

Case Study – E.ON UK



Energy giant maintains competitive advantage by adopting a business-driven property solution from Portal.



// This proposition provided a major advantage over a lease or a freehold property because it could be custom-built to our own specifications, without the need to make a major capital investment or take on a long-term liability. Simon Maingay, Facilities Manager E.ON. //

Executive Summary

When de-regulation forced E.ON, one of the world's largest investor-owned energy services providers to quickly increase its back-office support operation; it faced a dilemma, either take a long-term lease or build a new freehold property. Due to short planning horizons, neither option met their business requirements.

E.ON turned to Occupier Solutions specialist Portal to provide a third-way, an innovative business-driven solution that offered a build-to-order facility within their fourteen month deadline.

Facilities Manager at E.ON Simon Maingay, said "Matching our business planning requirement was paramount, for us it was the commitment that was the critical factor, just 5 years, with on-going flexible terms for the future – which was in stark contrast to normal lease agreements." Portal's solution provided E.ON with:

- A CAPEX free facility built within 14 months of contract
- Competitive advantage as speed-to-market was critical
- Foreseeable and predictable costs throughout the contract
- The fit-out and services for over 500 employees
- An operational contract with flexible options at term
- Risk mitigation from the building and its maintenance

The Challenge – new competition, new opportunities, but more risk

Prior to de-regulation organisations such as E.ON could comfortably plan their capacity requirements over 10-15 years, therefore a new build or a lease option would easily meet their needs. However, the utility market had suddenly become more dynamic overnight which presented increased opportunities but also more risk and consequently a significant shortening of their planning horizon.

E.ON now urgently needed a new contact centre to house over 500 staff, including HR, back office and IT support, as soon as possible. Their existing property portfolio was geared towards stable growth plans, and did not have the ability to react to short-term market fluctuations.

They needed accommodation fast, but they were reluctant to tie themselves into a long-term lease or new build commitment on a planning horizon that was no more than 36 months. Adaptability and responsiveness had become key attributes of any property solution.



Your Partner in Property



The Portal Solution – We think business, not buildings

E.ON took the decision to partner with Portal to explore a third option, one that could deliver a property built to their own specification, complete with all of the infrastructure, within the required time frame and with a contract commitment they were comfortable with.

Simon Maingay comments, “Portal were prepared to share the investment risk and partner with us to source a green field site to develop a new 52,000 sq. ft. facility suitable for over 500 employees. Under the agreement, Portal were contracted to deliver not only the new building but all of the fit-out, complete and ready for us to move into within 14 months.”

What the Portal solution delivered:

- A 52,000 sq. ft. built to order facility, within the agreed 14 month timeframe
- All of the infrastructure, including fit-out, IT, workstations, air conditioning, back-up power generators, breakout areas, offices, meeting rooms and an in-house restaurant
- All facilities management support services
- A fast route to market with low risk



The Benefits - a bespoke build-to-order facility that matched E.ON's on-going business commitments

The key benefit of the solution was its ability to meet a direct need of the business within the agreed timescales and within budget.

Simon Maingay explains, “The beauty of this offering is that we only needed to consider the questions relevant to the business opportunity at the time, not what they might be in the future.”

Portal's Occupier Solutions approach provided E.ON with the following:

- Guaranteed initial delivery with no time and cost overruns and none of the delays that are often encountered with a traditional capital project
- Cost clarity through an operational contract with guaranteed per workstation pricing and flexible options at term
- A contract term that reflected the business's planning horizon and enabled a clean exit at the end of the contract with no legal fees, dilapidations or capital write offs and no lease legacy
- On-going delivery of the infrastructure and support to agreed service levels

The Result - “What Portal provide is more choice, another weapon in the property and facility manager's armoury” - Simon Maingay

Simon Maingay concludes: “It is quite simple, we retain ownership of the valuable parts of our business, such as the people, brand custodianship, culture, processes, applications, intellectual capital and in the case of the call centres, the customer interaction, whereas Portal take care of the buildings and infrastructure. It may not suit every circumstance every time, however in a changing market, where large capacity solutions are needed quickly to meet an increased demand that is always unpredictable, it could just be the perfect solution.”

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