

AMP takes advice on FM

The outsourcing of functions not considered to be 'core' business activity has in recent times become a widely adopted practice. It's a strategy often employed to improve service delivery, reduce costs and free up corporate resources to focus on core activities.

In October of last year, Rider Levett Bucknall (formerly Rider Hunt Terotech) were commissioned by AMP Capital Investors to provide advice on the procurement of facilities management (FM) services for their core national commercial portfolio – a portfolio consisting of 43 properties across Australia – with an option for their Industrial portfolio (consisting of 28 sites across Australia).

AMP Capital Investors were specific regarding their requirements for a relationship that provided them with a clear strategic business structure and efficient environmental and sustainable practices.

Mr Emlyn Keane, National Operations Manager of AMP Capital Investors for Office and Industrial said: *"When outsourcing our facilities management our objective was to create a strong relationship in which we could together work smarter, linking innovative personnel with leading technologies. We had a strong requirement for our buildings to be managed in a safe and sustainable manner optimising resource utilisation while delivering superior service to our tenants. Rider Levett Bucknall understood this and throughout the procurement process they helped us to ensure that we were able to partner with a professional organisation that were aligned with our stakeholders' values"*.

The Procurement Process

The call for Expressions of Interest (EOI) was advertised in the Australian Financial Review in November 2006, attracting 42 requests for the EOI package and 17 formal submissions. 6 suitable organisations were then asked to submit against the Request for Proposal (RFP) in February 2007. These organisations also participated in briefing workshops to ensure the objectives could be met and that they understood AMP Capital Investor's corporate culture.

The RFP responses were subject to rigorous analysis and a questions and answers phase ahead of tender presentations. Rider Levett Bucknall's process included RFP evaluation criteria covering Tenderer's capacity, experience, methodology, service systems/tools and approach to working with AMP Capital Investors. Weighted assessment indexing reflecting the Tenderer's value proposition, coupled with interviews, provided a basis for negotiation and awarding of the FM Services contract.

Stephen Ballesty, Director of Rider Levett Bucknall said: *"Managing such a robust FM Services Procurement tender provided us with a rare insight into the depth of the Australian FM market. The quality of the proponents made for some tough decisions"*.

The Deal

AMP Capital Investors have entered into a 3 + 1 + 1 year contract with ISS Facility Services with renewal periods at years 3 and 4, based on agreed performance levels and targets. The contract value is understood to be around \$12million over the initial 3 year period and could be worth as much as \$20million over the entire five year period.

Dean Campbell, Commercial Director, ISS Facility Services said: *"ISS is very excited about this opportunity to enter into a partnership with an icon such as AMP Capital Investors. We look forward to working with AMP Capital Investors in support of their investors and tenants."*

ISS Australia, whose FM clients include private and public sector organisations such as The Department of Immigration and Citizenship (DIAC) and AMCOR are part of ISS Group which employ

over 410,000 people and are in 50 countries throughout the world. ISS in Australia employ about 20,000 people and are represented in all states and territories.

Further Details

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