

<u>Theme</u>	<u>Abstract</u>	<u>Script</u>
Customer Problems		<ul style="list-style-type: none"> • Pressure on Revenue and NOI • Retaining Tenants – tenant experience • Operational Efficiencies – leverage people • Asset Mgmt – extending asset life • Complexity brings Risk – Simplify, manage • Change - “The Game Has Changed” – Change Mgmt • Reactive, slow to change,
Themes		<ul style="list-style-type: none"> • Technology Enabled Property & Tenant Management Services • “New Normal” – technology savvy tenants • • “Sell the Whole” Value vs. point applications • “Taking Your Business Online” • Visibility thru Real-time Reporting and Information Aggregation • Tenant Experience • Service – Speed – Timely Response • Communication • Automate the mundane • Proactive -- Predictive, data driven decisions, • Partner w/ Leader for Guidance and the Best Future – We Bring the Vision of How to Execute the “New Normal” of Property and Tenant Management • People Matter – Leverage - Enable • Efficiency, Best Practices, Process • Asset Management (getting the most) •
Topics / BEI Offerings		<ul style="list-style-type: none"> • Tech Enable = Technology Enabled Property & Tenant Mgmt Services • Online =,online, real time information, communication, notices & alerts • Work Order = Work Order Mgmt System • PM = Preventative / Predictive Management • TM = Tenant Management Services / Portal • Vendor = Vendor Portal / Communication • COI = Certificate of Insurance • DM = Document Mgmt • IR = Incident Reporting • FLS = Fire Life Safety • Mobility • Energy = energy mgmt • Implement = Implementation, onboarding, training & education • VSE = Partner for Vision, Strategy, Execution

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<p>Messages</p>		<ul style="list-style-type: none"> • Operations DOES impact Revenue and NOI • Mid-market customers use BE to look like big player • “Little things that make the difference” • Tenant request lifecycle management • Make due with what we have – do more with less • Employ Best practices • Avoid Random Acts of management • Systems support operations • Actionable information • Mitigate business interruption • Retain institutional knowledge •
<p>Messages</p>		<ul style="list-style-type: none"> • Every Dolly Matters • Shift thinking from “maintain buildings until I flip” to “manage all aspects of my buildings and everyone in them” • Integrate systems to avoid siloed data • Aggregate information and content for customers – about tenants, trends, issues, best practices, • For mid-market customers: use technology to look & behave like a bigger operation
	<p>Introduction</p> <p>See language at end of transcript – move to here</p>	<p>Hi, my name is Tommy Russo. I’m the Chief Technology Officer at Akridge. I’ve been with Akridge for about fourteen years. I’ve been in the current position for about ten of those fourteen years. I like to say that I started in the field and worked my way to the top. I started with Akridge as a building engineer, worked my way into the Technology Department, and then basically headed up the Technology Department. So I get a unique perspective on how the buildings are run, why they run, and how to make them run easier, because I’ve lived in the shoes of my engineers and through the ears of my clients. My background is I was an electrician. I morphed from being an electrician to be a Microsoft certified professional, and the rest is history. I work for Akridge. Akridge is a great company. We’re not the biggest, we’re the best in Washington. We are, I like to believe, on the cutting edge of technology, so if it’s out there we’ve tried it, if we haven’t tried it we’re planning on trying it or have already discounted it.</p>

	<p>Key value sound byte re; technology impact on leasing retention</p> <p>See audio file below</p>	<p>we have 37 buildings, I think about 7 million square feet, and our historical portfolio has been 98+% leased since we've, you know, been in business. So -- and I like to say technology's been a big part of that. I've been here 14 years; I can say in the 14 years I've been here, you know, it's been huge. We have clients that love every piece of technology we put in the building. We have some clients that don't even know that the technology is there and don't care to know it's there, just know it works, and that's the majority of the people, but I'm fine with that, too.</p>
<p>People Assets Visibility</p>	<p>Making the engineer's job easier, getting the most out of people</p> <p>Client visibility – tracking</p> <p>Tenant Experience</p> <p>Sound byte</p>	<p>And I like to look at that and find the challenge in what can I do to make the guys' job easier? Because if I make my engineers' jobs easier, you know, at the front that meet the customer, and if I give my client the ability to handle more of their requests, track their requests, see what's going on with their requests, the happier they're going to be. The less they have to actually interact with people -- and I at no time, shape, matter, or form ever want to take the customer out of customer service, meaning if you want to pick up the phone and call our office, that's great, we're going to answer the phone with a smile on our face, but if I could give you a tool online that gives you every ability to check and do it yourself, I want you to have that ability. Not only that, we have finite business hours.</p>
<p>Online real time Services business</p>		<p>if you're sitting at home as an investor in one of our projects and want to see a lease for a building at 2:00 in the morning because you can't sleep and you know you're getting ready to refinance the building, I want you to have this ability. So I think my perspective is that of -- I look at it from all the clients that I serve, and I look at the clients as my, the clients that rent our buildings, my engineers that staff our buildings, my coworkers that are the people responsible for making sure that, you know, the bills are paid and that everything is correct so the building can function, and then the executives and our directors. So that's the eyes I've always looked at it from.</p>

<p>PM Example</p> <p>Proactive (new) Mindset</p> <p>The game is changing</p> <p>Technology enabled</p> <p>Automate the Mundane</p> <p>Online connectivity is key</p>		<p>preventive maintenance has come a long way in the last ten years. It's gone from do this, do that, to check this, check that, to check off checklists. So right now when one of my building engineers takes and goes and does a preventive maintenance on an air handler, he has a three page checklist that he goes through, takes pressure recordings, takes [ampacity?], takes temperatures, filters, changes, you know, does all that stuff, puts it on a checklist -- check, check, check, check, check, done -- goes back to his computer whenever he gets back there and either gives it to one of his staff or his building people or sits there and changes it over to electronic format. Well, I think that's old, even though that's typically how it's done in the business now, so we have created a tablet application that we're trying now to integrate back with our database for our preventive maintenance, so what it does is it, first of all, it downloads the application to the device, so connectivity is not an issue, which is the biggest problem I've seen in the industry today. You can create the best application, but it's reliant on connectivity at the time of the usage. So what we did, it's native to the device, and it allows the engineer to then go and do his preventive maintenance, pull all the readings off, put it right into the tablet, soon as he gets back to his desk it synchronizes it, or soon as he gets to a point of somewhere where there's wifi or cellular connectivity it synchronizes it and pushes it back to our preventive maintenance tables already.</p>
<p>Future Elements</p> <p>Vision</p> <p>Change – the new normal</p> <p>Keeping up,</p> <p>Competitive arena</p> <p>Efficiency of people time</p>	<p>Analytics – Building engineer perspective</p> <p>Predictive maintenance (needs some set-up)</p>	<p>with analytics we're able to take the information he put in and find out how far out in the future we have to schedule the next preventive maintenance. So if he goes to the air handler and says the filter was only 50% clean or had 50% life expectancy left, we can then possibly automate the process in saying instead of three months between preventive maintenance for this particular handler, let's make it four months and track and analyze all that data. He never had to go back down to the computer and re-enter that data. So that's from a building engineer's perspective.</p>

<p>Getting started</p> <p>Data</p>	<p>Sound byte</p> <p>Data</p>	<p>So the first and most important thing is data. Data is the king. You could have all the best ideas in the world; if you can't get the data out of the system, it's for naught. So how we started was I started addressing every device that I could.</p> <p>That's the first, most important step in being able to collect the data.</p>
	<p>Problem: if you have to retrofit pneumatic controls to digital</p> <p>Data</p>	<p>, the expensive side of it is adding the data points after the fact, so if you have a 30 year old building with pneumatic controls, it's going to be really difficult to do anything until you update the control system in the building to make it so that it's, you know, digital so you can start getting points off of it. Otherwise, you're really kind of stuck in pneumatic controls that aren't going to give you any data out of it.</p>
<p>Example, story of how this works, is used</p>	<p>May be continuation of previous story</p> <p>Data- collect, normalize and analyze</p> <p>Move up?</p>	<p>So when we normalize the data we're looking for abnormalities, so I can look at a floor, or I can look at the draw of a compressor on the third floor and see that that compressor is drawing 5.5 amps, so my software is sitting there looking for that to draw 5.5 amps, so now it's 100 degree day outside and it's drawing 6.5 amps. We've set parameters for high and low what that piece of equipment can do, and on a sidebar from that, it's amazing -- as you do new installation everyone would give you all that data. Our hard part was finding that ourself, actually reading the face plates of motors and finding things. So back to the story, I can see that now that motor's drawing 10 amps, so it's double what it should be. I am taking that information and saying, "Hey, I am over the threshold of 8.5, which is where we've set the threshold to be. Imminent failure is going to happen or something is not right." At that point we are notifying our engineers via e-mail or text or an alarm, and our engineers then have to report to it. So addressing -- we've looked at it on a device by device level, and saying that sounds like it'd be really hard, but if you really look at a building you only have -- you have core components that are, for example, air handler rims.</p>

<p>Constant monitoring</p> <p>Tracking</p> <p>Proactive</p>		<p>You may have 50 of them in a building but you really only have one or two different types of them, so you're only really creating it once and then you're multiplying it by the number of devices you have. VAVs, same thing: when you get into a VAV, you design it for one VAV and then you just multiply it out through the entire system. So we're looking at the data coming in, so it's coming in as VAV box number 101 with the ten points we're listening to or monitoring for outside of that. If any one of those make a variance, we're notified.</p>
<p>PM</p>	<p>Preventative Maintenance to Predictive</p> <p>Source section See below for edited version to use</p> <p>Predictability (intro)</p>	<p>That's the big change. We don't even call it preventive maintenance anymore; we call it predictive maintenance. Because I look at -- and I've questioned myself -- other than very small things such as light bulbs where you're not really going to change a light bulb before it burns out, I look at all the preventive maintenance tasks in a building and almost every single solitary one of them can be predicted, and if you can predict it you can schedule it based on a prediction.</p> <p>To look at it in simple terms, and I make light of it, a weatherman: if we didn't have weathermen we would have no one to complain about, but if we didn't every day I would hope that it was 70 and sunny and I went outside in my shorts and froze because I thought it was going to be 70 and sunny, it would not be a good thing. So when the weatherman comes on TV and says he's predicting that we're going to get ten feet of snow and we don't get any, well, at least I had the expectation that we might get ten feet of snow, so I probably drove my truck that day, or wore my boots or my heavy coat. And it's the same thing in the building. (coughs)</p> <p>Every aspect of the building can be predicted. It's not a living beast, it's an engineered device that from day one you had mechanical engineers, mechanical and electrical professionals out there designing systems to run at their peak performance. When you have a goal that has been set for you, you just have to live up to the goal and actually better the goal, and we've been able to do that. We've been able to address things and make things run more efficiently by altering time schedules because we can look at the curve of electrical consumption and say, hey, you know, if we cut the plant off at 5:00, even though the building's</p>

		<p>open until 6:00, we could coast on the water that's in the system for an hour, saving, you know, thousands of watts of energy because we're not running the outside plant. We have all night long to recover, why not? We're still running it. No one in the building knows the difference, we're just saving it. In every aspect of the building I can't think of any other than light bulbs truly that you can't predict.</p>
<p>PM</p>	<p>Preventative Maintenance to Predictive</p> <p>Edited version – use this</p> <p>Sound bytes – whole story?</p> <p>Predictability (intro)</p>	<p>We don't even call it preventive maintenance anymore; we call it predictive maintenance. other than very small things such as light bulbs where you're not really going to change a light bulb before it burns out, I look at all the preventive maintenance tasks in a building and almost every single solitary one of them can be predicted, and if you can predict it you can schedule it based on a prediction. Every aspect of the building can be predicted. It's not a living beast, it's an engineered device that from day one you had mechanical engineers, mechanical and electrical professionals out there designing systems to run at their peak performance. When you have a goal that has been set for you, you just have to live up to the goal and actually better the goal, and we've been able to do that. We've been able to address things and make things run more efficiently by altering time schedules because we can look at the curve of electrical consumption and say, hey, you know, if we cut the plant off at 5:00, even though the building's open until 6:00, we could coast on the water that's in the system for an hour, saving, you know, thousands of watts of energy because we're not running the outside plant. We have all night long to recover, why not? We're still running it. No one in the building knows the difference, we're just saving it. In every aspect of the building I can't think of any other than light bulbs truly that you can't predict.</p>
<p>Online, real time Connectivity</p>	<p>Connectivity enables this data collection</p> <p>Sound byte</p> <p>Connectivity/Business Online</p>	<p>You know what enables that? Connectivity, because if you don't have the connectivity it doesn't work. You have to be able to take all the data into a central location, you know, putting it on the net, for lack of a better term, or your infrastructure, your intranet, and making it available.</p>

<p>Operating and Data silos</p> <p>Changing Industry</p>	<p>Paradigm shift</p> <p>Automate</p> <p>Sound byte – story</p>	<p>the big paradigm shift, [and that makes for?], is silos within the building and within organizations. So five years ago, let's say five years ago, you had the engineering shop, you had the property management shop, and then you had the guy who came and fixed your computer. Now, if you can't get through the paradigm shift of you're all in the same building under the same roof going for the same goal, it's going to be very hard. So where I see the industry right now is we're starting to get rid of those silos. We're really starting to see how important it is, and I've seen it in some big companies and I've seen it in some small companies, but as a whole, if you're only looking at your technology department as the people that fix your computers, you're stuck, because they're not. They're the guys that can help you automate things. If they can't do it, they can find people that can do it.</p>
<p>Small orgs can look big, but need a technology guide and services</p>	<p>Small orgs. Problem, lack resources to do this, to look out in advance, don't have IT dept</p> <p>BEI plays this role</p> <p>Sound byte</p>	<p>And then there's the whole other entity of companies that are small enough, or smaller, that can't afford to have their own IT department, so they're relying on outsource, and they're relying on third party engineers to come in and do things. Well, those are the ones that are really stuck behind because no one's out looking for their best interest. They're following what other people are doing, not really out there looking, "What can I do for the clients in the building?"</p>
<p>Value</p> <p>... of being proactive with data driven decision making</p>	<p>Example – the on/off mammoth units and cost of emergency repair vs. predictive approach</p> <p>Story vignette --</p> <p>Predictability/Cost Savings</p>	<p>We had a building we used to manage that we no longer manage that had mammoth units on the roof. For value engineering purposes, when we took over third party management of the property they did not want to control the mammoth units. What they wanted to do was be able to turn them on or turn them off, so basically what it is is a big air handler on the roof that basically supplies an eight story building with all its air handling. We had the ability to turn it on and turn it off, make the clients cool or not cool, hot or not hot. We came in and said, "Look, we really need to upgrade this. We can spend, you know, \$20,000 and create, you know, DDC controls and control this unit so we can control what's going on in the unit, not just whether it's on or off." "No, no, no," the ownership said, "we don't need to do that, we don't need to do that. It's worked this way for the last six years, it'll work that way for the next six years, and we'll worry about it when the lease comes up." Again, we tried to talk them into it, we got</p>

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		<p>to try to talk them into it, they say no. Two summers ago was one of the hottest summers Washington, D.C. area had ever seen. It got to be an 85 degree day with 100% humidity, so it's smoking here in D.C., and guess what happened? The compressors failed in that mammoth unit. So now we're stuck with three dead compressors in a building filled with people on, you know, a 100 degree day with 100% humidity and we can do nothing about it. So what we have to do is we have to start scrambling to find compressors. We find three compressors in California. These compressors weigh about 1,600 pounds a piece, so we had to hire a basically a air transport company to fly them from California to Dulles Airport, and then get in a truck from the Dulles Airport over to the building. What do you think that cost? 40 grand, 50 grand, 60 grand? I know it was north of 40 to get those shipped in, and if I could've predicted three weeks earlier that those compressors were drawing more power than they should've been, or the fluid, the refrigerant was hotter than it should've been, we possibly could've prevented that, and we could've spent, you know, \$1,000 having a truck ship them across the country when we needed them, we could've scheduled the work for a Saturday when the building wasn't occupied, and no one in the building would've known the difference. That's just one instance of where being able to predict a failure before it failed would've saved tens if not more thousands of dollars, which is huge, absolutely huge! And that's just one small instance.</p>
<p>Value model</p> <p>Mindset – proactive</p> <p>Lease renewals</p>	<p>Examples of dollar impact – areas impacted</p> <p>Story vignette – lease renewals</p> <p>Tenant Experience</p>	<p>lease renewals. Same thing. You know, what if you have a lease renewal that's up for renewal and you have a flood or something like that right when it's time to renew a lease for somebody? In retention -- you know, if people realize, "Hey, I've been in this space for 20 years and I've never seen something go break or happen like that, or if it breaks they fix it really fast," what's that worth to retention of a client? And clients get that, as our clients since 2001 have been able to go online and check the status of the corrected maintenance orders. Where's the value in that? They've been able to go online and submit work tickets since 1999 into our work ticket system. We have had clients that literally have left our building and gone to other buildings because</p>

		<p>they have, we have run out of space for them, and then have come back to us and said, "Could you please manage our building?" And we've won management of those buildings based on the services we offer. So I'd say you have HBSC concerns, you have fire alarm concerns, life safety problems, elevator maintenance... There is no limit to what you can't really go back and say you're going to save money on. Let's see... Electrical consumption and water consumption.</p>
<p>Change</p>	<p>Biggest change since air conditioning – data analysis</p> <p>Sound byte</p>	<p>we take the data from our electrical consumption and we can look and see if our buildings are actually going to rest. So that doesn't necessarily affect every individual client, unless you really think about who's paying the electrical bill. The clients in the building at the end of the year pay the bill, so if we can reduce consumption in the entire building by managing the plant via collecting data and looking at real-time data, look at the value there. It's huge!</p> <p>[See if you can edit this to put this sentence at beginning] Technology and the ability to take everything and normalize it is the biggest change since they invented the air conditioning.</p>
<p>Mindset</p> <p>Thinking ahead of what the customers / market will demand</p>	<p>Mindset example – put AC in buildings – cost – today a given, data management the new AC</p> <p>Sound byte</p>	<p>-- I guess in the '40s when they had the ability to put air conditionings in buildings they went to a building owner and said, "Hey, let's put an air conditioner in the building," and the owner of the building said, "I'm not going to spend \$1 million to put an air conditioner in the building. They got windows. Open the window." You know, you wouldn't build a building now without thinking about that first. Well, that's where technology's come in. You've got to start thinking about it from the start of construction, because that's really what's going to make you make that building more desirable to people, make the building cost you less, work better, last longer, and make everyone happy</p>
	<p>See audio file for use above – value of technology on leasing and retention</p> <p>Tenant Experience</p>	<p>we have 37 buildings, I think about 7 million square feet, and our historical portfolio has been 98+% leased since we've, you know, been in business. So -- and I like to say technology's been a big part of that. I've been here 14 years; I can say in the 14 years I've been here, you know, it's been huge. We have clients that love every piece of technology we put in the building. We have some clients that don't even know that the technology is there and don't care to know it's there, just know it works, and that's the majority of the people, but I'm fine with</p>

	<p>Not sure how to use this section</p>	<p>where, you know, 9/11 happened and we lost all communications within the city because they were all overloaded and they all shut down. The Presidential inaugurations happened, they shut down the cell service to keep them from crashing. Looking at other ways and other forms of communication are huge. We use everything from text messaging to e-mail to cell phone to Direct Connect to make sure we can get a hold of our guys and disseminate our information. We're not opposed to sending out an SMS text message to an engineer in the middle of the night after an e-mail, after a phone call. We'll do whatever it takes to get a communication, and we're going to automate that process.</p>
<p>Changing Proactive Vision, Strategy to embrace and adapt to change</p>	<p>Where communications are heading</p>	<p>You know, we're looking at systems now that allow our clients in our buildings to subscribe to a service so that God forbid, you know, the building lost power or lost water in the middle of the night we could send a message out to all the clients in the building with responses from them. So instead of just sending an e-mail out and assuming that all the clients in the building got their message, we can send an e-mail out that if the client replies back and says yes, or replies back and says, you know, replies back at all, or text messages and replies back, we can track and see who got communication from. So we know who we have to go out and reach with phones to make sure they know that there was a problem in a building.</p>
<p>Tracking and Reporting to demonstrate & prove ... Value Address investor needs for information</p>	<p>Tracking and Reporting important – especially for managers and investors Sound byte Insight</p>	<p>Tracking and reporting I think are going to become more... I think they're very important because you have to be able to prove the findings that you have, but the real proof is in the pudding. If your building stays 100% leased and your clients are all happy, there's all the proof you really need, but in saying that, investors don't care about that, investors care about paper and what papers show and what they need and what they say. So you have to be able to articulate and put in paper the value behind the proposition if you want to sell it, because the problem people have selling it right now is they say "Show me the ROI, show me the return," and unfortunately, until you really have it on paper that can show dollar values behind it it doesn't exist, which is really one of the hardest things to overcome. But in saying that, we're all competing for the same people right now, and if they</p>

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		<p>see things in one building or costs are lower in one building than they are across the street for the exact same space, where do you think they're going to go? And by showing and reporting and proving that you can do things faster and better and more effectively or cheaper, you got that client versus the competition down the street. So if you can't report it and you can't show that it really made a difference, you're probably not going to be able to do it again.</p>
<p>Proactive monitoring of energy costs</p> <p>Impact on ...</p> <p>Value</p>	<p>Monitor energy consumption for cost reductions to keep tenants happy because they know what is saved</p> <p>Sound byte</p> <p>Cost savings through predictability</p>	<p>My engineers every day in all of our buildings get their consumption from the day before, so every building knows how much energy they consumed in their building from the day before, whether it was higher or lower than it should've been based on historical averages, and if it's higher they need to figure out what they did wrong, if it's lower they need to figure out what they did right so they can duplicate it. Taking those figures and going to the end of the year and finding out how much we saved and then dividing that out among square foot and going back to the client, that's what they like, because, let's be honest, you know, the people who are writing the checks are the ones that are making the decisions.</p>
	<p>Perspective on vendors</p>	<p>Now what I really see from the vendors is they're starting to listen to the client and find out what they want and what they need, and as they're morphing their product into more of a not investor based "How fast can I make money and how many licenses can I sell?", but "How can I make the experience better for the end user?"</p>
	<p>Vendor observation – part 2</p>	<p>Well, when it comes to, you know, a million square foot building, there's probably five vendors out there that could do it. Of the five vendors, you know, two of them have off the shelf solutions and three of them have totally custom solutions. Well, you know, then you start to ask yourself, OK, when it comes to dollars and cents do I want a totally custom solution or do I want off the shelf solution so if five years from now I wasn't really happy with this provider or I can't get the data off the way they said I could get it off I want to be able to change. So that's where I really see the vendors starting to change. They're listening to the client and saying,</p>

		"OK, here's what you want."
	Future Requirement – new system request – integration with Outlook	everyone uses Outlook or whatever they use for mail. How great would the integration be with the preventive and corrective maintenance to be able to populate the calendars of my engineers who get them on their Blackberries and their computers with what preventive maintenance is, so they can see it as a task, an item in their daily schedule, versus having to go into two different programs and manage a daily schedule? I know how hard it is for me to manage my time, and I'm only dealing about with my time and my... I'm not dealing with all the things that are, you know, predicted that I have to do. So the integration with the daily suite I think is going to be a big play here shortly, as well. The ability for corrective and preventive maintenance to be able to populate across platforms and make it easier for the guys to realize what's coming up in the near future without going into a totally separate program is going to be huge.