

# Asset Management : A Corporate Journey

OCT 2016

# Sodexo – An Overview

Cultural change  
for client and customer quality of life

## Our vision:

To become a **strategic partner** of our clients by designing, managing and delivering **quality of life services** which make a meaningful difference to their employees and customers.

## Just some of our clients across the world...



knowledge + skills + behaviour

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for client and customer quality of life

# The Challenges.....



# Meeting the Challenges



knowledge + skills + behaviour

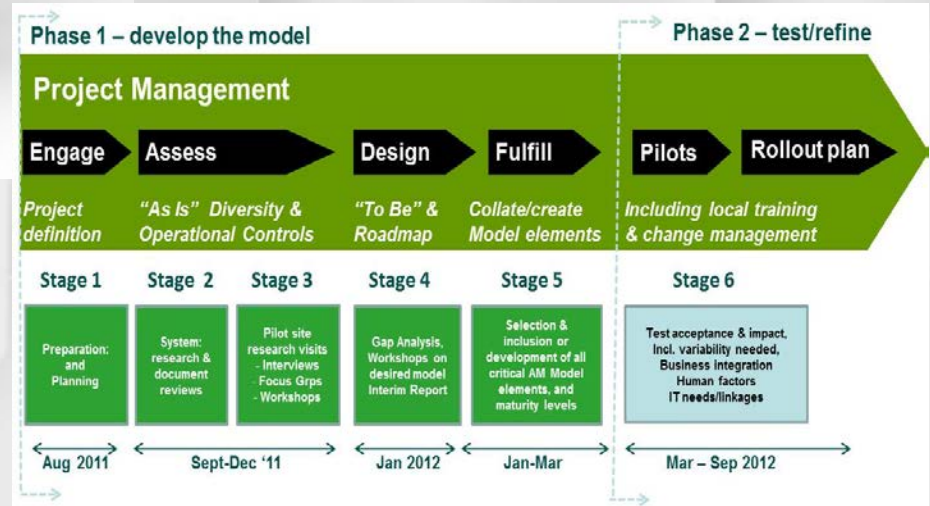
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# Leadership.....



A Team.....

A Plan.....

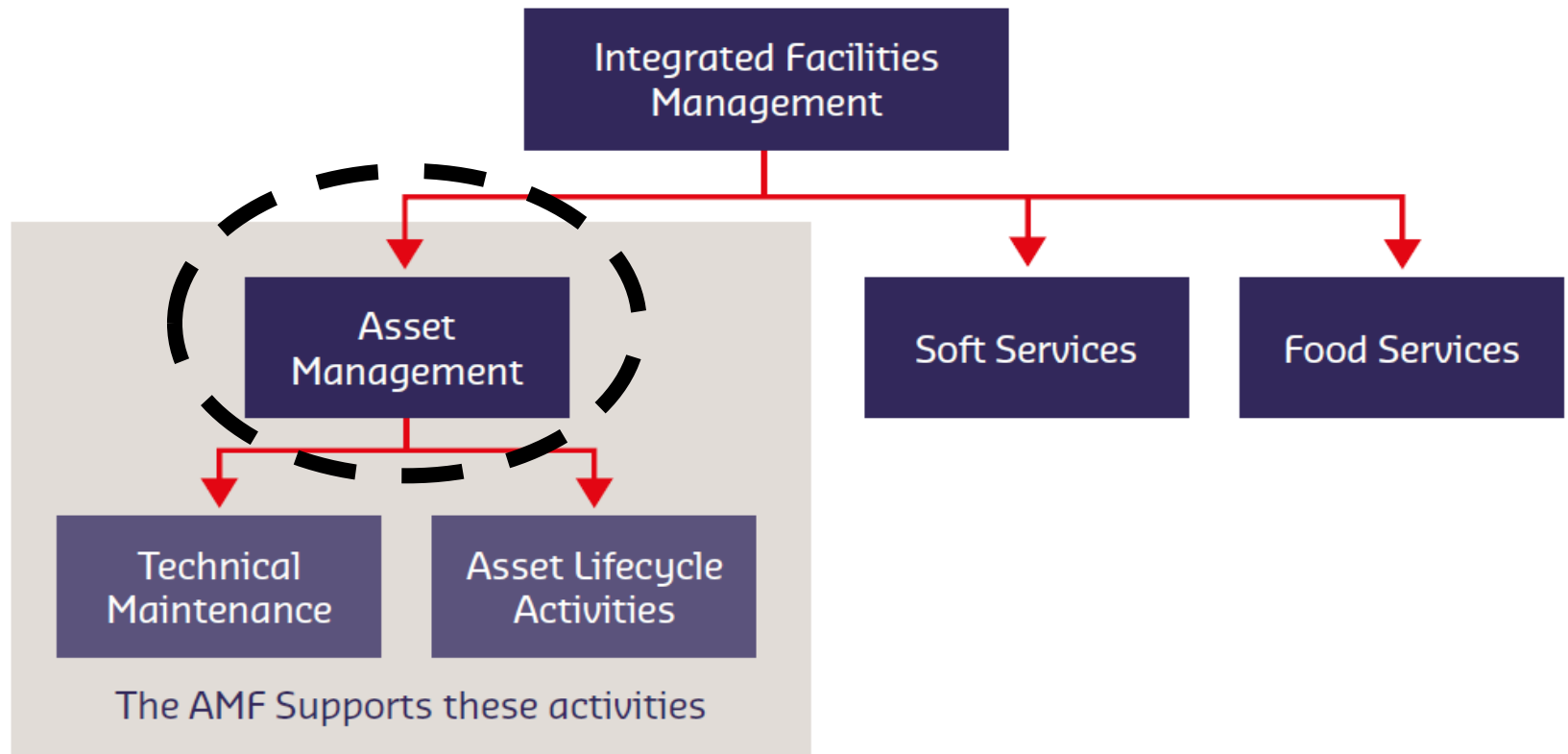


**Establish an Ambition**

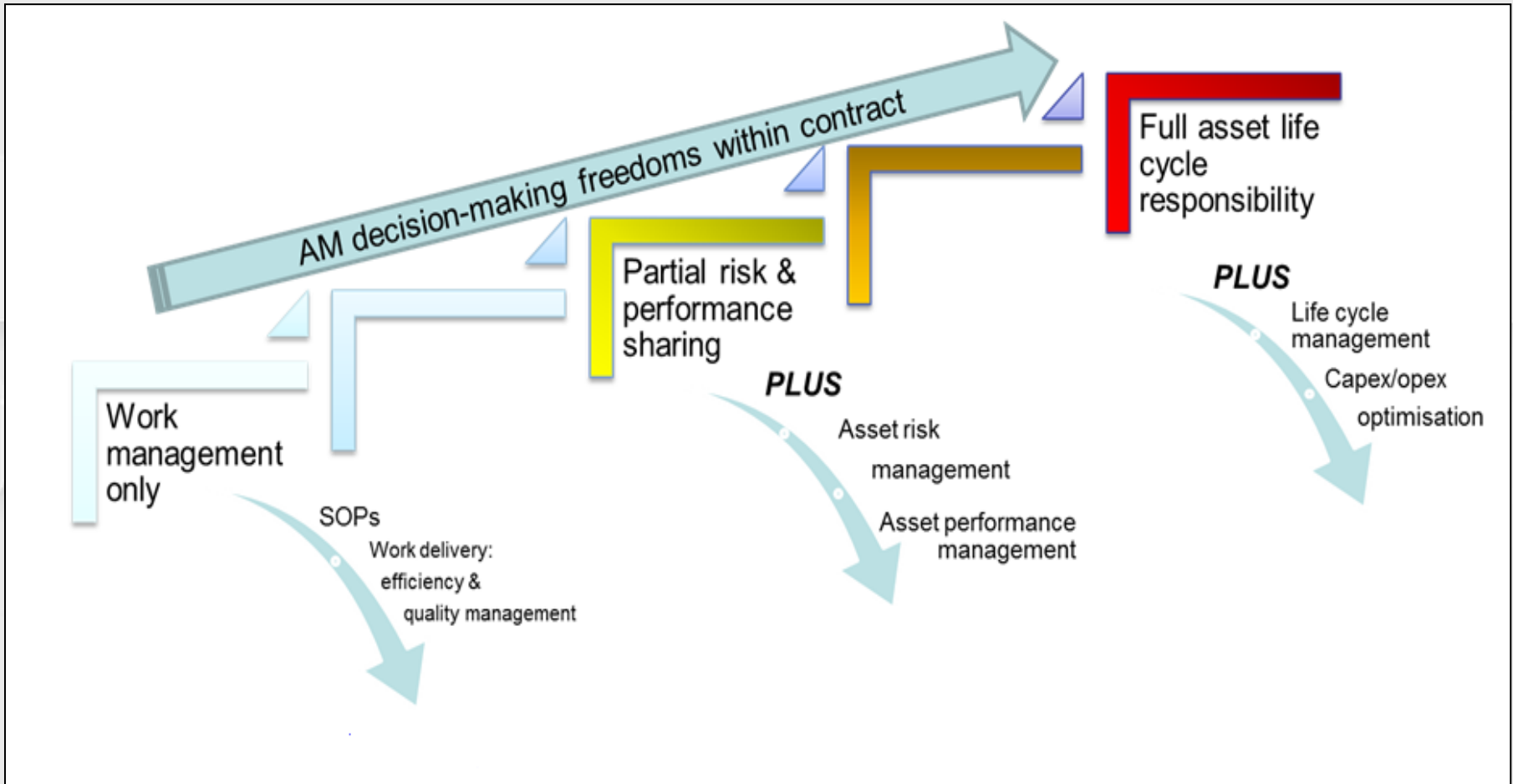


<<Recognise the importance of Asset Management to your Organisational Strategy>>

Quality Of Life Services



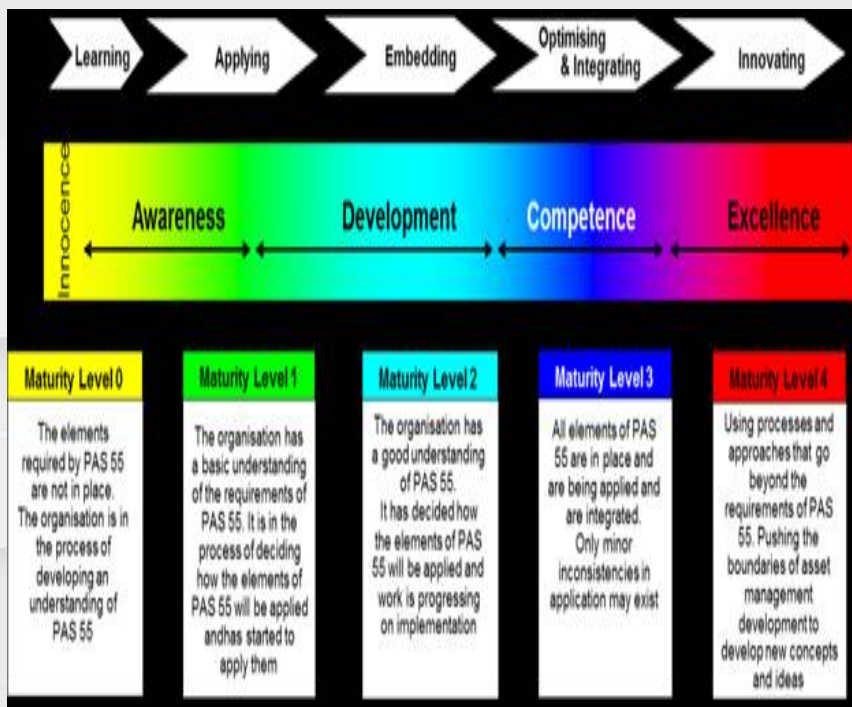
Make it Scalable.....



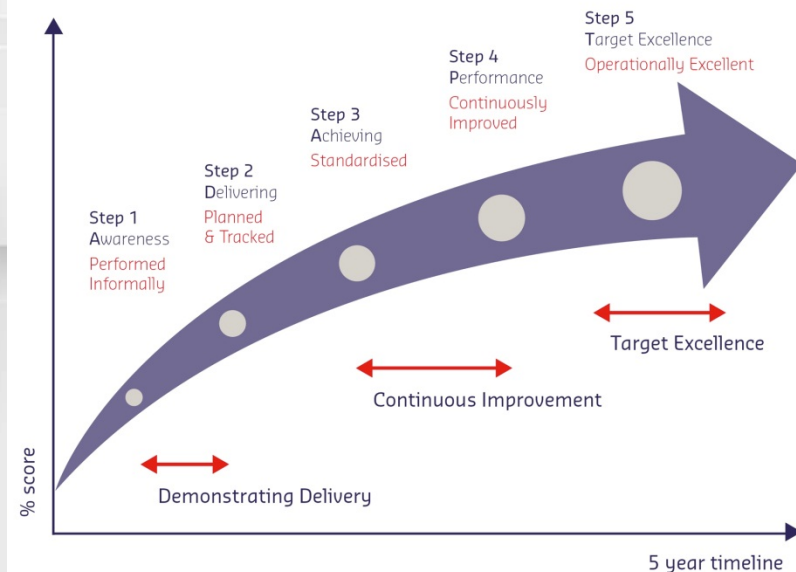
knowledge + skills + behaviour

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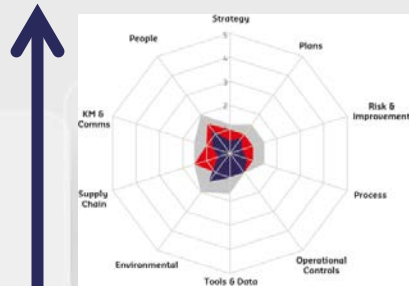
# Organisational Maturity



## Asset Management Maturity



# Organisational Maturity



Step 1:  
**Awareness**

**Improved operational efficiency**

- through **workflow process management.**

Step 2 & Step 3:  
**Delivering to Achieving**

**Better decision making**

- Selecting the **right maintenance regime**
- Prioritising capital expenditure to **maximise value of investment;**
- Using **process to define data.**

Step 4 & Step 5  
**Performance to Target Excellence**

**Optimum whole life asset cost**

- Using knowledge, capability and process approach to establish **long term maintenance and investment schedules .**

knowledge + skills + behaviour

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# Workforce Capability.....



knowledge + skills + behaviour

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for client and customer quality of life

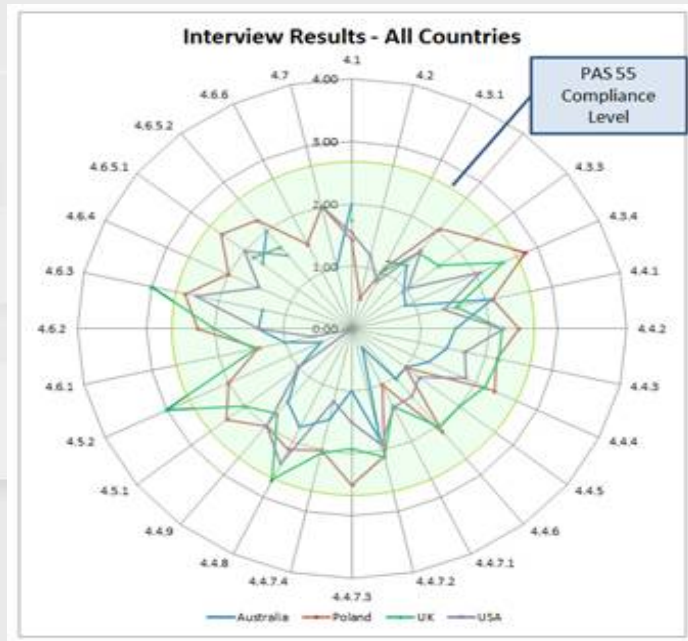
# Workforce Capability.....



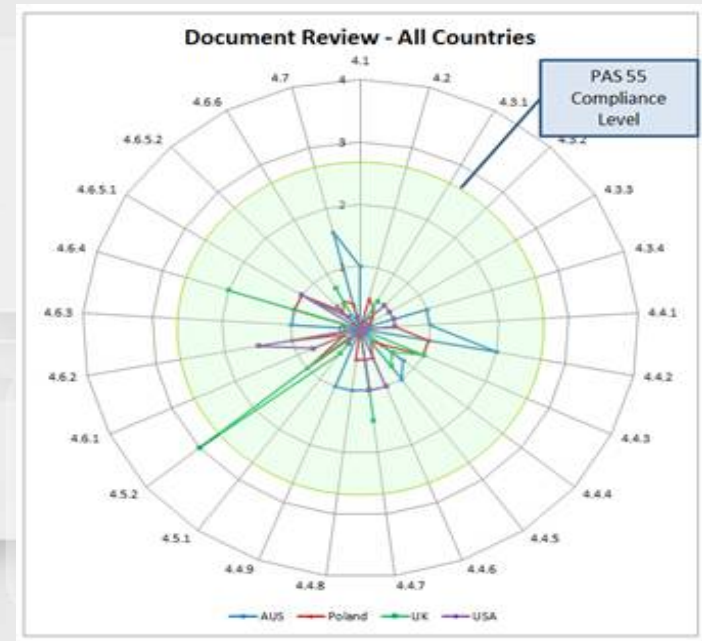
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# Workforce Capability



Perception



Reality

knowledge + skills + behaviour

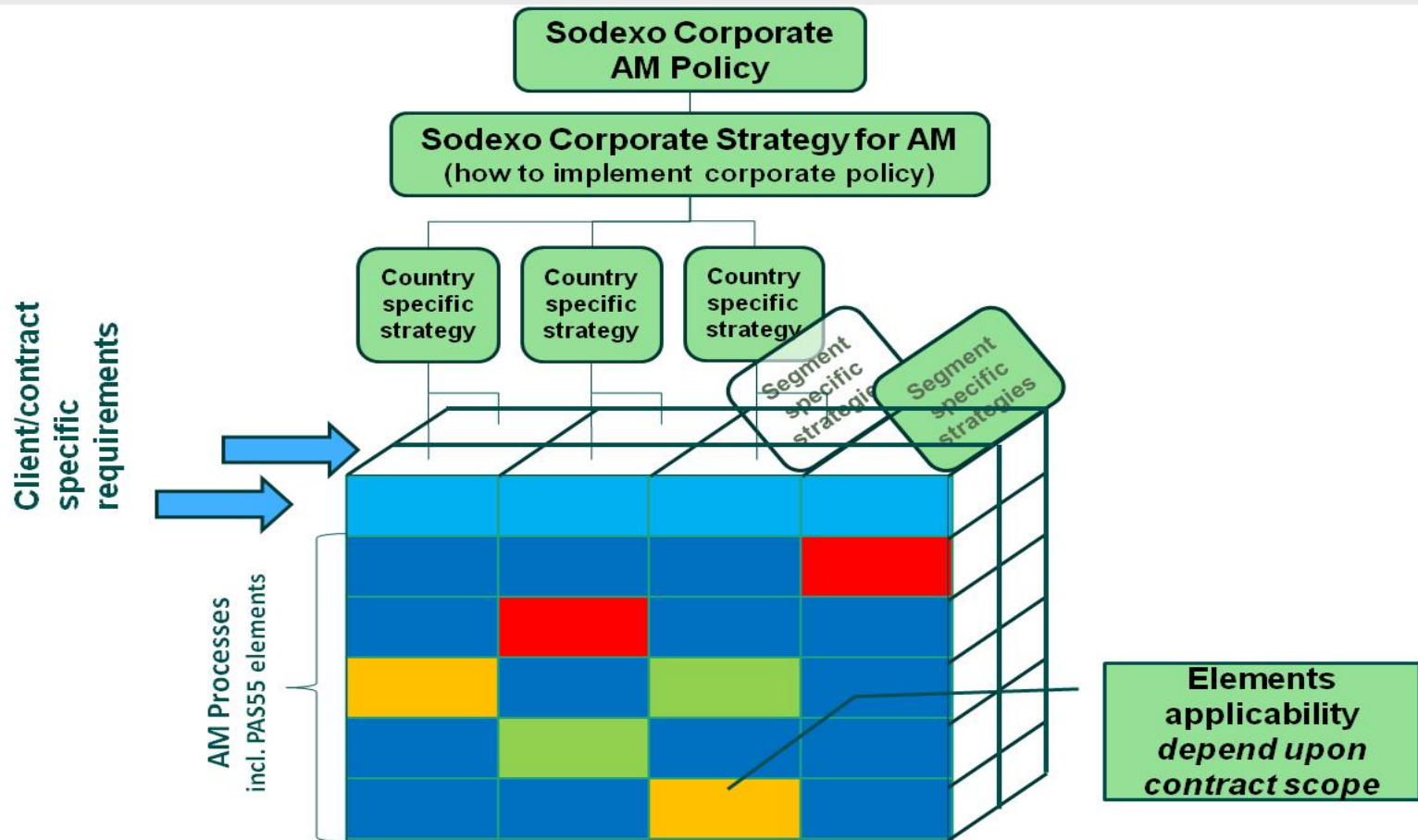
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# Global Market Maturity.....





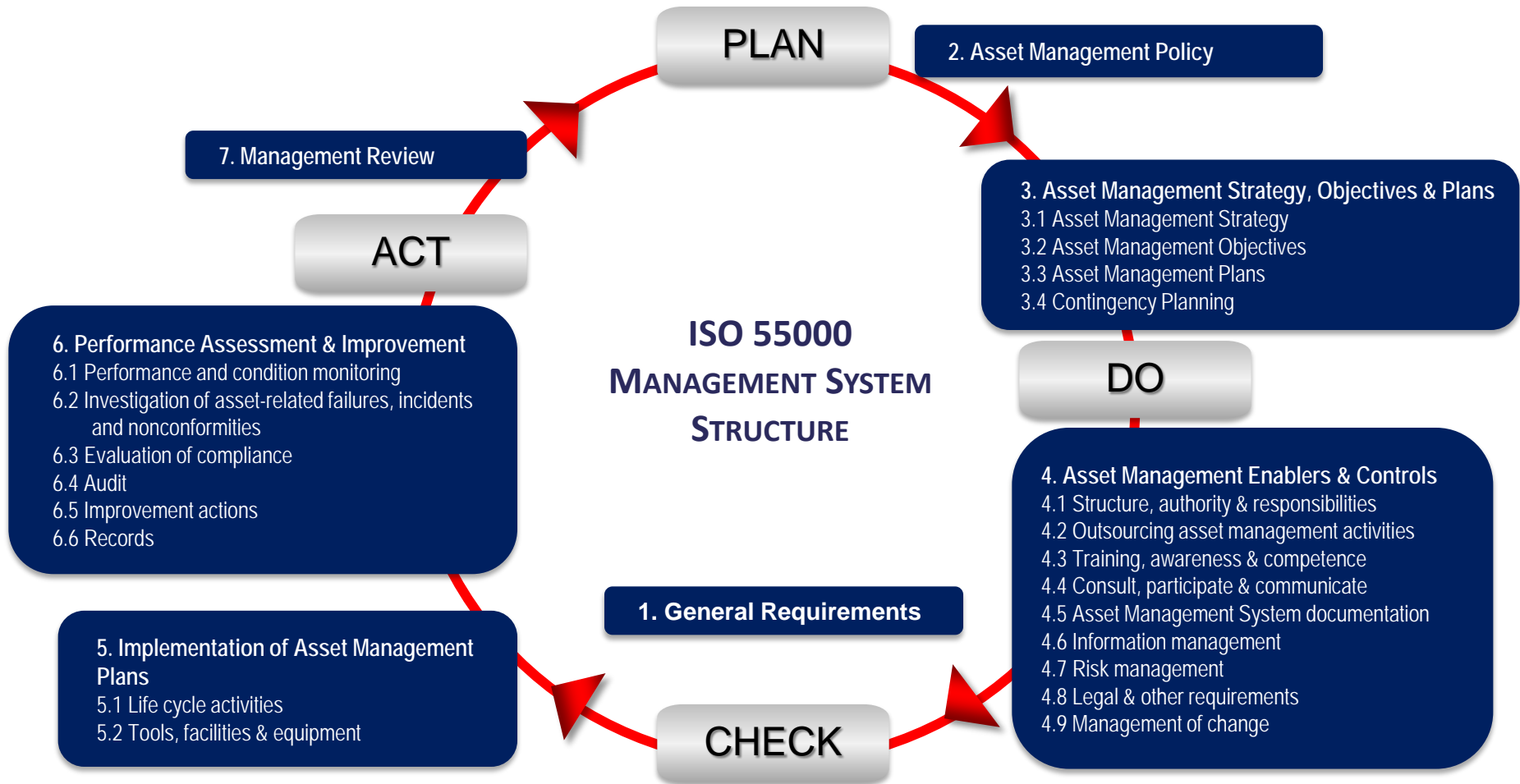
# Global Market Maturity



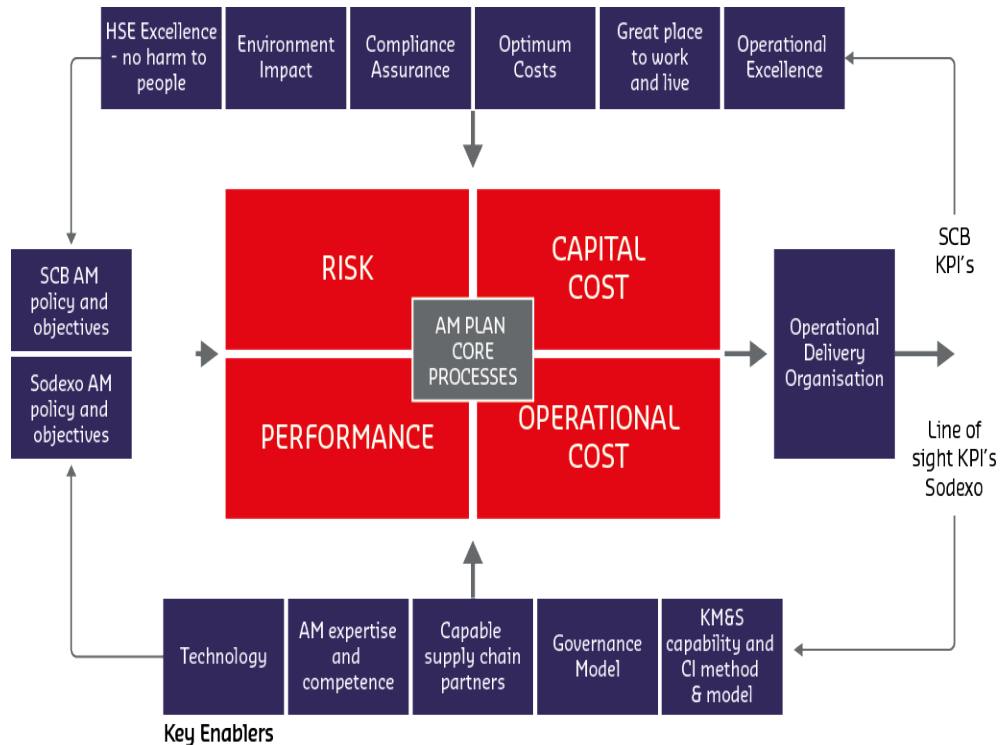
# Deploying in a Global Organisation

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# Asset Management Program



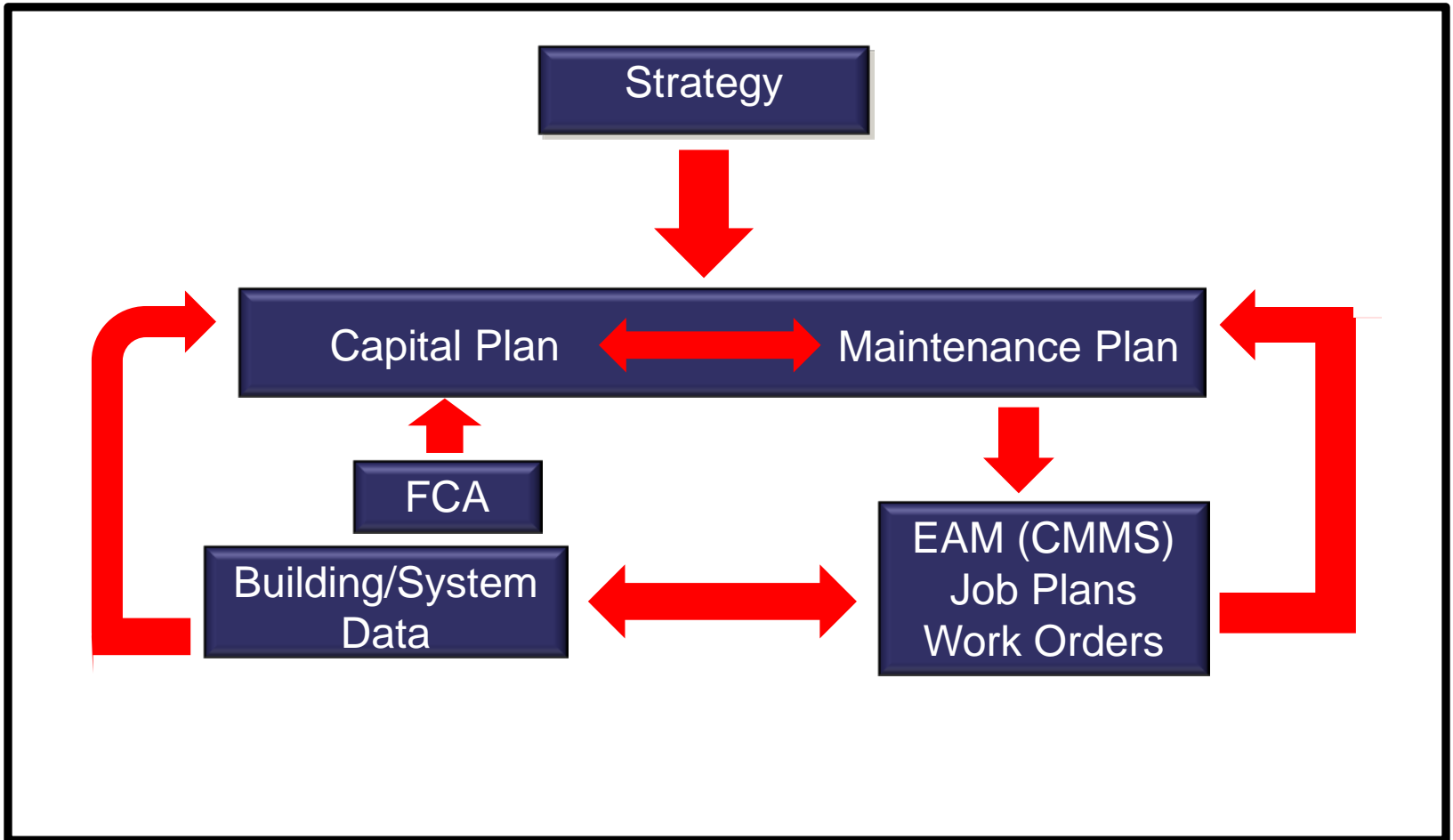
# Asset management approach in a client environment



## Sodexo's Asset Management Framework will:

- Align <CLIENT>'s strategic asset management plans with the service delivery outcomes.
- Quantify the current condition of the facility infrastructure
- Benchmark current performance capability of the asset infrastructure
- Identify and define the risks the asset infrastructure represent to the business
- Determine the best asset care strategies in line with <CLIENT>'s corporate objectives, minimising risks and maximising performance and availability of the asset infrastructure for the best possible costs.
- Define the asset information required to enhance asset decision making

## Asset Management Program Structure



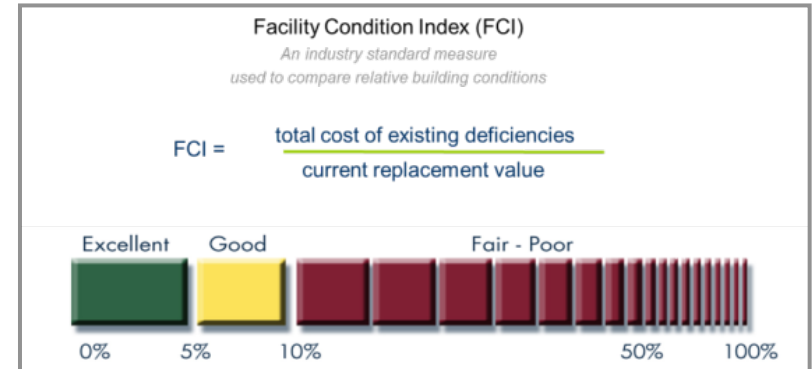
Policies, Procedures, and Standards

# Strategic Capital Planning

What is in the portfolio ?



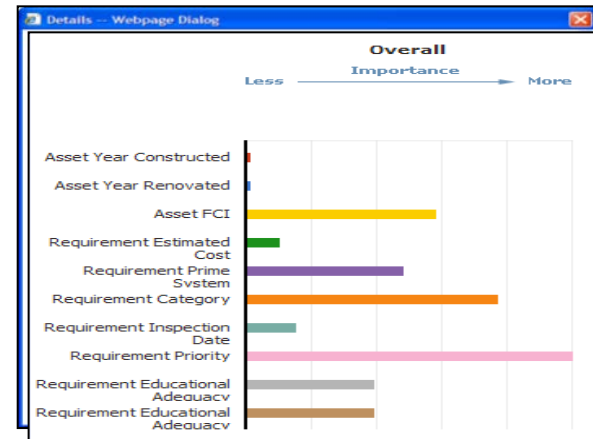
What is the condition of the assets?



How much funding do we need?



What do we prioritize as most important?



# Asset Lifecycle and Maintenance aligned with Key Drivers

## Key Drivers



AM policy and objectives

## 1 PERFORMANCE

Maximizing the utilization of your assets by applying standardized tools and processes **that ensure a safe and sustainable operational environment**

## 2 COST MANAGEMENT

Optimizing your total operating and capital costs as well as the costs of your assets over their entire life **to strengthen your competitiveness**

## 3 RISK CONTROL

Providing a safe, reliable and controlled environment with transparency about the risks **so you are able to focus on your business priorities**

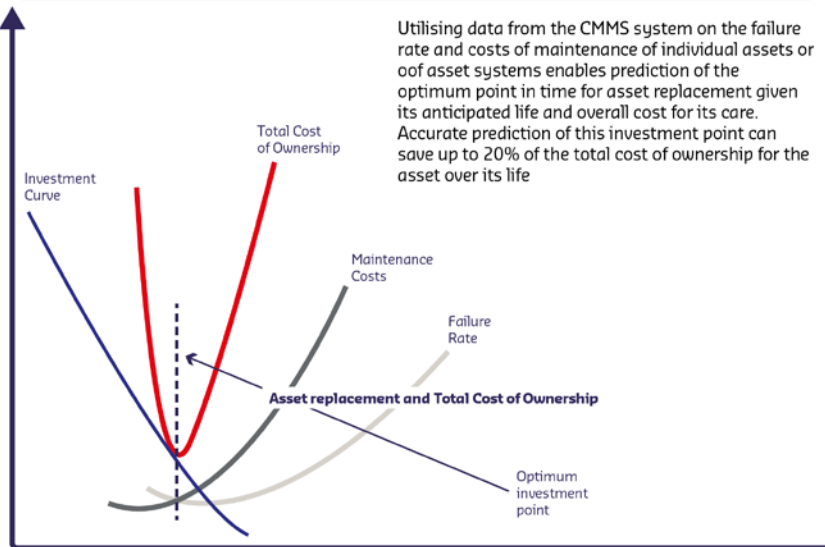
# Maintenance Strategy

Risk Assessment Matrix

		PROBABILITY OF FAILURE											
		Rating		1		2		3		4		5	
		Failure Descriptors		RARE		UNLIKELY		POSSIBLE		LIKELY		CERTAIN	
		None or minimal remedial action required and / or new / recent upgrade. Estimated time to failure >10 years		Normal wear and tear, sound operationally safe and exhibits only minor deterioration. Estimated time to failure may be circa <10 years		Reasonable physical damage /deterioration. Reassignment of life may be acceptable based on technical tests or residual robustness. Estimated time to failure may be <5 years		Major physical damage / deterioration. Failure appears /assessed as imminent or unacceptable built environment. Not appropriate to reassign life. Estimated time to failure may be <1 year		Failure occurred. Unacceptable built environment. Not appropriate to reassign life. Estimated time to failure may be circa <6 months			
Rating	Descriptor	Health & Safety	Environment	Business	Operational building / engineering element	Fire/statutory	Fire/statutory	Fire/statutory	Fire/statutory	Fire/statutory	Fire/statutory	Fire/statutory	Fire/statutory
		No injury/breach of guidance procedure	No or minimal impact breach of guidance procedures	Unlikely cause of complaint. Litigation remote. Minimal reputation loss / limited	Minimal or no impact	Complies with mandatory fire safety requirement and statutory safety legislation	Complies with mandatory fire safety requirement and statutory safety legislation with minor...	Known contravention of one or more requirements, which falls short of '2'	Known contravention. Dangerously below '2'	Known contravention. Dangerously below '2'			
1	INSIGNIFICANT					1	2	3	4	5			
2	MINOR	Minor injury/ill health (first aid or self-treatment). Breach of legal requirement	Breach of legal requirement	Possible complaint. Litigation unlikely. Loss of reputation (widespread internal awareness)	Localised impact. Disruption to normal services	2	4	6	8	10			
3	MODERATE	Moderate injury/ill health statutory obligations. Improvement notice issued	Single breach of single requirement. Improvement notice issued.	Possible complaint. Possible litigation. Loss of reputation. National paper reporting	Moderate impact. Disruption to normal services	3	6	9	12	15			
4	MAJOR	Major / significant injury or long term incapacity /disablement. Prohibition notice issued	Multiple breach of requirement. Prohibition notice issued.	Litigation expected. Loss of reputation. National reporting	Major/significant impact. Severe disruption to normal services	4	8	12	16	20			
5	CATASTROPHIC	Fatality and/or permanent incapacity / disablement. Prosecution	Major breach of requirement. Prosecution	Litigation certain. National adverse publicity	Critical impact. Service closure	5	10	15	20	25			



- Asset criticality
- Condition & Performance of Assets
- Reliability Assessment
- Profitability and impact of Failure
- Asset repair/replacement options
- Safe operations of assets



- Run to Fail
- Reactive Maintenance
- Planned Maintenance
- Predictive Maintenance
- Condition Based Maintenance

**knowledge + skills + behaviour**

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## AMS – Knowledge Transfer





# Influencing People and Behaviours

***The first aim was to win the hearts and minds of our staff.***

***The second was to give them the competence and confidence to make the best use of “The Sodexo Way”.***

knowledge + skills + behaviour

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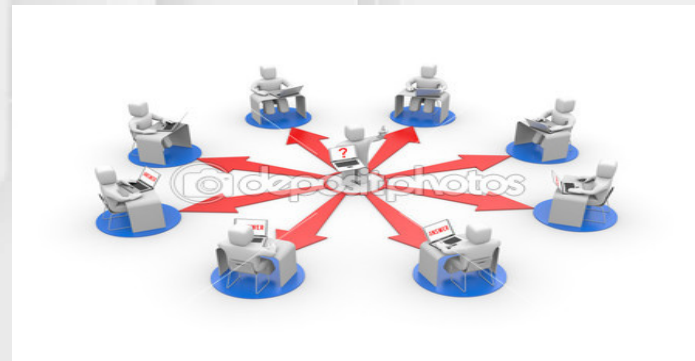
# The Importance of Knowledge Transfer.....



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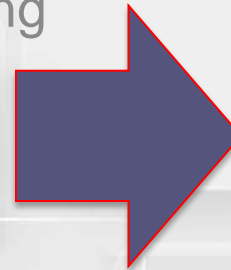
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# Globally Accessible.....



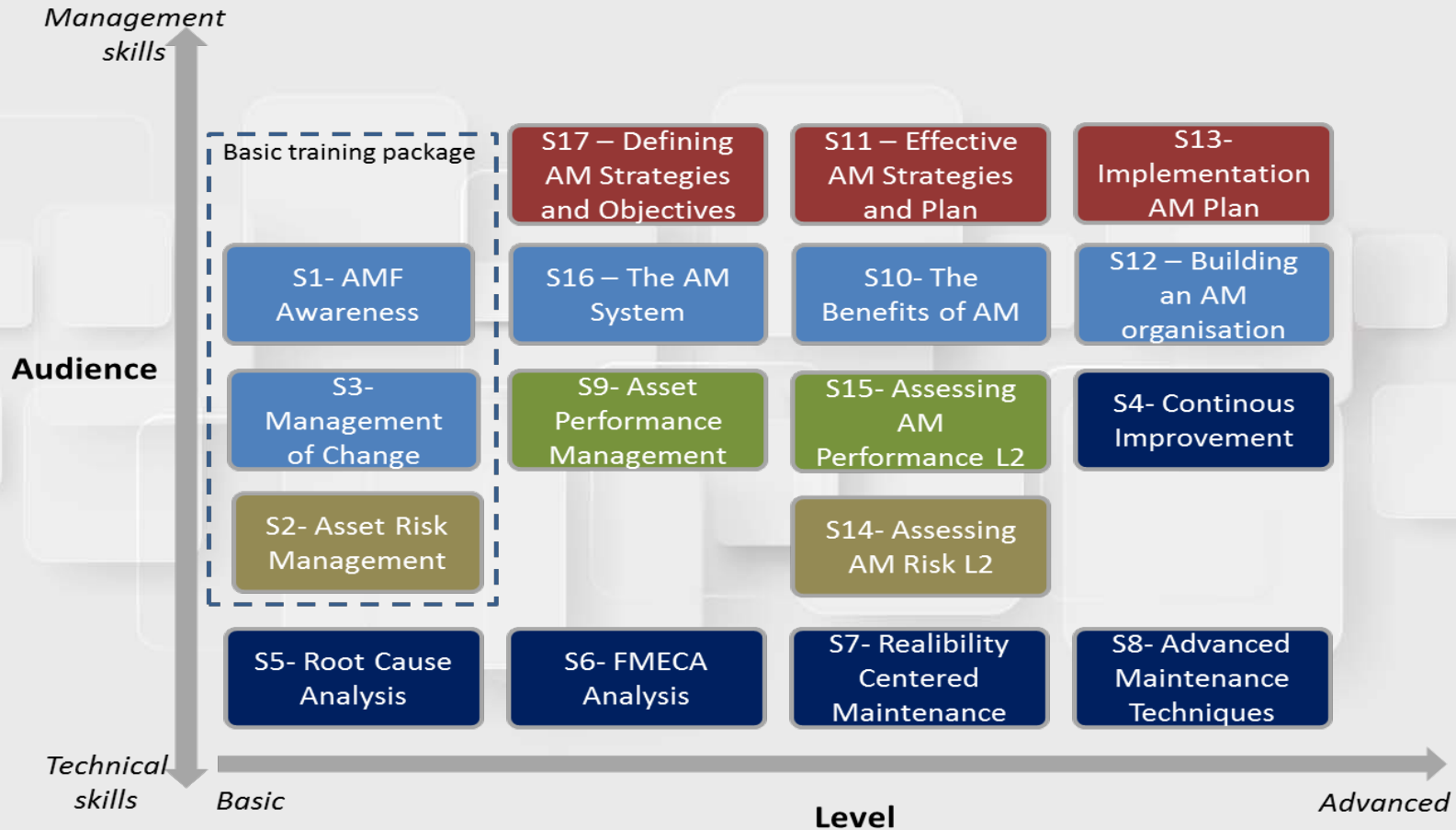
# Making Change Sustainable – Relevant Learning

- T1 Strategy, investment and planning
  - T2 Change management
  - T3 Risk
- T4 Continual improvement
- T5 Asset performance management



- S1 = Awareness;
- S2 = Risk Management;
- S3 = Change Management;
- S4 = Continual Improvement;
- S5 = RCA;
- S6 = FMECA;
- S7 = RCM;
- S8 = CBM Techniques;
- S9 = Asset Performance Management;
- S10 = Benefits of Asset Management
- S11 = Effective Asset Management Strategies and Plans;
- S12 = Building an Asset Management Organisation;
- S13 = Implementation of Asset Management Plans;
- S14 = Assessing Risk in AM;
- S15 = Assessing and monitoring Performance;
- S16 = The AMF;
- S17 = Developing Asset Management Strategies and Objectives;
- S18 = Investment Planning

# Sodexo Training Methodology



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# Benefit Expectation.....



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for client and customer quality of life

# Success Individually.....







SODEXO AM JOURNEY



# Case Studies

Oct 2016



**GSK**

- Bio-Pharmaceutical
- 97,000 employees
- 4<sup>th</sup> world largest bio-pharma company



In 2007, GSK launched an enterprise wide Operational Excellence program to improve the efficiency and productivity of its operations. The initiative expected to deliver £700 million annual savings over the course of a three-year period and achieve the following objectives:

- Grow a diversified global business
- Deliver more product of value
- Simplify the operating model

**OUTSOURCED SCOPE**

23 sites in the UK and Canada

UK > Soft Services + Lab Asset Management

6 R&D Centers  
12 Manufacturing Sites

Canada > Soft and Hard Services

5 Sites

Manufacturing Orientation ← SCOPE TAILORED TO PORTFOLIO SPECIFICS → HQ + R&D Orientation

**Hard Services Scope**

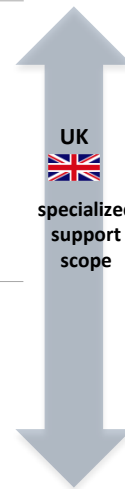
- Energy & Utility Management
- Building Maintenance
- Project Management

**Soft Services Scope**

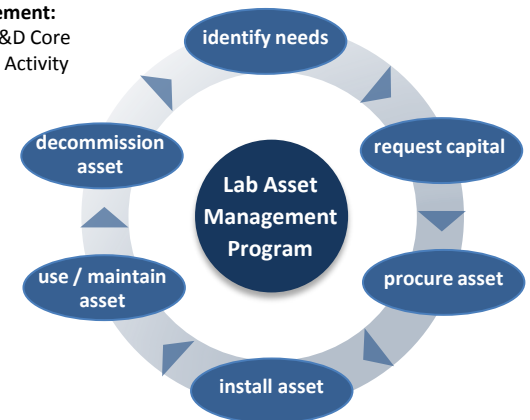
- Custodial Services
- Grounds Management
- Security Services
- Food Services
- Reception / Helpdesk
- Audio/Video Conferencing
- Waste Disposal
- Move/Add/Change

**Laboratory Asset Management**

- Instruments repair services
- De-commissioning
- Installation services
- Preventive Maintenance
- Calibration
- Financial reporting
- Asset Management IT Solution



**Lab Asset Management:**  
A GSK R&D Core Support Activity



Procuring and maintaining complex and expensive lab equipment had traditionally been a significant problem throughout the pharmaceutical industry. Sodexo provides a comprehensive, independent and OEM-agnostic lab asset management solution with \$xxx million under management in a highly regulated environment.

**RESULTS**

**-30%** LAB ASSETS Total Cost of Ownership

In the UK, the service delivery of Facilities Management Soft Services and Comprehensive Laboratory Asset Management mobilizes a staff of 1,000 Sodexo employees. In Canada, the service delivery of Hard and Soft services is based on a model where 60% to 70% of all services are self-performed, which considerably reduced the number of contractors involved in providing these services.

The successful integration of Sodexo team into GSK's operations were the results of key governing structure decisions:

- Creation of Steering Committee composed of both GSK and Sodexo executives
- Initiation of Strategy Seminars and creation of Asset Management team
- Establishment of joint financial planning and joint improvement/business planning
- Implementation of a performance measurement program

key attributes of successful governing structure

# Sodexo Property Solutions – Asset Management Case Study

## BAE SYSTEMS

### ➤ Client

BAE Systems

### ➤ Scope

Condition Survey  
Asset Tagging  
Capital Expenditure Plan

### ➤ Output

Complete Asset List  
5 year Capital Expenditure Plan

### ➤ Internal Value

Comprehensive asset data delivered for Global Maximo mobilisation.

Asset data and condition for due diligence identified, minimising the risk for a semi-comprehensive contract.

Identified potential internal project delivery opportunities.

### ➤ External Value

Client has a 5 year view of capital investment requirements.

Capital plans prioritised based on essential, advisable and desirable expenditure.

Our clients wanted a deeper understanding of the relationship of cost, risk and performance across their estate.

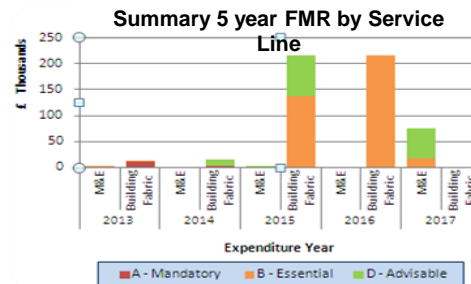
In a matter of weeks, we not only gave them a detailed view of the current condition of their assets, but also the insight to proactively manage them for the next five years.



“The reports have proven very useful when discussing the maintenance schedules with our client...”

The client was particularly delighted with the reports and as a consequence has asked for the rest of his estate to enjoy a similar verification.”

Alex Hayter, Senior Account Manager, Sodexo



“With this detailed asset survey, we are able to start a new contract with Sodexo with confidence in the condition of our assets, and a valuable insight to our capital needs’  
Steve Cole, Operations Manager, BAE

# Case Study: Melrose-Wakefield Hospital, Massachusetts, USA

## KEY FACTS

- 234 bed non-profit hospital
- Top 10% of hospitals in the nation for stroke care
- Top 15% in the nation for heart attack treatment

## CLIENT CHALLENGES

- Proper management of asset inventory list
- Maintaining consistent workflow process and work order management
- Training of the Nursing Staff in call management and prioritisation

## SODEXO'S SOLUTION

- Implemented Sodexo Asset Management Framework and Maximo
- Standardisation of workflow process and work order management;
- Improved monitoring of asset failure feedback utilising CMMS;
- Introduced clarity in asset priority levels and improved responsiveness

## BENEFITS TO CLIENT & SODEXO

- Additional capability to process PPM activity by 30%
- Absorbed additional work activity requirement on increased asset portfolio
- Improved compliance satisfaction
- Improved customer satisfaction feedback
- Maintained availability of critical facilities
- Maximised revenue opportunity for client



# Bancolombia



- 43 Buildings
- 2 Data Centers
- 22,000 Assets
- 145 Technicians
- 55 Subcontractors
- 600,000 sqm



## Services

- HVAC
- Elec & Lighting
- Access Control & CCTV
- UPS
- Power Generators
- Civil Buildings
- Lifts / Elevators
- Plumbing
- Cleaning
- Fire Protection
- Reception & Conf rooms

## Before AMF Jan 2014

- No contingency planning
- No identification of Mandatory / Statutory PM in CMMS
- Manual reporting
- No replacement planning



## Post AMF Target

- A ERP aligned with business needs
- All Mandatory / Statutory identified in Maximo
- All reports automated in Maximo
- Replacement plan for a 5 years horizon

	Before	1 year later
MTBF	180 days	420 days
Preventive Cost		1,5% reduction
Corrective Cost		8,7% reduction



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 "YOU CAN'T IMPROVE  
 WHAT YOU CAN'T MEASURE"

# I HAD A DREAM... FROM MAINTENANCE TO ASSET MANAGEMENT



## WHY AMF & MAXIMO...?



**MSD MADRID**  
 C/JOSEFA VALCARCEL,38  
 OWN BUILDING

**BUILDING 1**  
 BUILT IN 1968  
 14.000 m2 GROSS AREA



**BUILDING 2**  
 BUILT 2002  
 7.000 m2 GROSS AREA

480 OCCUPANCY  
 7.273 VISITORS 2013



**TOTAL COST OF OWNERSHIP IMPROVED UP TO 20%**

### CHALLENGES:

- SITE IN OWNERSHIP
- AGED BUILDINGS
- LACK OF INFORMATION
- EXCEEDED ASSETS LIFECYCLE
- SPACE MANAGEMENT
- REACTIVE SOLUTIONS

*Our journey...*

**2008**  
 August  
 Contract in place



**2011**  
 MSD-SP Merge  
 One Headquarter  
 Team Consolidation

**2012**  
 Investment Safety  
 Site drawings

**2013**  
 Pilot Maximo deployment  
 Asset Inventory  
 5-year CAPEX

**2014**  
 Asset Management Framework  
 5-year CAPEX review  
 Building Survey

**AMF Capability Assessment**  
 February 2014    0.79 score  
 February 2015    2.05 target score  
 ISO 55000        3.00 certificate score

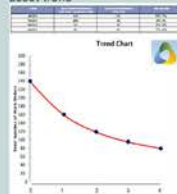
**BE CERTIFIED IN THE  
 ISO 55000 FOR  
 ASSET MANAGEMENT  
 STANDARD**

### MAXIMO DEPLOYMENT

**768 Locations.** Assessment of building current space conditions focus on buildings structure and usage  
**3.491 Assets.** Validation of asset condition, business impact and criticality  
**181 PPM.** Review of maintenance activities; compliance with statutory requirements  
**2.135 PM reported Scorecard 2013**

### REPORTING CAPABILITY

Reactive WO on critical asset trend    Preventive & Reactive Maintenance WO trend & ratio report



### AMF&MAXIMO BENEFITS

AMF ENABLED BY MAXIMO ENSURE THE ALIGNMENT BETWEEN CLIENT BUSINESS AND SODEXO DELIVERY

- IDENTIFY ASSET STATUS AND CRITICALITY
- ASSIGN APPROPRIATE JOB PLANS
- ROOT CAUSE ANALYSIS PERFORMED
- REDUCE OPERATIONAL RISKS
- CONTINGENCY PLAN WITH MITIGATION ACTIONS
- MAKE THE RIGHT DECISION ON ASSET MANAGEMENT AT THE RIGHT TIME
- STANDARDIZE MEASUREMENT CRITERIA

## SODEXO RETAINS FM CONTRACT WITH INTERNATIONAL SCHOOL OF BEIJING WITH ASSET MANAGEMENT FRAMEWORK AND MAXIMO



### About International School of Beijing

International School of Beijing (ISB) operating since 2002 caters to a diverse student population of just over 2,000 students ranging from kindergarten to high school, with 450 faculty members from 50 countries.

The campus occupies a total area of 130,000 m<sup>2</sup>:

- Main school buildings total 50,000 m<sup>2</sup> (3 floors and basement)
- Extensive ground (sport tracks and playing fields account for: 70,000 m<sup>2</sup>)
- The school has invested over RMB120M in school infrastructure

### Sodexo's challenges

- The contract was due to expire and ISB decided to tender the operation
- New FM Director with experience managing military bases in the US recently joined ISB
- ISB decided to self-perform Technical FM services after upgrading its AHUs to manage indoor air quality and air pollution issues
- Strong competition from Aramark and Eurest

### Sodexo's solution

Understanding ISB's infrastructure investment and the high technical service delivery standards, the team presented Sodexo's asset management approach using AMF and Maximo.

Critical success factors that turned around ISB's decision:

- AMF is ISO55000 compliant;
- Global standards and asset management best practices will be introduced;
- Maximo will be deployed to enhance operational efficiency; and
- Competitors do not have an asset management platform that meets ISB's expectations



### Benefits to Sodexo

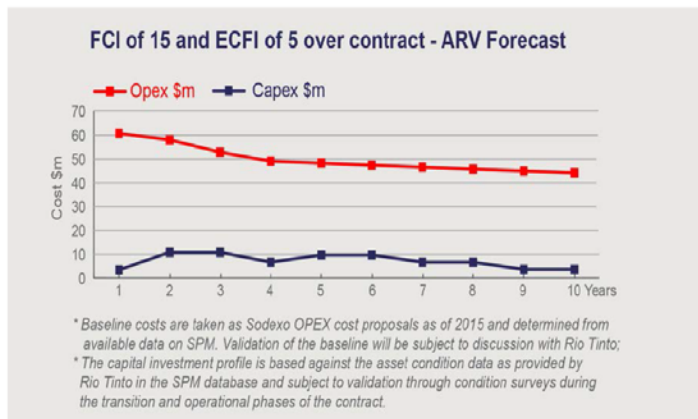
The contract has been renewed for 2 years with an option to extend for additional 2 years; and an increased value in contract price including year-on-year step increase on fixed labour and direct costs.

# AMF Supports Retention and Growth in RTIO business

The Asset Management and Building Maintenance solution Sodexo propose, will deliver a 27% reduction in the actual annual maintenance costs\* for Rio Tinto's infrastructure assets by year 10. Capital investment is targeted at \$72m over the life of the contract to establish the condition of all assets to a minimum of C1/C2 and to sustain this condition for handover of the assets back to Rio Tinto at the end of the contract. This drives \$110m of operational maintenance costs savings over the contract life.

To be clear our Asset Management proposal is based upon the assumption that those assets that fall under Full Risk Transfer category become the responsibility of Sodexo, part of which is the determination of the replacement schedule of assets in line with best industry practice. This ownership enables Sodexo to manage the maintenance strategy in line with the intent of the IFMS contract and ensure that at the end of the 10 year cycle we return all assets under this category at a condition of either C1 or C2.

We have taken the condition assessment presented in the SPM database and factored the Asset Replacement Value (ARV) based upon the Facilities Condition Index (FCI) to determine the catch up cost. The Extended Facility Condition Index (EFCI) is used to determine the up keep costs; these methodologies are recognised global industry standards.



Our approach to Asset Lifecycle Management (ALM) is underpinned by the application of the Sodexo Asset Management Framework (AMF). This encompasses equipment maintenance, building operations and maintenance, control systems monitoring and maintenance, engineering project support, small project execution, project management and other scope

## Asset Management and Building Maintenance - Facts

- 10 year Contract
- Full Risk transfer of Asset Lifecycle Responsibility to Sodexo
- Annualised Revenue \$48m
- Investment Plan of \$55m over contract life
- Projected benefit in total cost of ownership for RTIO of \$110m.
- 27% Reduction in annual maintenance costs.

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