

Stepping into Flex: A Quick Guide for Landlords



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Executive Summary

Demand for flex is the single biggest threat and opportunity to owners of office space. Are you positioned to build and deliver flexible real estate products and meet occupier expectations?

Why you need to be thinking about flexible office models:

- There is growing demand for flexibility in the office environment.
- The real estate value chain is evolving
- The trend toward agile workspace is accelerating.
- The competitive landscape is shifting and setting the bar high for more productive and responsive office space.
- With as-a-service models becoming the primary consumption pattern in all verticals, real estate companies are under pressure to offer such solutions.

Transitioning from a product to serviced-based asset is not easy. Occupiers demand friction-free, immediate and flexible office environments. Delivering on these requirements involves being proactive, mitigating risk and futureproofing your business model. From service levels and delivery to enterprise tenant requirements, you should consider all angles of the complex flexible office business model before diving in.

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Getting Started

To thrive in the evolving real estate market requires a shift in mindset for the traditional product-focused office provider CRE player. Demand for flex is driving stakeholders to reconsider aspects of their business model. It is now critical to deliver agile and flexible real estate products that drive value, productivity, and superior tenant experiences. If you aren't thinking about flexibility now, you should be.



Before getting started, consider this:

- **Opportunity** – Flex is the future of the office. Get ready to provide these in-demand solutions. Now is the time to build, buy, or partner for flex.
- **Security** – Futureproof your assets and be prepared for all requirements. Wellbeing, physical, digital and cyber security are top priorities for occupiers.
- **Tech-enablement** – Bridge the gap between technology knowledge and operating models. Tech is an absolute necessity – are you up to scratch?
- **Proposition** – Offer in-demand space types to remain relevant to your occupiers. Your core business model plus flex configurations offer benefits over the long term.



- **Risk** – Minimize risk of space voids. Align closer to tenants and reduce the length of revenue voids between tenants with an agile real estate approach.

Now that we've established the considerations around flexible and agile office, let's jump right into the core components of the business model.

Space

Flexibility is not a one-size-fits-all endeavor but can be applied across a spectrum of workspace products and services. It can take the form of anything from private offices, pre-built and spec-suites to a hot-desk area or shorter-lease terms. The trick is being able to deliver to occupier needs. If you can't, someone else will.



So, how can you implement flexibility across your portfolio?

1

BUILD

BYOB (build your own brand). Weaving together the dynamic business components of a flexible office model, such as marketing, sales, onboarding, and service delivery, can be complex. But it is crucial to be in control of each. Need some guidance? Check out this comprehensive guide.

2

BUY

Invest in established operators with a track record of delivering flexible workspace and services. Leverage the value of an existing brand within your portfolio can keep your business relevant to existing tenants while meeting demand from new ones. What's more, by buying into operators that demonstrate a proven business model and effective use of trusted tools you can mitigate risk when stepping into flex.

3

PARTNER

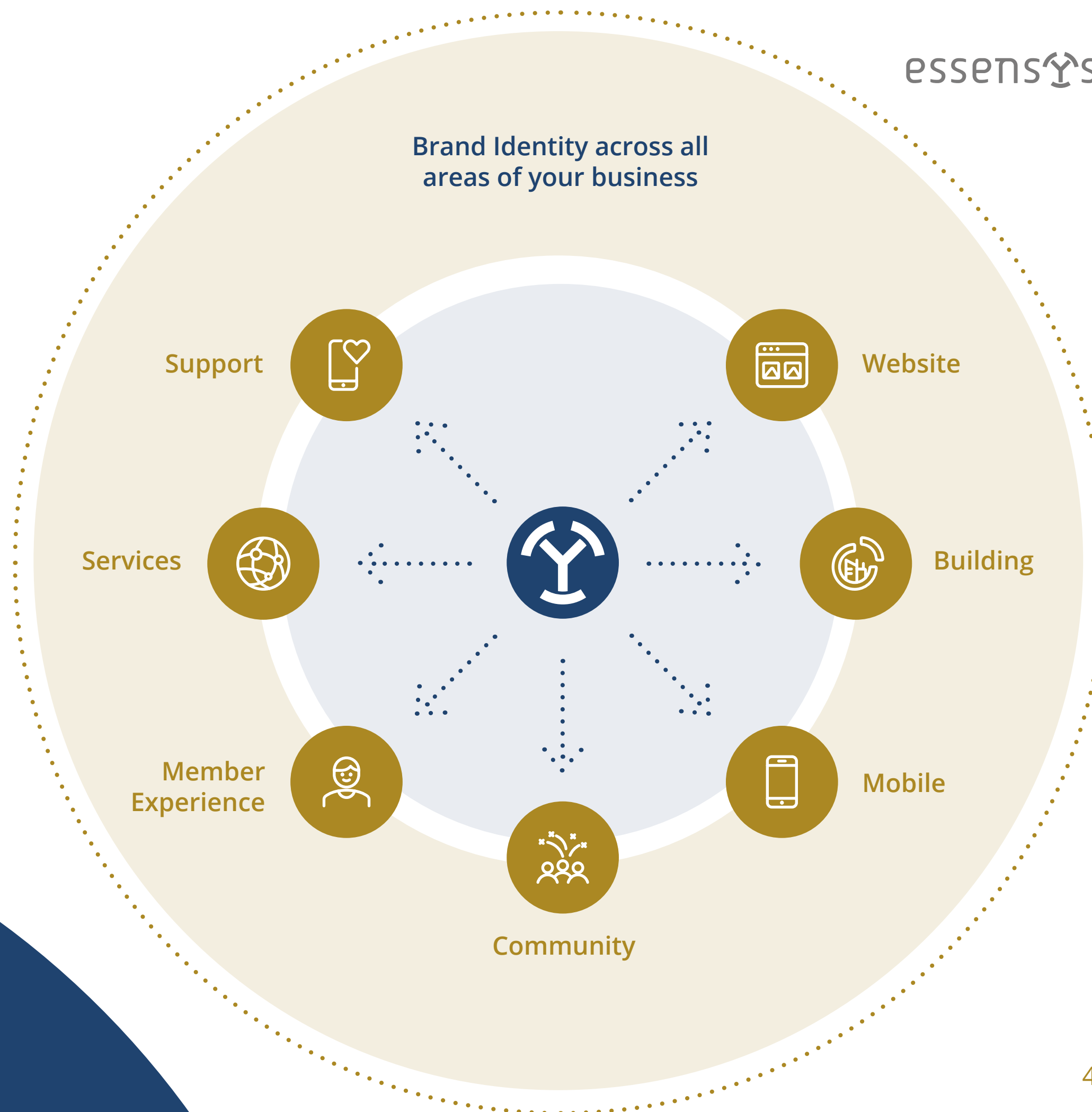
Align your objectives to space operators via management agreements and joint ventures. In a partnership arrangement, the landlord and operator agree to an exchange of operational services for a management fee.

Brand

From a traditional CRE perspective, brand identity has generally taken a back seat to the likes of consistent revenue streams and valuation models. But in flexible office models, brand and culture are top priorities. They directly impact member experience, occupancy rates, and your bottom line.

In fact, according to a recent Infobrief by global research and advisory firm IDC, businesses are willing to pay a premium for flexibility. Premium brand, and so it follows, premium and wide-ranging services, are likely to be linked to more significant wallet share and higher tenant retention.

To unlock premium value to tenants, it is critical to offer consistent service performance and a distinguishable brand identity. This becomes especially important when operating across multiple sites and regions.



Member Experience

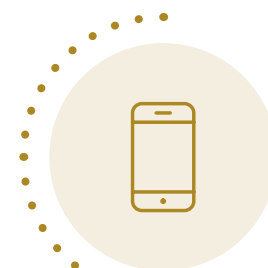
Constantly evolving occupier requirements and growing expectations can be difficult to stay on top of. But service-based office models rely on more than simply adding a hospitality layer to the proposition. They require the quality and range of services that enable productivity and responsive, agile workspaces.



The power of now is priceless. Occupiers demand immediacy. The greater control you have over service delivery and the less friction in the process, the quicker you can unlock value for your occupiers and the longer they will grow within your portfolio.

In a post-Covid world with an increasing number of Gen-Z'ers in the workforce, the focus on digital and mobile technology can be key to workspace productivity and selection. Mobile apps and advanced tech services that keep end-users connected and productive with minimal contact can create engaging and safe day-to-day office environments that retain occupiers.

Have a look at these resources to ensure a premium member experience across your portfolio.



Mobile App

Why going mobile is essential in today's workspace
→



Smart Access

Touch-free technology for easy access to spaces
→



Printing Solutions for Flexible Workspaces

Cloud-based functionality to simplify complexity in printing
→



Visitor Management

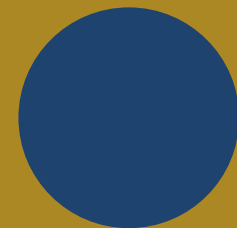
Enhance member & guest experiences across your portfolio
→



Softphone

Keep your members connected from anywhere.
→

Service Delivery



Implementing flexibility across your portfolio may cause pressure on your existing technology stack and operating model. Legacy systems and tools are limited when it comes to supporting the transaction volumes, speed and configurability required when providing as-a-service models. As a service software and infrastructure solutions lend the scalability and elasticity required to offer on-demand real estate products. If you're not leveraging as-a-service models to support your step into flex-space, chances are you don't have the right tools to bridge the gap between the demand for flex and meeting that demand.

Managing the inherently complex flexible office model requires a uniform tech proposition with standardized processes and procedures. In this way, the delivery of different services to a constantly changing customer base with ever-evolving requirements can be managed through a single platform.

In the same way that your occupiers want "space-as-a-service", you can deliver the tech and infrastructure they require as-a-service, giving you more control and visibility over quality as well as member experience. When it comes to corporate and enterprise tenants, meeting their IT and security requirements is critical to both attracting and retaining them.

Beyond control, visibility, security, and premium workspace experiences, a fit for purpose tech operating model can be a lifeline for your flexible real estate operation. Software-based solutions remove on-site hardware CapEx and maintenance expenses, enabling you to adapt to new technologies and occupier demands easily. Future-proofing and de-risking your portfolio is simple when working with the right solution rather than band aiding it with complex or unreliable outsource arrangements or growing an inhouse IT team. Having access to reliable and immediate services generates trust in you as a provider.



Back-office Operations

Flexible real estate products reduce time to value and enable productivity for occupiers. To achieve these outcomes, you need to skillfully maneuver all the pieces seamlessly in the background. It can be like shooting at a moving target.

Flexibility means a higher level of complexity around core business processes such as space bookings, billing, and invoicing, which are rarely the same for any two customers. Often, existing systems and tools do not cut it when it comes to supporting high volume transactions, security standards and the immediacy that occupiers demand.

In moving to flexible real estate and serviced based models, the opportunity lies in connecting people, technology and spaces. With technology, you can automate the day-to-day manual tasks and bridge the gap between physical and digital environments, ensuring seamless experiences for your tenants.

Keeping a close eye on KPIs and business performance is critical in a flex-space model. Shorter lease terms, more product variety, and a plethora of tenant requirements mean more data to track across more areas of your business.

Having both 360-degree birds eye view and more granular visibility into reporting and key metrics drives the actionable insights required to flex. The magic happens when all business data can be collected and queried from a single platform, making reporting and decision making accurate, efficient, and real-time.



Resources to step into Flex



A Landlord's Guide to Flex Space Part I

Critical Business Pillars



A Landlord's Guide to Flex Space Part II

Technology, Systems and Security



A Pocket Guide to Agile Real Estate

Service Landscape



Flex-tech for Commercial Real Estate



Summary



With many stakeholders and moving business elements, adding flexibility to a portfolio can be complex. What's crucial to remember is that there are different avenues to step into flex. And identifying and understanding the drivers and considerations are critical before making any moves.

A strong tech operating model and proven capabilities are essential to activate agile space and ensure the future proofing you expect to see from the asset. These elements also put you ahead of the curve when it comes to serving enterprise customer requirements. Once you master the service and experience of the flexible proposition, you can create a truly sticky real estate model that drives tenant retention for the long-term.

MISSION-CRITICAL SOFTWARE FOR THE FLEXIBLE
WORKSPACE INDUSTRY.

Born from our unique first-hand industry experience, we empower ambitious operators to accelerate their growth.

Our secure platform combines technology, infrastructure and operational processes into a simple, efficient and easy to manage service experience. At the touch of a button you have complete control of your business, allowing you to deliver amazing experiences while gaining valuable and actionable insights.

Visit www.essensys.tech for your product tour.

