Driving Workplace Transformation at Thomson Reuters: Evolution or Revolution?

14 April 2015

MINNEAPOLIS

CHANGING THE CONVERSATION

FROM CO$T TO VALUE

CORENET GLOBAL

THOMSON REUTERS

Deloitte

PERKINS + WILL
# Today’s Session Speakers

<table>
<thead>
<tr>
<th>Speaker</th>
<th>Title and Affiliation</th>
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<tbody>
<tr>
<td>William Janvrin</td>
<td>Vice President, Global Design &amp; Construction, Thomson Reuters</td>
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<tr>
<td>Rachel Casanova</td>
<td>Director of Workplace, Perkins+Will</td>
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<tr>
<td>Francisco J. Acoba</td>
<td>Director, CRE Transformation, Deloitte Consulting LLP</td>
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- **William Janvrin**
  - Over 25 years of experience
  - Responsible for workplace strategy and design standards, capital planning, project management

- **Rachel Casanova**
  - Works with clients to develop strategic plans, programs, and workplace standards
  - Brings deep expertise in change management for today’s evolving workplaces

- **Francisco J. Acoba**
  - Advises clients on corporate real estate, workplace, and facilities management transformation, redesign, restructuring, and cost reduction
Discussion Topics

- Thomson Reuters Company Overview
- The Workplace Transformation Journey
- Workplace Program Development
- Optimizing the Workplace Design Solution
- Interim Lessons Learned
- Continuation of the Program: Change Management 2015
Thomson Reuters Industry Solutions

Reuters News Agency
Build and engage your audience with real-time breaking news and high impact global multimedia content.

Pharma and Life Sciences
Discovery, development, launch, and beyond; we help your pipeline flourish and your business grow.

Tax & Accounting
Powerful tax and accounting solutions to make your work easier, faster, and more profitable.

Intellectual Property
Manage, protect, and drive the value of your IP assets with solutions that power the IP lifecycle.

Financial
Helping financial organizations prosper.

Legal
Unrivaled legal solutions that integrate content, expertise, and technologies.

Governance, Risk & Compliance
Supporting corporate governance, addressing risks, and ensuring compliance for your organization.

Scholarly & Scientific Research
Delivering the full research ecosystem to help you reach your goals and broaden your impact.
Thomson Reuters Portfolio

56,000 Employees
13.5M Locations

465 Locations

Americas 7.6M SF
EMEA 2.8 M SF
APAC 2.6M SF
LATAM .6M SF
A Case for Change

Cost Reduction Mandate

- High Vacancy
- Low Space Utilization
- Near Term Lease Expirations
- Demographic Shifts
- Maturing Market Capabilities
- New Enabling Technology

A Case for Change
Three Strategic Initiatives

After careful assessment, three initiatives emerged for Thomson Reuters to consider to meet its cost reduction mandate; each initiative could yield significant cost savings.

1. Portfolio Optimization
2. Advanced Workplace Strategy Deployment
3. Service Delivery Rationalization

Cost Reduction Mandate

- High Vacancy
- Low Space Utilization
- Near Term Lease Expirations
- Demographic Shifts
- Maturing Market Capabilities
- New Enabling Technology
Qualitative Benefits

The proposed Workplace Program would drive efficiencies and cost savings, while providing a more effective workplace for both the business and employees.

**Business Benefits**
- Achieve Business Objectives
- Attract And Retain Top Talent
- Reduce Occupancy Expenses

**Employee Benefits**
- Enhance Flexibility & Mobility
- Enable Collaboration & Innovation
- Improve Performance Management
Defining the Program

Our Workplace Program provides Thomson Reuters with an opportunity to rethink and redefine how we use our work space.

- Innovative approach to how, when, and where people work that enables new business contexts and work processes:
  - Focus on results not presence
  - Work space flexibility / hoteling, working from alternate locations
  - Greater emphasis on collaborative work space

- Workplace that fosters collaboration and innovation
- A customer-focused workplace that strengthens our position as an employer of choice
- A modern and progressive workplace that encourages flexibility, creativity, and teamwork
Thomson Reuters worked in conjunction with Deloitte and Perkins+Will to develop the program, and execute a sophisticated change management program.

Perkins+Will developed design guidelines and designed the space.

Deloitte developed the workplace strategy and program, business case, implementation approach and timeline.

Our Workplace Program Development Team
### Workplace Program Governance

An internal governance team (comprised of key business and functional stakeholders) was established, to facilitate ongoing change management.

<table>
<thead>
<tr>
<th>Team</th>
<th>Role</th>
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| Executive Committee                       | - Provide leadership and direction for all CRE strategies and initiatives  
                                        | - Resolve escalated issues and approve changes                        |
| OWP and NYC Program Steering Committee    | - Develop global OWP program, policies & procedures                   
                                        | - Deploy change management and communications programs                
                                        | - Provide oversight for OWP deployments                              |
| NYC Project Team                          | - Core team responsible for the deployment of OWP                     
                                        | - Responsible for identifying and resolving issues / roadblocks / variances from global standards and escalating as required |

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**Note:**

- OWP: Office Workplace Program
- NYC: New York City
In order to challenge the business, Thomson Reuters took a data driven strategy to roll out the program.
Data Driven Strategy

Thomson Reuters performed comprehensive data analysis and confirmed the opportunity to implement a workplace program.

### Employees Already Work Flexibly

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
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<tbody>
<tr>
<td>72%</td>
<td>Participate in some type of “alternative work arrangement”</td>
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<tr>
<td>29%</td>
<td>Work out of a different primary work location than their manager</td>
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<td>38%</td>
<td>Work out of a different location than the people / teams they work with</td>
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<tr>
<td>93%</td>
<td>Believe there are benefits to working at home</td>
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<tr>
<td>11%</td>
<td>Believe they need to come into the office to perform their job</td>
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### Conference Rooms are Underutilized

- **Conference Room Inventory**
  - 2-4 People, 5%
  - 5-9 People, 35%
  - 10-14 People, 48%
  - >15 People, 12%

- **Average # of People per Meeting**
  - 1.7
  - 2.8
  - 3.3
  - 8.5

### Buildings are Underutilized

- **Average NYC Occupancy**: 66%
- **Average NYC Utilization**: 86%

### Employees Have Different Work Styles

- **Resident**: 51%
- **Teamer**: 30%
- **Traveler**: 5%
- **Independent, Contractor**: 5%

Source: Security badge data for a period of four months.
Optimizing Seat Leverage

Based on current occupancy patterns, cost reduction targets and benchmarking against leading practice, Thomson Reuters is targeting a seat leverage ratio of 1.2 (6 people for every 5 seats).

Sources: Thomson Reuters data provided by the “Site Activity Tracker (4/19/13)”. Leading practice metrics from Deloitte analysis, research and prior client experience. High Tech, Non Retail Financial Services, and New York City benchmarks from Real Estate Executive Board 2010 Aggregate Benchmarking report, median values.

Notes: 1FTEs per workspace divides assigned headcount by assigned desks + vacant offices + vacant workstations for each building. 2Global Financial Services Company (A) is an NYC-based company with over 60K employees. 3Global Financial Services Company (B) is an NYC company with over 250K employees. 4Global Technology Company: a California based enterprise telecom manufacturer with over 70K employees.
The Evolution of the Workplace Strategy

Generation 1
Workspace Strategy
2008

135–160 SQF/Person
Changes w/ the business

Key Metrics
LOW
HIGH
DENSITY
COLLABORATION
LEVERAGE

Cost & Uniformity

Generation 2
Workspace Strategy
2008 → 2013

105–130 SQF/Person
Changes w/ the business

Costs and Standards

IMPLEMENTATING GENERATION 3 WORKSPACE

Generation 3
Workspace Strategy
“Our Work Place”
2013

85–105 SQF/Person
Adaptive to the business

Costs and Transformation

Pilot (2013 - 2014)
- NYC consolidation project consisting of 3XSQ and Hoboken

Learning (2014 - 2015)
- Sydney
- San Francisco
- Antwerp
- Boston
- Friars

Sustainable (2016+)
- Driving by real estate strategy (expiring leases)
- Opportunistic

4 generations of employees in the workplace
Business working Collaboratively
Advancing Technologies
66% Utilization

Performance
Technology
Collaboration

Technology
Collaboration
Performance
Costs and Standards

LOW
HIGH
DENSITY
COLLABORATION
LEVERAGE

LOW
HIGH
DENSITY
COLLABORATION
LEVERAGE

LOW
HIGH
DENSITY
COLLABORATION
LEVERAGE
Initial Change Mgmt & Communications

A comprehensive change management, communications, and training strategy helped to address points of concern across key audiences and build program awareness and engagement.

1. Guiding Principles & Brand
2. Key Messages
3. Leaders As Advocates
4. Two-Way & Multi-channel Comms
5. Employee & Manager Training
6. Policies, Procedures & Practices

OWP Deployment Change, Comms & Training Strategy
Optimizing the Workplace Design Solution
# Flexibility

Mobility allows employees to choose where and how they do their work.

<table>
<thead>
<tr>
<th>Location</th>
<th>Focus</th>
<th>Review</th>
<th>Coordinate</th>
<th>Mentor</th>
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<tbody>
<tr>
<td>INDIVIDUAL DESK - UNASSIGNED</td>
<td></td>
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<tr>
<td>INDIVIDUAL DESK - ASSIGNED</td>
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<tr>
<td>PRIVATE OFFICE</td>
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<tr>
<td>PERSONAL SEATS</td>
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<tr>
<td>QUIET ROOM</td>
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<td>PERSONAL HARBOR</td>
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<tr>
<td>HUDDLE ROOM</td>
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<td>OPEN MEETING</td>
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<tr>
<td>CONFERENCE ROOMS</td>
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<tr>
<td>COMMUNITY HUB - SEATING</td>
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<tr>
<td>COMMUNITY HUB - PANTRY</td>
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<tr>
<td>SERVICE CENTER / LOCKERS</td>
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- **Focus**
- **Review**
- **Coordinate**
- **Mentor**

**Images:**
- Individual Desk - Unassigned
- Individual Desk - Assigned
- Private Office
- Personal Seats
- Quiet Room
- Personal Harbor
- Huddle Room
- Open Meeting
- Conference Rooms
- Community Hub - Seating
- Community Hub - Pantry
- Service Center / Lockers
Global Standardization Zoning

FOCUS  GROUP  COMMUNITY  SUPPORT

COMMUNITY  FOCUS  GROUP  SUPPORT

ENCLOSED  COMMUNITY  SUPPORT  NEIGHBORHOOD
Space by Use

Use the Walkstation Personal Seat while responding to emails to keep up with your Fit Bit team.

Head to the Quiet Room to work on your presentation without any distractions.

Use an empty Private Office for a quick meeting while the occupant is out for business travel.

Use a Huddle Room to meet with a few team members, and conference with a team from another office location.

Grab one of the Personal Seats to get away from the team and focus on some reading.

Your files are Shared Team Files and are centrally located in your neighborhood.

Use the Personal Harbor for a one on one with your direct report.

Have a quick scrum with your team in the Open Meeting Area.

Meet with your team at an Open Meeting Area to brainstorm ideas using the writable wall.

Meet with your team or take a break at the Community Hub where you can grab a cup of coffee or water and spend time in a relaxed setting.

Hang your coat and store personal items in your Locker near the café as you arrive.
San Francisco
Local Specification **Kit-of-Parts**

By using the same kit-of-parts for individual worksettings, varied configurations can support diverse needs of teams.

**LINEAR LAYOUT**
Traditional setting, supports individual work

**BULL PEN LAYOUT**
Supports team based and agile development

**OFFSET LAYOUT**
Increased line of sight among team members
<table>
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<tr>
<th><strong>Global Standardization Tools &amp; Technology</strong></th>
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<tbody>
<tr>
<td>![Icon] Personal smart phone &amp; tablet connectivity</td>
</tr>
<tr>
<td>![Icon] OnePrint technology</td>
</tr>
<tr>
<td>![Icon] Mobile phone signal boosters</td>
</tr>
<tr>
<td>![Icon] Dual Monitors</td>
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<tr>
<td>![Icon] Cisco IP and soft phones</td>
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<tr>
<td>![Icon] Audio / Visual in conference rooms</td>
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<tr>
<td>![Icon] Shared drives with remote access</td>
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<tr>
<td>![Icon] Headsets for Hands Free</td>
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<tr>
<td>![Icon] Kiosks for reserving space</td>
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<tr>
<td>![Icon] Unified messaging</td>
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<tr>
<td>![Icon] Increased wireless for guests, laptops, mobile</td>
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<tr>
<td>![Icon] The Hub – a social and collaborative site for employees</td>
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Data Driven Design and Measurement

**SUMMARY** Key Metrics - Sydney

- **Average Desk Utilization**: 38%
- **Highest Levels of Utilization Observed On**: L10 + L23
- **Max Desk Utilization**: 54%
- **The most common meeting size is**: Two
- **Over 94% of all meetings consist of**: Four people or fewer

**Occupancy**

- **Max Occupancy**: 60%
- **Avg Occupancy**: 43%
2014 Plan Review: OWP Program Update

Current Deployments

- **Antwerp & London Friars House** Completed
- **New York City (3XSQ) 6 Phase Renovation**
  - 2 floors occupied
  - 2 additional floors to be occupied in November
  - Final 4 floors design in process
- **Hoboken**
  - Design in process. To be complete by year-end 2014.
- **Sydney**
  - Project observations completed and design work has commenced

2015 Implementations

- San Francisco
- Toronto
- Ann Arbor
- Sao Paulo
Our Workplace Program

Lessons Learned

THRU OCTOBER 2014
Case Study – Lessons Learned (As of Oct 2014)

As Thomson Reuters’ workplace implementation in NYC continues to unfold, a number of important lessons have emerged

What we did well

- Clear vision and strategy
- Data driven approach
- Strong program team

Improvement areas

- Comprehensive change management program since day one
- Business ownership
- Data availability and partnership with HR
2015 Continuation: ‘CHANGE MANAGEMENT’

BEYOND OCTOBER 2014
OBJECTIVES FOR REVIEW

Path forward for Thomson Reuters Workplace Strategy (OWP) program is required as it’s at a fork in the road:

1. Directive direction (as is): OWP was developed at the direction of the ExCom and in partnership with NYC Business Leadership to drive business Transformation and reduce Real Estate costs; the program is struggling with adoption due to perception within the business that OWP is only cost focused and not proven

2. Partnership direction (OWP 2.0): Expand the engagement and alignment with OWP by establishing a Business Governance team (Enterprise focused in lieu of NYC focus), engaging and communication from the ExCom on the Workplace Strategy Drivers, and clearly defined Boundaries of the program (creating understanding and flexibility within the program)
WHAT WE HEARD

1. PURPOSE OF OWP: the drivers/outcomes
   Ability to frame the goal
   “We want to get to a space where people are happy to work and work well.”

2. ENGAGEMENT OF LEADERSHIP
   Commitment to a cohesive message
   “We need to work with people to bring them along on the journey and keep them happy.”

3. ISSUES OF EQUALITY
   Consistency and alignment needs to be addressed
   “Need to communicate to the company that OWP is a Thomson Reuters decision that goes beyond F&R.”

4. DESIGN + UTILIZATION
   The design is good but there is reluctance to adopt the new ways of working reinforced by OWP planning.
   “It doesn’t occur to me to sit on a couch for a meeting. Couches are for lounging, not working.”

5. TOOLS + TECHNOLOGY
   Design becomes ineffective if tools and technology are not in place to support it.
   “We should extend the program and equip people with technology that enables them to work out of the office.”
F&R CHANGE MANAGEMENT EFFORT
Perkins + Will Engagement

Does the **business case framework** still resonate?
It should. There is still a demand to reduce cost and target 30% ExBITDA.

Does the framework fit but the **design translation** doesn’t?
We are unsure, it has not been tested yet; however, we have heard some refinement comments that will help.

Why don’t leaders feel this will help them **achieve their business objectives**?
Some have not considered the value of space design to help solve their concerns. Others feel this is being done to them, not in the best interest of their team’s performance and needs.

How real is the want to do business **differently**?
We couldn’t discern from our conversations; ‘business transformation’ focused discussion was not actualized in our interviews.

Is the **motivation** there to lead change?
In the current process and structure of OWP, the risk of implementing OWP outweighs the benefits and invalidates the value proposition.
RECOMMENDATIONS

Elevate to Executive Leadership

- Reevaluate the boundaries of OWP to establish key business outcomes that must be met. Provide flexibility within that framework.
- Regain EXCOM & Business Unit leadership alignment and governance.
- Create opportunity for leaders to take an active role in the actualization of the program.
RECOMMENDATIONS

Measure

- Use current projects as Learning Models across the globe.
  - NYC
  - Boston
  - Antwerp
  - Friars House

- Allocate funding to prioritize fixing of immediate issues with OWP projects
  - E.G. Technology, Design, ETC.

- Use pre- and post-occupancy analysis to understand culture and behaviors and how they are impacted by the new space
  - Levels of trust
  - Innovation, inspiration and engagement
  - Quality of collaboration
  - Challenge the status quo
  - Importance of hierarchy
  - Autonomy and flexibility
RECOMMENDATIONS

Grow Interest & Participation

- Provide leaders with support for risk taking
- Asses opt-in program participation
- Develop change management strategy for all active and imminent projects.
- Further develop the process for establishing mobile and anchored employees.
Thank you!

William Janvrin
Vice President, Global Design & Construction, Thomson Reuters

Rachel Casanova
Director of Workplace, Perkins+Will