The First 90 Days: Critical Success Strategies for New CRE Leaders
Breakout Session #6
Monday, April 30, 2012
11:00am – 12:30pm
Introductions

Sanjiv Awasthi
Cigna, Vice President of Global Real Estate
Sanjiv currently works at Cigna leading their global real estate function from strategy to implementation. Prior to working at Cigna, Sanjiv worked at Pfizer and was responsible for implementing global portfolio strategy and executing global real estate transactions and divestures for 70 million square foot portfolio. In addition to Pfizer, Sanjiv has held senior management positions at Fidelity Investments, Warner Bros and Time Inc. Sanjiv received his BA from MIT and MBA from the University of California, Berkeley.

Colette Temmink, MCR, SLCR, CRE, CCIM, CFM, CPM
Apollo Group, Vice President of Real Estate & Facilities
Colette currently leads the real estate function at Apollo Group, parent company of the University of Phoenix. Her expertise spans all aspects of facilities, property and asset management, real estate transactions, distressed asset workouts, large-scale complex redevelopments, strategic corporate planning and outsource contracting. Colette has also held senior level positions at Oracle, Johnson Controls and Boeing Realty Corporation. Colette received her BA from American International College and her MBA from American University.

Erica Chapman, Esq
inVentiv Health, Vice President of Real Estate & Facilities
Erica oversees and coordinates all global real estate activities across inVentiv’s markets, including business unit real estate and facilities resources, third party outsourced resources and working with the Executive Management Team to create and deliver global initiatives. Prior to joining inVentiv, Erica worked for adidas Group as the Director of Corporate Real Estate. Erica is a licensed attorney and a member of the ABA. Erica serves on the global Board of Directors for CoreNet Global. Erica received her BS from the University of Massachusetts Boston and her JD from the New England School of Law.

Michele Flynn, BCCR, CRE
Expense Management Solutions, Founder & President
For the last 25 years Michele has been one of the industry leaders in outsourcing and governance. She is a recognized subject matter expert, and top advisor, with a mission to help clients maximize value for all parties across their extended enterprise. As a prior Chief Administrative Officer at Liberty Mutual, her corporate experience spans senior positions in real estate, procurement and related functions. Michele holds an AB from Mount Holyoke College and an MBA from Southern Methodist University.
Expense Management Solutions

EMS Helps Companies Optimize Service Delivery & Results

- Global advisory firm founded in 1997
- Recognized leader in effective strategies to manage the extended enterprise, reduce corporate expenses and minimize risk
- Specialize in procurement advisory, 3rd party management and corporate real estate services
- Historical Client ROI - 20:1

Areas of Expertise

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<td>• Tenant Support Services</td>
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Service Overview

- Baseline Analysis & Strategy
- Business Process Reengineering
- Change Management
- Strategic Sourcing
- 3PM and Governance
The New Reality

- Globalization – world has become a global village
- Exponential pace of change
- Technology – increase in connectivity and speed
- Tremendous increase in regulations
- Many more stakeholders in every situation
- Employee demographics – generational shifts are huge
- Pressure on cost is no longer cyclical but constant
Changing Role of Real Estate

- Strategic partner to the business units to ensure availability of space when needed
- Design the workplace to attract and retain key talent
- Ongoing focus on expense control
- Rapid recovery of business operations – focus on maintaining uptime
- Heavy users of outsourced providers – effective vendor management is key
- Optimizing capital flows
- Managing/mitigating risks
Cigna Corporation

Business Context

Cigna Corporation (NYSE: CI) is a $21.3B global health service company and the 4th largest health insurer in the U.S. market.

Mission: Help our customers improve their health, well being, and sense of security.

Cigna has sales capability in 30 countries and jurisdictions, with approximately 70 million customer relationships throughout the world.

U.S. – Health Care, Group Disability & Life

International – Individual Insurance

Portfolio Statistics

- Size: 7.1M RSF
  - Domestic: 5.9M RSF (1.5M RSF owned)
  - International: 1.2M RSF

- Number of Locations: 275
  - Domestic: 159 locations (20 owned)
  - International: 116 locations (24 countries)

- 2011 Spend
  - $170M consisting of $40M in operating costs plus annual capital spend of approximately $40-$50M

- Primary functions:
  - Facilities Management
  - Project Management
  - Transaction Management
  - Lease Administration
  - Portfolio Management
Internal CRE organization approached real estate from an event perspective, rather than a business perspective.

- Managed the portfolio project by project, rather than a long-term view:
  - Inefficient
  - Dissatisfaction from the business units

- Goal was to change the mindset of the internal team to think as a strategic partner with the business rather than an SME in real estate tactical solutions.
Apollo Group

Business Context
Apollo Group, Inc. is one of the world's largest private education providers and has been in the education business for more than 35 years. The Company offers innovative and distinctive educational programs and services both online and on-campus at the undergraduate, master's and doctoral levels through its subsidiaries: University of Phoenix, Apollo Global, Institute for Professional Development and College for Financial Planning. The Company's programs and services are provided in 40 states and the District of Columbia; Puerto Rico; Latin America; and Europe, as well as online throughout the world.

Portfolio Statistics
- Size: ~8M RSF
- Number of Locations: +300
- + $200M 2011 Spend

Primary functions:
- Facilities Management
- Project & Design Management
- Transaction & Regulatory Management
- Lease Administration
- Portfolio Management
- Room Rentals
- Sustainability
Internal CRE organization approached real estate from a transactional perspective, rather than a strategic business partner perspective.

Significant changes transpired simultaneously.
- Outsourcing Effort
- Phoenix Space Consolidation
- Organizational Change
inVentiv Health

Business Context

inVentiv Health is a $2.5B global service provider of consulting, clinical, and communications services to the bio-pharmaceutical industry sector.

Mission: Transforming promising ideas into commercial reality.

inVentiv Health is comprised of clinicians, researchers, educators, sales professionals, scientists, consultants, Web developers, and marketers responding to challenges of a rapidly evolving healthcare environment.

Portfolio Statistics

- Size: 2.5M RSF
  - Domestic: 2.1 RSF (Leased)
  - International: 0.4 RSF (Leased)
- Number of Locations: 148
  - Domestic: 81 locations
  - International: 67 locations (40 countries)
- 2011 Spend
  - $82M consisting of $21M in operating costs plus annual capital spend of approximately $20-25M
- Primary functions:
  - Facilities Management
  - Project Management
  - Transaction Management
  - Lease Administration
  - Portfolio Management
The organization is re-building, highly acquisitive, and most of the corporate functions are in stages of development and not centralized.

The business strategy is not well honed, requiring G-CREF to "manage" the portfolio project by project, rather than with a long-term view.

- Inhibits flexibility, leverage, and optimal terms.
- Excessive cycle times.

High attrition at the executive level
Question 1: Portfolio

How did you get your arms around all that you needed to know and how critical was it to moving forward?
Question 2: Customers

When you first took over your role, how did you approach finding out the business needs (or wants) and how important was it to engage your customers early in the process?
Question 3: Service Delivery Model

How did you determine the optimal service delivery model for your organization, and what roles do internal staff and external service providers play?
Question 4: Lessons Learned

Looking back now that you have been in your new role for some time, what, if anything, would you have done differently?
Question 5: Tips and Techniques

What are the key takeaways or advice you would give to a newly appointed leader as they take on a new role in their organization?
Take Aways

- **Listen** – credibility begins when you can demonstrate an understanding of the business and map the real estate strategy to support the business needs.

- **Data** – facts are invaluable – need to have the details, costs, portfolio, metrics, and clear sense of how they interrelate so you can build a business case for change.

- **Resources** – be careful what you commit to – ensure you have the resource capacity, capability, skillsets and budget BEFORE committing to too much.

- **Change Management** – multiple fronts – management, internal customers, own team, extended team… can’t afford to miss on any of these.
More Take Aways

- You are not alone – don’t attempt this single handedly– there are a lot of resources available as you take on a new endeavor – take advantage of them

- There is no “one” solution that is perfect for every circumstance – do what works for your organization

- It is a journey – it will take time – think marathon, not sprint

- Design a roadmap so you know where you’re going – but be flexible – the only “constant” is change…
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