

Corporate Campus Logistics Services

Real Estate Management Companies Leverage a New Approach to Benefit Clients



Contents

- 2 A New Approach
- 3 The Driving Force
- 4 The Most Important Benefits
- 5 Core Campus Logistics Services
- 6 Case History: Pathways to Success
- 7 Conclusion

A New Approach



Every business day, corporate environments across the country function like small cities. This includes managing corporate campus logistics: a specialized service that ensures the efficient flow of materials and people at large multi-building office campuses serving thousands of employees. It's an effort that spans a wide range—coordinating the receipt and distribution of supplies, equipment and packages; safely transporting thousands of employees as well as suppliers and contractors to locations within the campus; tracking and warehousing countless materials to support daily planned and unplanned workplace needs.

Because many enterprises do not have a centralized process, including the staff, expertise and technology to manage these diverse campus logistics activities, they often tap large commercial real estate companies to take on the complex challenge. The core business of a commercial real estate company, however, is managing physical real estate—overseeing business services is a secondary focus. Consequently, for many years real estate companies have typically sub-contracted facilities management and campus logistics services to a variety of different vendors.

This has led to the challenge of coordinating many vendors, each with distinct services tied to separate contracts as well as different methodologies, performance metrics and reporting systems. The various suppliers are responsible

for providing a wide range of amenities—from shipping and receiving dock services to courier management, warehouse and inventory management, food service deliveries, waste disposal and employee shuttle services. For the real estate companies and their clients, however, this approach is changing. Today, real estate companies have begun leveraging the benefits of working with one vendor as a partner who can provide comprehensive campus logistics services bundled under one contract, with one set of performance metrics and one efficient reporting system. The cost savings and efficiency gains associated with this new approach can be significant.

As one real estate management executive interviewed for this white paper explains, “In the past it was common to see at least three individuals from three different service providers walking the campus hallways. One might deliver postal mail, the other accountable mail and/or freight, while a third—a key operator with a toolkit—might service print/copy devices. Now these services can be delivered by one trained person from one vendor.”

The Driving Force

“Not many enterprises or real estate companies are yet aware that a truly consolidated services approach is now feasible.”

The driving force behind this approach has been the desire for vendor consolidation. Commercial real estate companies have been looking to hire fewer vendors, each providing more services. The real estate management executive put it this way: “Not many enterprises or real estate companies are yet aware that a truly consolidated services approach is now feasible. Today we can secure multiple services under one contract that provides performance data for all services via a standardized, automated system that makes the data readily available. With this approach, we can avoid the necessity of learning and validating different performance management systems and metrics from numerous vendors.”

If on behalf of its corporate client a real estate company is managing five different service providers, each with a different performance management reporting system, the real estate company has to verify that the vendors are monitoring and reporting the correct key performance indicators (KPIs) using agreed-upon methods and that the data accurately reflects the corporate end-user’s experience. In contrast, if the real estate company works with

one vendor using one system to report performance data, including KPIs that have been clearly defined in service level agreements, then the real estate company can much more easily access the data and understand how it can be applied to continuous process improvement.

The latter approach is now possible because select vendors are offering the bundled logistics services and the expertise to effectively manage diverse campus logistics activities. The “one vendor, one contract, one system” solution has appeal to both the real estate company and its corporate client. For the real estate company it is primarily about simplifying campus logistics management while reducing costs and improving operational efficiency. For the enterprise client, the goals are similar. As the real estate manager quoted above explains, “Though campus logistics vendors may be managed through sub-contracting agreements by the real estate company, an enterprise will interface with the people providing the services on campus every day. Naturally, the corporation would prefer to avoid dealing with numerous vendor organizations and

management structures. Beyond this, enterprises are most concerned with consistently providing high-quality logistics services that ensure safety and result in a high-quality employee experience.”

Underscoring the fact that the bundled logistics services approach has been coming for several years, one 2013 industry research report by Johnson Controls stated that “80% of organizations expect to purchase their facilities management (FM) services lines as integrated or fully integrated lines within the next three to five years.”¹ This report finding is now becoming firmly established: “The idea of outsourcing aspects, or even the entirety, of FM services is well established...The logic is sound; services can often be delivered for less than they would cost in-house, and outsourced organizations take over the associated hassle around hiring and training staff, including coping with the high levels of turnover...”²

¹ Global WorkPlace Solutions/Market Research Report, Johnson Controls, July 2013

² A Sense of Ownership: In-house or Outsourced FM Services; Nick Martindale, retrieved 6/23/15 from <http://bit.ly/1FyBF1K>

The Most Important Benefits



Keeping these business drivers in mind, following is a summary of the most important benefits that can be achieved when a real estate company, on behalf of its corporate client, partners with a service provider that can implement a bundled solution comprising many different campus logistics services.

- + **One Team:** The real estate company has one team onsite managing the client's logistics services, collecting data, reporting and working to continuously improve critical functions from shipping, receiving and mail to shuttle services, food service deliveries and more. A single onsite management team also yields the flexibility to better scale the number of employees needed to facilitate the logistics services up or down in response to increases or contractions in business operations.
- + **One Contract:** Another benefit is that the real estate management company can combine multiple services bundled into one contract. This enables the real estate firm to secure a more consistent level of service from the provider. Additionally, with one contract the real estate company can better align the corporate campus lo-

gistics services with the way its client conducts business, and the client's overall corporate culture and future direction. A single contract also yields the ability to maintain more consistent service level agreements (SLAs) that track the performance of specific activities, such as specifying a two-hour time target for pickup and delivery of packages by courier.

- + **One Performance Management System:** The capability to track compliance with SLAs via one performance management system is another important benefit. Using the system from Canon Business Process Services (Canon) as an example, campus logistics teams can effectively measure, manage, benchmark and drive continuous improvement in the services that are being provided. Often the prime objectives of real estate management professionals in teaming with a campus logistics provider include improving operational efficiency, maximizing employee productivity and, where possible, containing costs. It is easier to meet these objectives when partnering with a provider that offers Six Sigma expertise and advanced performance management tools.

+ **Access to Technology:** Access to advanced tools and technology is another potential gain when teaming with the right campus logistics service provider. Some examples of these tools and technology—such as a cloud-based warehouse management system and a mobile enterprise mail and package tracking system—are illustrated in the case history in the next section. The key point is that they can help improve operational efficiency and reduce costs. They can even help support employee safety, often a prime concern for corporate facilities and real estate managers. For the energy company highlighted in the case history, Canon installed and manages a monitoring system that tracks vehicle movement including the speed, length and time of a trip in the company's underground transportation system. The system helps ensure employee safety and continuous performance improvement.

+ **Superior Vendor Management:** Finally, superior vendor management is a significant advantage. Real estate companies can better coordinate various suppliers that support their clients' facilities management operation because there is one service provider onsite virtually 24x7, interfacing with and managing the suppliers and subcontractors, which is critical to supporting the efficient flow of people and materials throughout the environment. The service provider knows who the suppliers are; what services they are delivering and the quality levels required. Thus the provider is in a good position to anticipate problems and respond quickly when service disruptions occur.

Core Campus Logistics Services

As these benefits outlined above suggest, tapping the expertise of a provider that offers bundled corporate campus logistics services is a key opportunity for commercial real estate management companies that want to improve the end-user experience and process performance, reduce costs and meet many other business objectives. To fully leverage the potential of this approach, it helps to highlight a few of what Canon sees as the core services that constitute corporate campus logistics services that some vendors can potentially provide.

These services reinforce all other critical business support and campus services within the environment. This is because campus logistics can encompass handling virtually everything that flows within the location—the people and materials that ultimately enable business and general campus operations to thrive.

Without effective campus logistics, such business and campus activities could not adequately function. For example, on-campus cafeterias would be useless without timely food service deliveries and waste disposal. With this mind, Figure 1 highlights some of the core campus logistics management services that select providers can potentially offer under one contract.



FIGURE 1: Campus logistics services reinforce all other critical business support and campus services within the environment.

Case History: Pathways to Success



Canon Business Process Services is a provider that offers the comprehensive expertise required to help real estate companies and their client organizations meet campus logistics needs. Canon has helped some of the country's largest firms solve major challenges. Following is one example of corporate campus logistics in action; a case in which Canon and a real estate firm are partnering to overcome obstacles and achieve significant business benefits.

LAUNCHING A NEW WORLD-CLASS WORKPLACE

The firm overseeing real estate and facilities management services for one of the largest energy companies chose Canon Business Process Services to help it ensure a smooth implementation of vital corporate campus logistics services at the energy company's new corporate campus, one of the largest in the U.S. To help it launch and maintain a world-class workplace, the real estate firm tapped Canon to manage onsite logistics services to support the energy company's employees and facilitate the receipt, warehousing, inventory management and distribution of virtually all materials that move within the new campus.

MANAGING THE FLOW OF MATERIALS

Canon implemented and has been managing a comprehensive logistics services solution that covers managing the flow of most of the materials that move within the corporate campus and its buildings. This movement is facilitated by underground tunnels and pathways built to enable the successful, well-organized receipt, inventory and distribution of materials, office equipment, supplies, mail and packages, all of which Canon records, warehouses and distributes to locations throughout the campus. Some of the services provided as part of Canon's solution include: managing shipping, receiving and mail; overseeing courier management; implementing and maintaining a warehouse management system; providing shuttle services; coordinating food service deliveries and more.

WAREHOUSING AND MAIL MANAGEMENT OPERATIONS

Besides utilizing an experienced staff and managing a state-of-the-art underground transportation system to support its corporate campus logistics services, Canon has also deployed advanced technology to meet another key challenge: ensure accuracy and efficiency in the warehousing and mail management operations.

To fulfill this goal, Canon implemented a cloud-based warehouse management system (WMS). The system is scalable; it can be rapidly expanded from tracking inventory for a small to a large number of warehouses and storage locations. Canon uses the WMS to track the life-cycle of a considerable number of items

including office supplies, paper and building stock items such as floor and ceiling tiles, light fixtures and furniture. With the WMS, the Canon team can manage warehoused items at par level. This means that stocked items, such as paper, are automatically replenished when they fall below a certain level. For example, if the par level for paper is 50 cases and a storage site in one building falls below that level, an order is automatically triggered to bring that storage site back up to 50 cases.

Additionally, Canon installed a mobile enterprise mail and package tracking solution that uses barcode tracking software, mobile computing hardware and package shipping software to monitor the flow of inbound and outbound mail, packages, parcels and other shipments. The system incorporates hand-held devices, intelligent routing and sorting, proactive email notification, electronic signature capture, delivery confirmation and in-depth reporting. The system also enables the Canon team to track workforce utilization throughout the campus, such as the time a staff member spends delivering mail or performing a supplies inventory.

While there are many other elements to Canon's solution, the facilities director for the real estate firm sums up the project's many accomplishments by stating: "Despite the challenges, partnering with Canon to transition the energy company's campus logistics services has not only been seamless; it is one of our most successful initiatives to date."

Conclusion

Leading corporations such as the energy company discussed are driving the growth of large corporate campuses now and during the next few years. These companies are motivated by a desire to create a more collaborative, collegial atmosphere, improve operational efficiency and establish a solid plan for the future. The goal is to continuously transform these workplaces, both in current and new locations, into state-of-the-art facilities with attractive onsite amenities that compete with the best available in the community at large, all located in a centralized multi-building environment.

This trend, however, is not without its challenges. The logistics of moving employees without disrupting vital services, installing new business processes and effectively managing the flow of technology, office supplies, records, mail and other resources within a large campus is a significant, complex task. To help manage this task for their enterprise clients, real estate management professionals are turning to Canon Business Process Services.

These professionals are leveraging Canon's bundled corporate campus logistics services offering that spans a wide range from shipping and receiving as well as

records, mail and warehouse management and technology, to inventory management, transportation and reporting and analysis.

Canon's approach includes creating a plan that defines requirements and includes agreed-upon SLAs. Canon then deploys a team of operations professionals who execute the plan including selecting, implementing and managing technology critical to an effective logistics program. Canon also utilizes performance management tools that can benchmark and track important SLAs in order to drive continuous improvement and contain costs connected with Canon's comprehensive range of managed services. Canon's experience and track record of success give real estate firms the confidence that the logistics services Canon provides to support their clients' operations will be innovative, efficient and aligned with their business goals.



CANON BUSINESS PROCESS SERVICES, INC.

Advancing Business Performance to a Higher Level

1-888-623-2668

Canon Business Process Services, a wholly owned subsidiary of Canon U.S.A., offers managed services and technology for information and document management, business process outsourcing and specialty workforce services. We help clients improve operational performance while reducing cost and risk. Canon Business Process Services has been named a Global Outsourcing 100 Leader by IAOP for the past eleven years and recognized in the Gartner Magic Quadrant for Managed Print and Content Services for five consecutive years. We have also been acknowledged by CIOReview magazine as a "20 Most Promising Legal Technology Solution Provider."

Learn more at cbps.canon.com and follow us on Twitter @CanonBPO.