

Office
Renewal
55,000 Square Feet
Strategy and Consulting
Negotiating Services

CASE STUDY



NetSuite is the world's leading provider of cloud-based business management software, helping companies manage core business processes with a single, fully integrated system covering ERP/financials, CRM, ecommerce, inventory and more. Founded in 1998, NetSuite is headquartered in the Silicon Valley with more than 1,000 employees across nine offices throughout the U.S., Canada, Europe, Asia and Australia.

The Challenge

NetSuite leases 55,000 square feet of Class “A” office space at 5800 Explorer Drive in the business park known as Airport Corporate Centre in the City of Mississauga. With a lease renewal date looming, NetSuite retained the services of Stan Krawitz and team in May of 2012 to address the significant concern that its existing landlord would view NetSuite’s investment in its current premises as a barrier to relocation and use this leverage to negotiate above-market rental rates on a renewal of the lease.

The Response

Stan engaged his FLOW™ process with a significant focus on the strategic consulting and brokerage service elements of the process. The goal was to disrupt the landlord’s perception that NetSuite was captive by collecting credible and economical relocation alternatives to enable NetSuite to negotiate favourable rental rates and inducements from the landlord to remain in the building.

Stan and his team worked with NetSuite’s executive team to ensure that the real estate plan aligned with NetSuite’s business objectives. To further ensure the real estate solution aligned with business goals, The team also completed a detailed human resources analysis together with a functional workplace needs assessment.

The FLOW™ process revealed every potential relocation alternative in the Mississauga market. These results included a right-sized and built-out block of office space available in an alternative building owned by NetSuite’s existing landlord. This alternative, together with two other viable options owned by competing landlords, were used to convince NetSuite’s existing landlord that NetSuite was not captive and was seriously considering leaving the premises and relocating to a more tenable situation.

To strengthen the leverage, Stan and his team engaged in a Request for Proposal (RFP) process with competing landlords and worked with NetSuite executives to analyse short-listed properties and compare them with NetSuite’s business drivers. The team’s Harvard-based negotiation strategy orchestrated several sign-backs with different landlords, which ultimately convinced NetSuite’s landlord that its tenancy was worth fighting for.

The Solution

Savills' combination of proven process and exquisitely executed negotiation strategy not only rescued NetSuite from an expected rental increase but delivered a significant rent reduction and unbeatable tenant inducement package upon the renewal of its existing lease.

“In making the decision to hire a corporate real estate advisor/broker, I had a very unique perspective in that I have worked with and selected brokers to assist us with our international real estate requirements.

Savills makes use of a unique road map and vertically integrated process called FLOW™. It weaves business consulting, brokerage, negotiation skills, project management + design into a platform that we relied on for trusted advisory counsel for our real estate projects.

The FLOW™ process allowed us to see how the real estate process would unfold over the entire duration of the project. This helped us to prepare for our real estate project before it began and it allowed me to prepare the senior executives on the real estate decision-making team so that there were no surprises.

On a recent project for our 55,000–square-foot office in Mississauga, Ontario, Savills showed us where the potential hurdles were in the real estate process, which eliminated any guesswork for me and my team. Savills ensured that our business plan, our plan for our people and our growth plan were well defined before they engaged in any real estate or facilities planning. This meant that we avoided a “ready, fire, aim” approach to the real estate decision-making process.

Savills' negotiation strategy is in one word... effective ... in two words... simply brilliant! I should know. We are the beneficiary of an incredible leasing result. Savills lowered our rental rates significantly and negotiated an enormous inducement package for us... all from a landlord who originally viewed us, like most landlords do, as captive. Savills eliminated any notion in the landlord's mind that we were captive and ensured that we would not pay any form of a premium to stay in the building. Savills orchestrated a very credible communication strategy with the landlord that created significant doubt in the landlord's mind that we would renew our lease. Savills are very experienced and knowledgeable corporate real estate practitioners that helped our non real estate-centric executives make unfamiliar decisions logical, clear and easy.

From my experience, I can truly say that Savills is head and shoulders above the rest of their peers. I wish to thank the Savills team for their insights, professionalism, counsel, attentiveness and service, which were second to none in an extremely competitive industry.

I endorse Savills, its people and its processes.”

Heidi Everett
Manager, Global Facilities