

DFM Årskonferensen

Dokumenterede erfaringer fra
strategiske partnerskaber
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Introductions...



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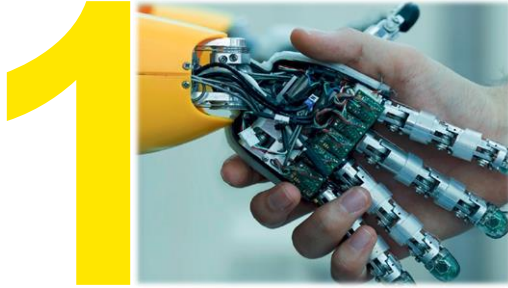
Advisor in +40 corporate FM transformation programs and in +110 outsourcing deals over 22 years (whereof 9 Vested contracts signed/ongoing)

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Three "mega trends" will radically change REFM as we know it

Digital Workplaces



New Sourcing
Business Models



New ways of working
with and within core business

Experience from traditional large IFM outsourcing deals

- ✓ Cost reduction
- ✓ Control over services, cost and objects
- ✓ Standardisation of service levels
- ✓ Quality in services
- ✓ Simplification through fewer suppliers

- ✗ Innovation and transformation
- ✗ Proactivity
- ✗ Sitting in the "same boat"
- ✗ Teamwork
- ✗ Focus on value creation beyond cost reductions



Focus from both buyer and supplier is on "What's in it for me?"

In order to create value beyond savings companies need to pursue new sourcing business models



Classic sourcing business models

- Competitive sourcing
- Transactional business model
- Transactional contracts (instruction/function based)

- Buy commoditized services
- Generate cost savings
- Often no incentives to innovate
- The zero sum game



New sourcing business model- Vested

- Collaboration and true partnership
- Outcome-based business model
- Relational contract

- Buy strategic results
- Generate value beyond savings
- Foster innovation
- Win-win

V.S.

The classic way and new business models will co-exist, but new business models will become more frequent

Living a true Vested partnership is not the same as a traditional outsourcing contract

- ▶ You are totally transparent and open with each other
- ▶ You win together and lose together
- ▶ You solve problems together on the level in the organisation where the right competence is
- ▶ Both parties are incentivized to reach the desired outcomes
- ▶ Focus is on creating value through innovation, transformation and teamwork

- ▶ You form a joint fictive company with its own brand name such as: "The WE company", "CaVAZ", "OneTech", "VICo", "SamCo"



Nobel Prize-winning equilibrium theory that cooperation, not competition, guarantees the best results for all parties

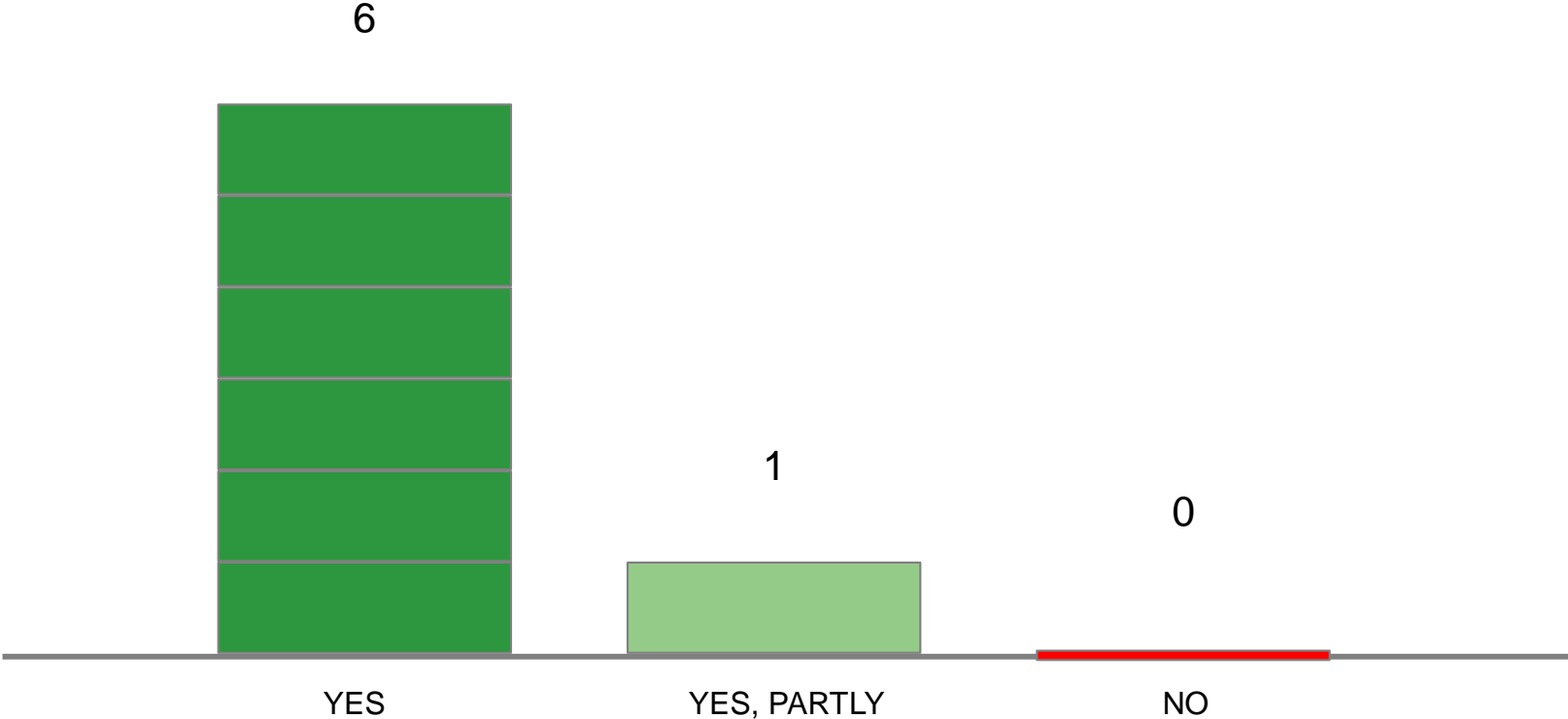
First Nordic Vested Roundtable took place Monday March 19 with 6 implemented Vested contracts



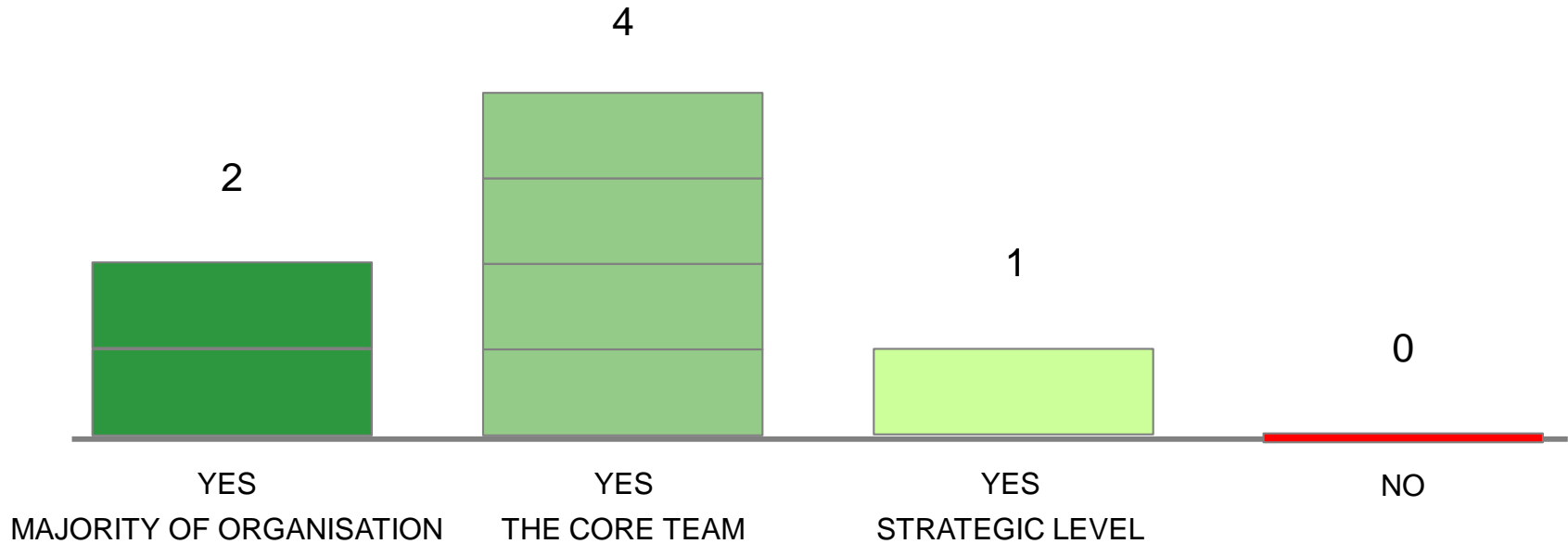
Is your Vested partner more proactive than in your previous traditional contract?



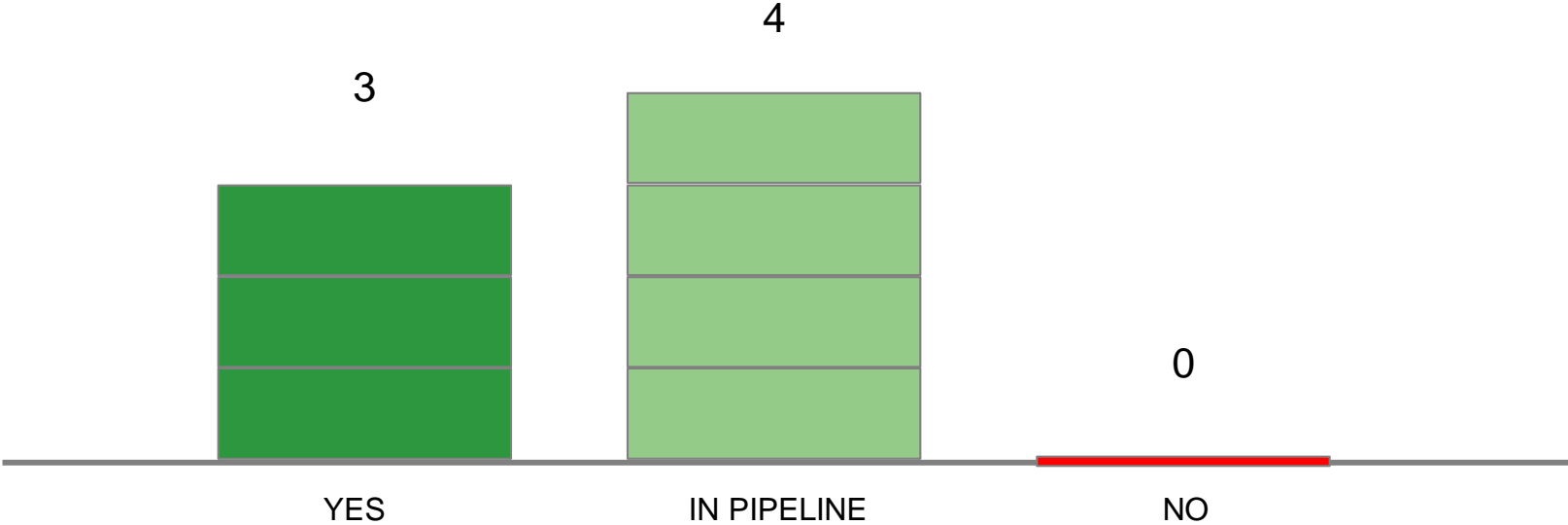
Is your Vested governance model better than a traditional model to reach desired results/outcomes?



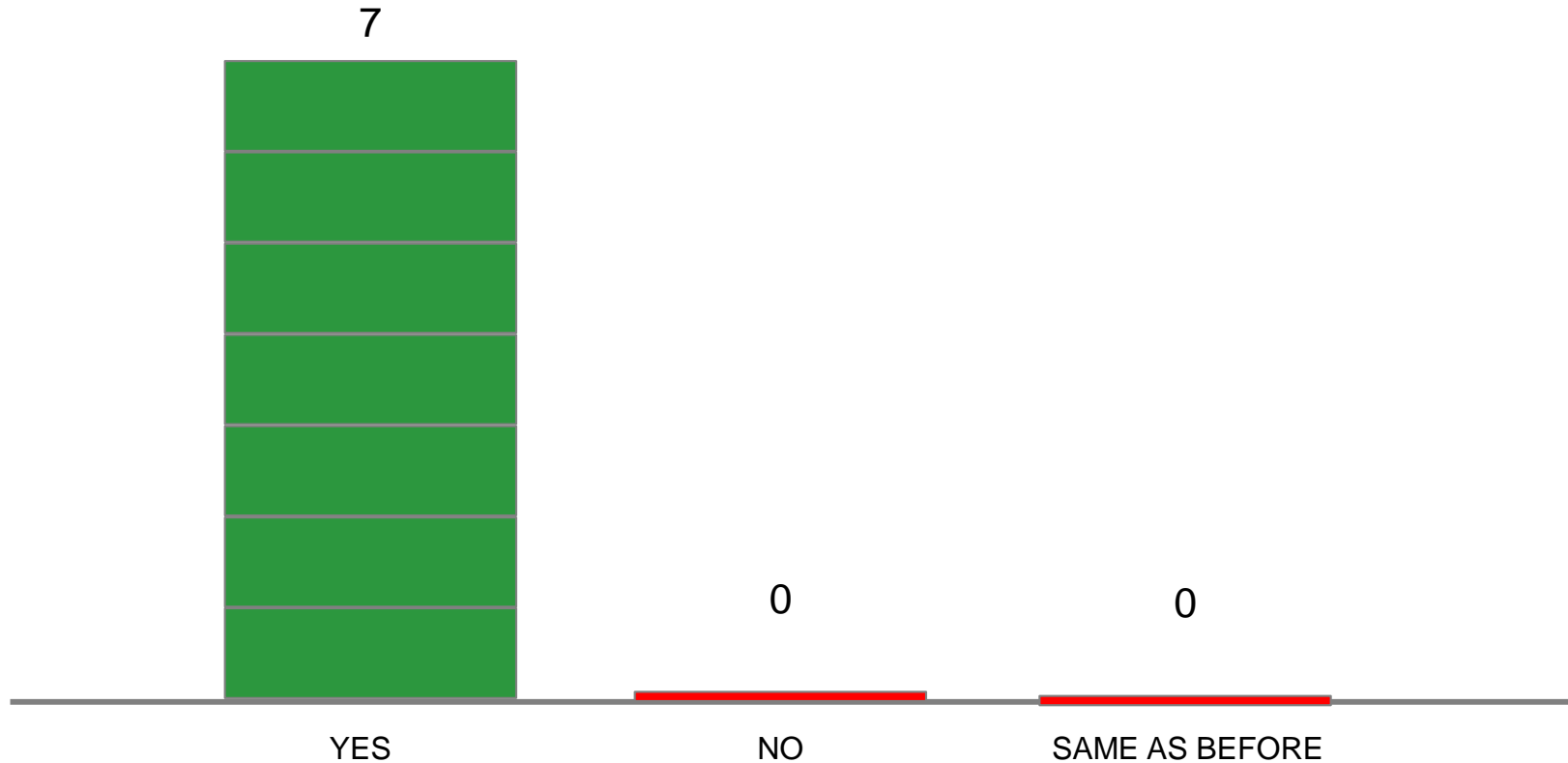
Have you in your Vested partnership established a "Whats in it for WE " culture?



Has any big innovation/transformation been implemented?



Have your daily work become more inspiring after implementing Vested?



Vested case studies in other industries 1(3)

▶ Reversed logistics – Dell

- ▶ Buyer benefits: 32% cost reduction per item. 62% reduction in scrap
- ▶ Supplier benefits: Tripled margins. Larger scope. Longer contract

Vested case studies in other industries 2(3)

▶ Microsoft – Finance BPO

▶ Results:

- ▶ Buyer benefits: Reduced finance systems from 140 to 40. Reduced TCO 63 MUSD. Innovation.
- ▶ Supplier benefits: Larger scope. Longer contract and prolonged twice. Good margins.

Vested case studies in other industries 3(3)

- ▶ Infrastructure project – Cleanup of U.S. Nuclear Production Site
 - ▶ Results:
 - ▶ Buyer and Tax payers benefits: 30 BUSD under budget & 65 years faster than original time plan...
 - ▶ Supplier benefits: Maximum incentive bonus earned

A snapshot from the P&G FM Vested contract results

2 time winner of Supplier of the Year (out of 80,000 suppliers)

54 project initiatives; (e.g. meeting scheduler decreases user time by 21 minutes/week)

Supplier Diversity spend nearly doubles to over 27%

14% reduction in energy usage; P&G Corp HQ achieved Energy Star rating

Zero Critical Sarbanes Oxley issues

17 consecutive quarterly increases in relationship satisfaction.

Year over year increase in customer satisfaction



I WIN with lowest possible costs

Overall reduced Cost as a percentage of sales by 33%
Speed to market 2x faster

PROCUREMENT

Re-awarded in 2012
Added scope of services to include real estate transactions
Added 25% more SF managed with Wella/Gillette integration
Higher profitability with share of cost savings, earned incentives



Does Vested Really Work?

I WIN with higher service levels



BUSINESS CUSTOMER



SUPPLIER

I WIN with higher margins/profits

Many lessons learned and many AHA-moments...

- ▶ It is possible to go from an inhouse and single service outsourcing regime directly into a Vested partnership with one supplier
- ▶ The scope of services and geography have always increased for the partner
- ▶ You can incentivize the supplier in many more ways than just money
- ▶ The hardest roles to get positive for the Vested model are Procurement and Legal, but when they are on the train they are the ones pushing for Vested and trying to find new areas where Vested can be implemented
- ▶ Buyers wants to go Vested in their own core business and Suppliers wants to go Vested on other suitable clients



Without no doubt – strategic partnerships will be best suited to tackle the big ongoing transformation of the FM market

Collaborations where buyer and partner are aligned, have trust in each other and are incentivized to do the right things will be the ones who create innovation, succeed with transformation into "digital workplaces" and deliver best value to their customers!



This may be THE definition of a True Teamplayer... ;-)



Thank you and good luck with your teamwork and transformation journey!