

Acquisition of FM Systems confirmed to expand digital building capabilities

3 years ago



Johnson Controls has announced it acquired digital workplace management and Internet of Things (IoT) solutions provider FM:Systems. The base purchase price for the transaction is \$455m, plus additional payments to be made subject to the achievement of post-closing earnout milestones.

The company's chairman and chief executive officer George Oliver said: "FM:Systems' powerful, predictive workplace management platform will build on our best-in-class building automation services, OpenBlue, to offer a one-stop solution that helps customers accelerate their digital transformation journey, improve building efficiency and reduce operational costs. Coupled with our building asset solutions, energy management offerings and global field network, this acquisition further differentiates Johnson Controls' leadership in the fast-growing segment for autonomous and digitally enabled buildings."

FM:Systems, headquartered in Raleigh, North Carolina, and owned by Accel-KKR, has more than 200 employees and 1,200 customers, representing more than 2.4m users across 80 countries. The company has earned a loyal customer base, achieving a greater than 110% average net revenue retention since 2020. An established leader in the digital workplace solutions industry, the company has had double-digit revenue growth with gross and operating margins that are accretive to Johnson Controls.

Accel-KKR managing director Dean Jacobsen said: "Workplace management technology is a key enabler in terms of improving operational efficiency, creating safer, healthier and smarter buildings, and supporting sustainability goals. Since our investment in 2017, FM:Systems has become a leader in this space with continued innovation and service excellence, leading to a strong growth profile. We are proud of the success accomplished together with the talented team at FM:Systems, and we are pleased to see how well FM:Systems fits into and expands Johnson Controls OpenBlue digital capabilities in pursuit of a shared

vision to lead in the future of autonomous and connected buildings."

FM:Systems' innovative software products are designed to offer a range of solutions to make workspaces smarter, like space-scenario planning, asset management and facilities maintenance, supported by security protocols, floor plan scenario modeling, bi-direction integration with AutoCAD and Revit models, and advanced workplace analytics capabilities. Improving the experience of everyone inside, from visitors to occupants to building managers, its powerful sensors and analytics can help portfolio managers optimise space, realise greater cost savings, and help manage and report on indoor air and other environmental data in facilities as diverse as commercial real estate, hospitals, universities, and government buildings.

Its capabilities will further strengthen Johnson Controls OpenBlue suite of software, according to the official press release, which uses cutting-edge artificial intelligence and digital twin technologies to improve building performance, while making buildings smarter and healthier for the planet. Buildings collectively account for nearly 40% of global greenhouse gas emissions. The added expertise of FM:Systems will accelerate Johnson Controls' leadership in net zero building technologies globally, while strengthening long-term relationships with existing customers and creating new opportunities to meet demand in the fast-growing smart building segment.

FM:Systems CEO and chairman Kurt von Koch will join Johnson Controls' digital business in a leadership role.

The acquisition is not expected to impact Johnson Controls' 2023 fiscal year financial outlook. Centerview Partners served as exclusive financial advisor and Cleary Gottlieb Steen & Hamilton served as legal advisor to Johnson Controls on the transaction. Moelis & Company and Raymond James acted as financial advisors, and Goodwin Procter as legal advisor to FM:Systems.