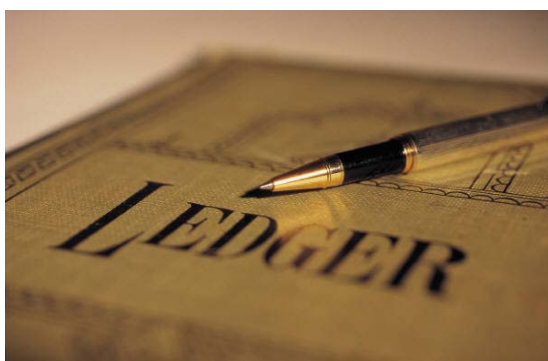


ERP and Real Estate functionality

An increasing number of organisations now use ERP systems (Enterprise Resource Planning) to manage their entire business, in place of single “best-of-breed” solutions for the component parts of the organisation. This is principally an issue for corporate estates teams and large insurance companies – the majority of property companies are too small to consider ERP.



ERP systems are complex and expensive to implement; therefore if your company has such a system it makes sense to use it across the whole organisation to gain economies of scale as well as achieve the other benefits of a pan-company system such as :

- Reduction in the number of suppliers – no “gaps” in coverage
- Reduction of infrastructure options and attendant complications
- Strategic reporting should be easier across the organisation
- Data from one department is accessible to another (subject to appropriate security settings)

ERP systems are not like the packaged systems we are familiar with in Real Estate – they are highly configurable and need to be built around a process template. Previous implementations of the same ERP are not always useful as templates and most ERP implementations are highly customised to that company. This means that Business Process Re-engineering is fundamental to a successful ERP

implementation, and should be carried out across all departments, including Real Estate. Clearly defined business processes will reduce the amount of time and effort required to implement a system which will support the business needs.

Implementation consultancy is not usually carried out by the supplier and therefore consultancy fees are not hidden. Extra consultancy costs due to software problems, for example, will be cost over-runs rather than mitigated by negotiation with the software supplier.

Oracle and SAP are usually thought of as the main ERP solutions – however, Oracle now has three solutions for RE which will be brought together under Project Fusion

- Each “Oracle” solution has different strengths – occupier, investor, etc...
- You may not have a choice over which is implemented because this will depend on your base system, i.e. JDE, Peoplesoft, Oracle Financials.

If your organisation is considering implementing, or indeed already has implemented an ERP in other departments, we would suggest you consider the following tips:

- Don’t resist becoming part of the ERP implementation – it is very rare that the Estates team can remain the only non-aligned department. Resistance is usually politically unwise in the long term.
- The ERP system will satisfy at least 50% of the functional requirement – the rest can be customised or provided by specialist packages in the medium term. A phased implementation is usual and “big bang” rare and unwise.
- Early discussions with the IT team to agree which functions will transfer to the ERP system will put the estates team in the driving seat. It is important to define the functional specification and prioritise functions to help the IT

team develop an appropriate template. Help the IT team find experienced RE professionals internally or externally to define the specification – this can save months of work in comparison with using generic IT consultants and/or business analysts.

Regardless of whether an ERP system is proposed or not, it is useful to set up a regular meeting with a representative of the IT team to develop an overall IT strategy which takes into account estates requirements.

Where specialist property packages are still used to provide some functions, they may need to be integrated with the ERP system.

- Where data integration is required, consideration will need to be given to a number of factors including:
 - which system is the master in terms of data primacy
 - mapping of the data between the two systems, particularly in respect of accounting code structures and the granularity of information recorded
 - making sure that the end to end business processes are defined in sufficient detail to be able to decide where the interface between the two systems lies i.e. the points at which data moves back and forth between the systems
 - construction of business procedures and the technical interfaces to guard against the data on the two systems becoming out of step.



- The IT Team will need to decide whether to use the ERP specialist interface adaptor functions, or build custom point-to-point interface solutions, or use some other interfacing technology. The choice will depend on a number of factors including the organisation's overall IT application architecture strategy, nature of the interface in terms of data latency requirements and data volumes, and the best way to protect against the impact of software upgraded from one of the vendors in the jigsaw.
- Alternatively, the organisation may decide to use some sort of portal technology to present the information from both systems to the user in a combined format.

Look on the implementation as an opportunity to improve functionality in the Real Estate department, and as an opportunity to integrate more closely with the rest of the business.

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