

# Case Study: International Luxury Goods Retailer

Legendary Retailer Louis Vuitton Brings FM Operations to 21st Century Excellence with ServiceChannel Service Automation



## Highlights

**TRANSFORMING FACILITIES MANAGEMENT** into strategic function through efficient operations and business intelligence

**STANDARDIZING FM OPERATIONS** across all stores while optimizing vendor count and quality

**APPLYING MACHINE LEARNING DECISION MAKING** to justify pricing concessions and establish NTE pricing

## Quantifiable Results

**96%** REDUCTION IN DAILY TIME STORE MANAGERS AND EMPLOYEES SPENT RESOLVING FM ISSUES

**41 DAYS** ESTIMATED TIME SAVED EACH YEAR DUE TO EXPEDITED INVOICE PROCESSING AND PAYMENT

**30 TO 70%** INCREASE IN VENDOR ON-TIME CHECK-IN RATES

**25%** PERCENTAGE OF PROPOSALS IN WHICH COMPANY NEGOTIATED LOWER-THAN-QUOTED PRICES

## Customer

Louis Vuitton is a fashion house and luxury retail company founded in 1854. It sells its world-famous products through standalone stores, store-in-stores in high-end retail stores, and through its e-commerce

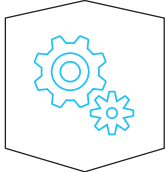
platform. The **LOUIS VUITTON** company's North American division operates 130 standalone and store-in-store locations across the United States and Canada. This division operates with one in-house facilities manager who oversees a network of some 90 service providers across various trades.

## Challenges

Before the company's ServiceChannel deployment, each individual Louis Vuitton store was responsible for managing and fixing all facilities-related issues as they arose. The responsibility primarily fell on the store manager or the regional manager, who were not facilities management experts by training. This led to managers spending up to 25% of their time and energy on FM issues. Related issues with this legacy model included:



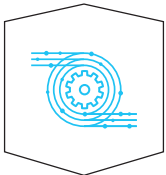
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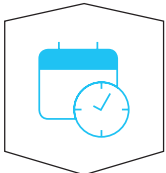
Service Automation



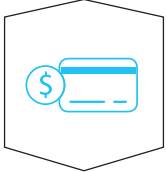
Analytics Custom



Decision Engine



Planned Maintenance Manager



Payment Manager



Contractor Scorecard



Compliance Manager

- Less time to devote to serving customers
- No standards in place for FM operations, with little to no follow-up on work orders
- Little understanding on whom to source for particular trades and repair types
- No analytics and reporting, with zero visibility in key areas such as budgeting and cost containment

## Goals

After hiring a dedicated facilities manager, Louis Vuitton began the process of modernizing and standardizing its FM operations across all locations. This involved looking for a technology solution that could provide new levels of visibility, efficiency and accountability in how the stores resolved FM issues. Stated goals for the company's FM modernization included:

- Reducing the burden of resolving FM issues from store managers and employees
- Optimizing number of vendors the company relied on and determining best vendors across trades
- Implementing a data analytics program to add strategic aspects to the FM operations, such as data-driven budgeting, cost controls, work order price optimization, vendor performance management, etc.

"Our goal was to find a facilities management platform that would remove the burden of resolving all the repair and maintenance issues from our stores and regional managers. This sounds simple but doing it for us was huge."

—Alan Donohoe  
Facilities Manager  
Louis Vuitton North America

## Solutions

Louis Vuitton initiated an RFP (request for proposal) among various FM technology providers including ServiceChannel, which ultimately won the business based on a number of criteria such as ease of use for its stores, superior platform features/functionality, its service provider 'agnostic' philosophy, the number of service providers already familiar with ServiceChannel and other factors.

Louis Vuitton worked closely with the ServiceChannel Implementation team to deploy a wide range of functionality including:

- **Service Automation**, the core work order management platform that significantly reduced the time and effort required to initiate a work order for store managers and employees



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- ***Analytics Custom***, which enabled Louis Vuitton to become far more proactive and strategic in its FM operations by providing valuable data & insights in areas such as spending by location or trade, identifying frequently recurring issues, and addressing outliers in vendor performance
- ***Planned Maintenance Manager***, to simplify operations by automating routine work orders such as critical lighting replacement, HVAC maintenance or regular pest control
- ***Decision Engine and Proposal Manager***, enabling Louis Vuitton to leverage the power of machine learning to evaluate proposals from service providers for faster approvals or to challenge vendors according to established NTE (not to exceed) pricing limits
- ***Payment Manager***, used to expedite invoice processing and vendor payment, which helped enhance Louis Vuitton's relationships with its service providers
- ***Contractor Scorecard***, which gave the store managers and employees a "voice" in ongoing vendor performance management with their feedback of vendors accounting for up to 60% of the total score
- ***Compliance Manager***, used to track insurance compliance (e.g appropriate amounts) and the company's required Code of Conduct (required of all technicians coming on-site)

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## Benefits

Deploying ServiceChannel's platform was the key step required to achieve the enterprise-wide standardization of Louis Vuitton's FM operations. Today, every Louis Vuitton store in North America relies on ServiceChannel to **initiate, track and resolve all facilities work orders** with more than 95% of service providers also using the platform. Other departments are also seeing benefits, such as the Procurement team which will improve its proposal evaluation process by using historical facilities data.

In addition, ServiceChannel's FM software has provided Louis Vuitton a **wealth of data and insights** that it uses in different areas of its business. Specific benefits include:

- **Reducing the time required** to initiate a work order and route it to an approved vendor to less than 90 seconds, compared to the old method of stores having to find and call a vendor
- **Applying FM data and insights** from existing stores to inform new store build-outs and equipment purchases
- **Enhanced control of facilities maintenance spending** and a defined budget and planning process for FM operations
- **Managing by exception** by focusing on only those service proposals the system indicated as out-of-line

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"Our stores loved the easy access, fast response and the ability for them to get back to customers efficiently and quickly. Having analytics is also huge for us in being able to operate more strategically and proactively, including boosting the speed and quality of our decision making."

—Alan Donohoe, Facilities Manager,  
Louis Vuitton North America

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## Results

Louis Vuitton can now measure its FM performance according to a number of KPIs (key performance indicators), which provides the company a **real-time benchmark to improve its performance continually**.

Some notable KPI results to-date include:

- Increasing vendor on-time check-in rate from an estimated 30% to more than 70%
- Saving the company's Finance department 41 working days (annually) worth of time due to the expedited invoicing and payment process
- Reducing the time store managers and employees spend on FM issues by 96% (from 25% of their daily time to less than 1%)
- Driving pricing concessions from vendors 25 to 30% of the time on their proposals through the power of machine learning-driven recommendations that are based on analyzing historical data and previous decisions

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"ServiceChannel helps us manage our facilities more efficiently as well as understand where we are spending our money and who the right vendors are to do the work. No one else in the company had access to this type of data before."

*–Alan Donohoe, Facilities Manager  
Louis Vuitton North America*

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## About ServiceChannel

ServiceChannel provides facilities managers with a single platform to source, procure, manage and pay for repair and maintenance services from commercial contractors across their enterprise. By delivering unprecedented transparency and data-driven analytics of service quality, across all trades, locations and contractors, facilities managers drive significant brand equity and ROI for their organizations without outsourcing or investing in new infrastructure. The world's leading global brands use ServiceChannel solutions daily to help optimize millions of transactions and billions of dollars of spend annually.

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