employee productivity. However, to be able to do that, organizations often need tools that more accurately and consistently determine how their commercial real estate is being utilized.

* “Perspectives on Workplace Sustainability: Is your portfolio green and productive? You can measure it – really.”
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The Honeywell Solution

Honeywell Vector Space Sense, released in June 2018, is a modern software solution that harnesses the power of the Internet-of-Things (IoT) and data-driven analytics – enabling building managers to make better space decisions.



Gathering and analyzing building data from multiple types of sensors, the solution provides actionable insights that help better utilize, optimize, and prioritize building spaces.

Managers can view these insights through detailed, information-rich dashboards, and reports that incorporate visualization tools like maps and graphs.

Usage profiles, overall trends, and other metrics show where, when, and how space is being used – helping managers identify opportunities to optimize usage and potentially reduce costs.

Insights provided by Honeywell Vector Space Sense help organizations repurpose unused spaces for more productive uses, make better-informed decisions about future space investments or divestments – while also enhancing the alignment of building equipment, HVAC, and maintenance schedules with actual usage patterns.

Use Cases

While almost any large building in virtually any market vertical would benefit from the kind of insights provided by Honeywell Vector Space Sense. Let's look at how commercial real estate and healthcare verticals often stand to gain from this software solution.



In commercial buildings, questions relating to how conference rooms are being used, whether their numbers and seating capacities are optimal, how employees interact with the spaces inside a building, and so on, often keep building managers awake at night. Honeywell Vector Space Sense can help take much of the mystery out of space usage and enable CRE personnel to make sensible decisions about space layout and design – often driving higher utilization, improving occupant experience, and even reducing their real estate footprint significantly.



Hospitals are typically complex systems with high operational costs and little room for error when it comes to using their space effectively. A hospital often needs to strike a balance between efficiency and comfort to ensure it delivers the best patient care possible and gets the most out of available resources. Honeywell Vector Space Sense can help hospitals do that by providing space utilization insights and analytics to better understand the use of their clinical and office spaces. This can enable Facilities Management to improve their space allocation and scheduling, and save costs on utilities and human resources – often making patients, visitors, and staff feel more comfortable, satisfied, and productive.

IoT Driven Space Planning Versus Traditional Methods

Traditionally, building managers had to determine space usage mainly through observation: by walking around their premises and noting how different spaces like meeting rooms, conference rooms, cabins, cubicles, and other areas were being utilized. This approach was inherently inefficient, strenuous, and time-consuming. Moreover, it typically could not provide space utilization data on a continuous basis for an extended period such as a week, month, or more. It only provided snapshots of space utilization on a given day, when the observational tour of the building was undertaken.



By contrast, the IoT-driven Honeywell Vector Space Sense regularly pulls occupancy data from a network of sensors (it’s designed to be sensor-agnostic) placed on ceilings, walls, or desks – helping determine the level of activity in an area. This data is collected, analyzed, and aggregated over a period of time, using powerful algorithms and big data analytics.

The results are presented to users in the form of dashboards, floor maps, utilization profiles, and monthly insight reports. This takes CRE personnel from space awareness to meaningful action – helping them make more informed space decisions often with significant financial impact such as whether to lease or build new space and how best to use it, whether to repurpose existing space, or whether to reduce available space by renting it out or selling it off.

In Conclusion

Honeywell Vector Space Sense uses the power of IoT to help organizations optimize the potential of their corporate real estate and transform their buildings into more productive, enjoyable, and engaging workplaces.

References:

- Sound bites from Honeywell leadership:
John Rajchert (President, Honeywell Building Solutions),
Himanshu Khurana (Director, Engineering),
Albert Crews (Director, Product Marketing),
Jonathan Speary (Director, Global Workplace)
- Sound bites from Customer Site representative:
Derek Lall (Director, Facilities Management – London Health Sciences Centre (Canada))
- Honeywell press release June 2018

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