

Streamlining Procurement to Capture Convergence

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2016
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Hilton Anatole
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Millennials and Multifamily

Millennials change residences as often as they change jobs

- Linked properties maintain continuity as they move around
- Extended-extended stay lifestyle



The Convergence of Hospitality and Multifamily



‘Resitality’ – the idea of recreating the comforts of home for our hotel guests, and giving our apartment residents all of the services and amenities they expect when staying at a resort or hotel.

David Schwartz
Waterton CEO and Co-chairman



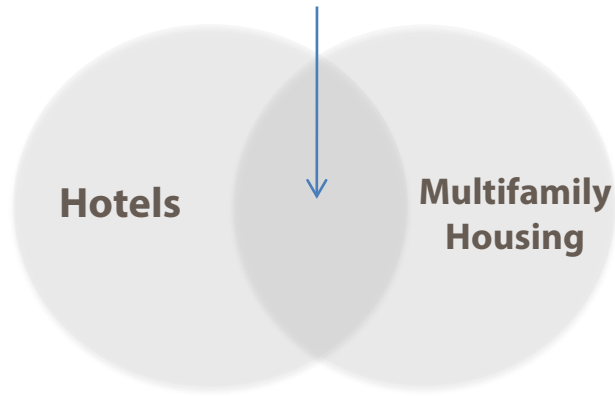
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Hospitality and Multifamily Housing Parallels

Multifamily has similar needs to lodging:

- Resident amenities
- Physical plant repair and maintenance
- Administrative expenses
- Consistent products/services



Procurement

Streamlined and Effective



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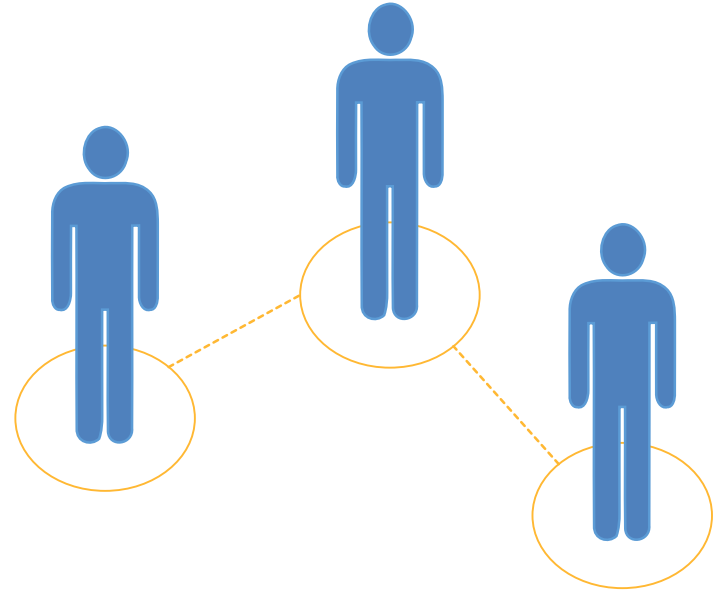
Benefits of Streamlining Your Procurement

- Help your budget go further through beneficial pricing
- Give your property staff more resident-facing time



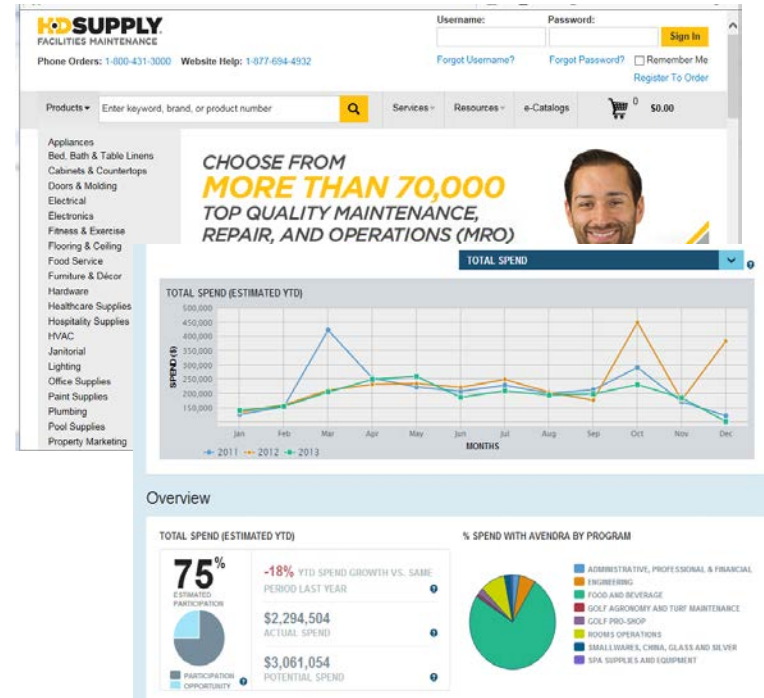
Aggregate and Standardize to Gain Purchasing and Brand Power

- Aggregation enhances stature with suppliers
- Aggregate suppliers AND products
- Standardization makes you sleek and nimble
- Requires properties to be more interdependent



Technology Enhances Procurement Process

- Supplier online catalogs for direct access
- E-procurement platforms integrate ordering and payment
- Online reporting tools analyze and optimize purchasing



Know What Services You Are Buying

Specific scope = Agreed upon outcomes

Category: Common Space Cleaning

	Current Provider	Avendra Supplier
Scope	Provide full-time porter services, Monday through Friday (all necessary labor to perform the scope of work)	<p>Daily/Weekly Rotation:</p> <ul style="list-style-type: none"> • Dust entrance doors frames • Vacuum all carpets including leasing center and corridors • Sweep and mop all lobby and side entrance areas • Clean club room • Clean and dust all interior ledges and baseboards • Clean fitness center • Clean all glass touch points around offices • Trash removal on Mondays • Clean and sanitize all bathrooms • Clean interior and exterior of all elevators including tracks <p>Supplier will also provide all equipment and supplies necessary to complete all work excluding all consumables. Property to provide storage space for our supplies and equipment which will include mops, mop buckets, brooms, window and general cleaning and dusting equipment and supplies, vacuums, high powered extractor with attachments for upholstery and high pressure tile and grout cleaning, a floor buffer, backpack vacuum and janitors cart.</p>
Risk Mitigation	Liability limit of \$1M per occurrence, \$2M aggregate	Liability limit of \$5M per occurrence
	Workers Comp limit of \$500k per occurrence (\$1M in AZ, CA, CO, OR, and WA)	Workers Comp limit of \$1M per occurrence
	Auto liability limit of \$1M per occurrence	Auto liability limit of \$1M per occurrence



Know What Products You Are Buying

- Application for your property
- Price vs. quality
- Product cost vs. “total use” cost



	Incandescent	CFL	LED
Approximate cost per bulb	\$1	\$2	\$8 or less
Average lifespan (in hours)	1,200	8,000	25,000
No. of bulbs needed for 25,000 hours of use	21	3	1
Total purchase price of bulbs over 23 years	\$21	\$6	\$8
Total cost of electricity used (25,000 hours at \$0.12 per kWh)	\$180	\$42	\$30
Total operational cost over 23 years	\$201	\$48	\$38
Labor time to replace bulbs (0.5 hours per bulb)	10.5	1.5	0.5
Labor cost to replace bulbs (@ \$10/hour)	\$105	\$15	\$5
Total operational and labor cost over 23 years	\$306	\$63	\$43

+ \$7

- \$163

- \$263



Implement Receiving Guidelines

Verify what you receive is what you ordered
when it is delivered

- Avoid time wasted disputing condition and price

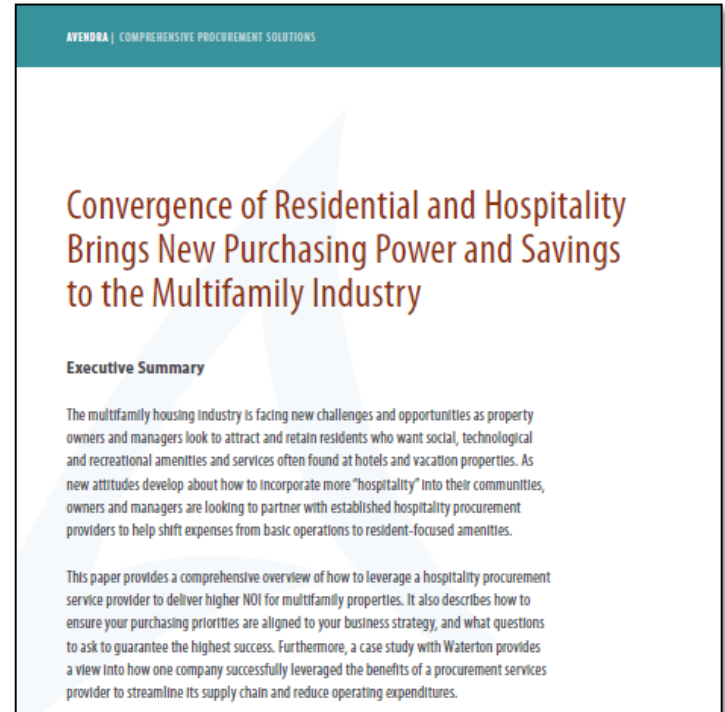


For More Information...

Available at
www.avendra.com/multifamily-housing/

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AVENDRA | COMPREHENSIVE PROCUREMENT SOLUTIONS

Convergence of Residential and Hospitality Brings New Purchasing Power and Savings to the Multifamily Industry

Executive Summary

The multifamily housing industry is facing new challenges and opportunities as property owners and managers look to attract and retain residents who want social, technological and recreational amenities and services often found at hotels and vacation properties. As new attitudes develop about how to incorporate more "hospitality" into their communities, owners and managers are looking to partner with established hospitality procurement providers to help shift expenses from basic operations to resident-focused amenities.

This paper provides a comprehensive overview of how to leverage a hospitality procurement service provider to deliver higher NOI for multifamily properties. It also describes how to ensure your purchasing priorities are aligned to your business strategy, and what questions to ask to guarantee the highest success. Furthermore, a case study with Waterton provides a view into how one company successfully leveraged the benefits of a procurement services provider to streamline its supply chain and reduce operating expenditures.

