



'Accommodating Change'

- New Strategies for flexible, risk averse, property acquisition

Executive summary

Vanquis Bank, a 'specialist' credit card provider, is a wholly owned subsidiary of Provident Financial. In the five short years that it has been in business it has grown to be a leading 'player' in its field and is now threatening its larger and more established competitors.

This case study describes how Vanquis halved the long-term risks associated with property acquisition. In doing so it gave itself options for future expansion that did not require any up front financial commitment and made provision for a clean exit when it was time for them to move on.

The solution provided a new operational headquarters in Chatham, Kent, to house its 400 plus employees two years earlier than would have been possible by traditional means.

The challenge – increasing capacity without incurring high legacy costs

Established in Chatham in 2003 the Bank's business had expanded rapidly, and its operation was split over two locations. The bank recognised that it needed to consolidate its business into one centre to maximise its efficiency and provide room for future expansion.

Head of Projects and IT at Vanquis Bank, Mike Field explains the problem, *"The bank evolved from an initial pilot operation to becoming a very successful part of the Provident Financial business portfolio, and we had aggressive plans to expand the business further."*

By the middle of the year the Bank's plans had moved on apace and they had identified a property that met all of their current and future needs; Pembroke Court, a 51,000 sq ft facility a short distance from their existing locations.

This presented the company with a dilemma. Should they carry the overhead of two existing properties and commit to all of the space available at Pembroke Court on day one, a total of 51,000 sq ft, when their current operation demanded only 34,000 sq ft?



Vanquis's new headquarters, Pembroke Court, Chatham

"Port@l's role in this relationship far exceeds that of a normal supplier, we view them more as a strategic property partner".

Mike Field
Head of Projects and IT at Vanquis Bank



port@l

Leaders in Occupier Solutions



Solution – a ‘holistic’ approach to accommodation procurement and management

Mike Field explains how ‘Occupier Solutions’ specialist Port@l provided a unique solution that had the potential to solve their property dilemma; *“Port@l stepped-in and suggested a ‘third-way’ a unique approach to property procurement that would enable us to occupy our preferred choice immediately, on a ‘managed’ rather than lease basis.”*



He continues, *“Port@l’s proposal was in contrast to conventional property deals, as they took a holistic view of the bank’s situation, including existing commitments, and options for exiting the new building at the end of the contract. Furthermore the Bank only had to commit to two thirds of the space rather than the whole premises. This gave us exactly what we wanted at the time we wanted it.”* Effectively, this reduced the Bank’s commitment to property by almost 50%.

According to Field, Port@l was able to bundle the Bank’s requirements into an operational solution that included the following elements:

- The space the Bank required at the time – with options to move into additional space in the future
- The infrastructure, including the comms room, cabling, power provision and resilience,

workstations, security components, kitchen and break-out facilities

- Support services, including FM and security
- Guaranteed initial delivery and then ongoing delivery of the infrastructure and support services to specific standards
- Clean exit – no legal fees, dilapidations or capital write-offs, and no lease overhang.

Results – a new managed facility, delivered within three months, with minimum of disruption

This solution enabled the Bank to achieve the following:

- A new operational centre that could accommodate their entire operation under one roof delivered within 3 months of agreeing contracts
- Ability to move 2 years earlier than it would with other alternatives
- Flexibility to occupy additional space if and when the business demanded and pay only for what they used
- Mitigated the risk of unpredictable future developments such as *credit crunch*, property slumps, variations in product demands and other imponderables
- Port@l shouldered the capital burden of the ‘fit-out’ costs as part of their solution
- A term that was much more in keeping with the Business’s planning horizon and enabled a clean ‘walk away’ at the end of the contract with no legal fees, dilapidations or capital write-offs, and no lease overhang.

Summary – a blueprint for the future

Mike Field summarises the key points of the decision process and the relationship with Port@l, *“The ‘Occupier Solutions’ agreed with Port@l, “The ‘Occupier Solutions’ agreed with Port@l took true account of Vanquis’s drivers, objectives and constraints to deliver a tailored, flexible and cost-effective solution. The project was delivered on time and the ongoing delivery is and will be measured on a daily basis throughout the contract.”*



“We are bankers, not property experts. By becoming a strategic partner in the provision and delivery of the property solution, Port@l have not only shared in the risk but were motivated to manage risk out of the project, allowing us to concentrate on our core business. A win-win situation for both parties”.

Head of Projects and IT at Vanquis Bank, Mike Field

