

IT systems suppliers

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As the case studies outlined in this article demonstrate, property IT is no longer just about property management systems. One benefit to emerge from the dotcom boom is that companies have realised savings can be achieved throughout their operations by integrating processes from different areas of the business. The technology pioneers in the property industry have already found there are great benefits to be gained by integrating the information held within property management databases with a host of other business functions.

Property software

Software for the property industry can be categorised into five overlapping areas, shown in the Box below and defined as follows:

Procurement

This can be any process that involves buying and selling and can cover items as small as paperclips or as large as trophy office buildings.

Collaboration

This involves sharing information over an intranet or extranet and usually involves a common area on a computer to which a number of people have access to share documents for say a sales transaction or a development project. These tools are ideal for sharing large amounts of information among a relatively small number of people.

Community

This enables a community of like-minded individuals to receive regular information, interact with each other and gain access to special services. These individuals could be, for example, clients or tenants. A community generally involves managing small amounts of information to a large number of people.

Knowledge & information

This category covers the gathering and dissemination of information. Examples include straightforward property listing sites or could involve all the processes required for a formal knowledge management initiative.

Finance & operations

All the back-office functions overlap with many of the categories above. Included this group is software required for client relationship management (CRM), accounting and finance, human resources, tax and all the other essential software products.

Using the functional categories in the Box below provides a framework within which to appraise software and decide early on where the most value to the business can be generated. This will shape the selection criteria and shorten the process of deciding which software will help most in achieving the business's long-term objectives.



Successful use of software

Many companies that have used software successfully to make huge reductions in costs and delays in their regular business processes have gained substantial press coverage of their newfound efficiencies. These are some of the initiatives that have been reported in the last year or so:

USA examples

- **United Dominion Realty Trust** The company owns a very large apartment portfolio and its lettings turnover is managed using its property management system. Whenever the system is updated, it automatically updates the lettings availability listings online. This straightforward automation initiative combines the areas of Finance & Operations and Procurement to save time and cost, together with reducing the potential for errors entering the letting particulars.
- **GE Real Estate** GE has invested time in creating an online processing system called ReSource to manage its \$24bn portfolio. This system, for automating the progress of deals and underwriting, (Procurement and Collaboration) is used by 600 professionals worldwide and substantially reduces timescales and the amount of paper documentation in transactions. GE has partly used CapitalThinking's software in the development of this tool.
- **NAI** This large firm of property brokers has created a transaction management system to ensure effective reporting to clients. A typical use is where there are 59 active transactions totalling 3.5m sq ft for one client across the USA. So far, 50% of NAI professional staff are using the system for 10,000 clients and third parties. This initiative, typical of many in broking, shows how benefits can be gained across Operations, Collaboration and Knowledge areas.
- **CB Richard Ellis (CBRE)** CBRE has concentrated on client relationship management (CRM) and has developed a system which co-ordinates 300 professionals, centralises all client contacts, appointments and meetings in order to strengthen the sales process. CBRE claims that this integration of data allows it to pick up prospective purchasers, which may not otherwise have been included in their marketing. CBRE use a web-based service called RealCapitalMarkets for its automation software.
- **Equity Office** One of the largest US REITs with 119m sq ft of offices, Equity Office has implemented a new system to manage service orders online. This procurement system automates the previous manual processes that provided paper work orders to their tenants each month. Equity Office has also developed standard lease templates for tenants and these are customised to suit 40 of its largest customers. This initiative has significantly improved the speed of transactions and it estimates that it now saves \$15,000 per transaction using this process'.

A property information framework



Source: Remit Consulting

European examples

For once, Europe is not being left behind. Several companies have recently launched systems that have transformed their processes.

- **Threadneedle Property Investments** Threadneedle has integrated document management software with its property management system. This means that the most labour intensive parts of running a property system; setting up new properties and gathering all the documents for sale, have been improved significantly. In photocopying costs alone, Threadneedle estimates it will save up to £200,000pa. In addition, it takes less time to gather together accurate data and the copy documentation required for transactions and data accuracy has improved.
- **Cushman & Wakefield Healey & Baker (C&WH&B)** The property management team at C&WH&B has implemented the Yardi property management system that allows clients to check the details of their portfolio online, revolutionising client reporting.
- **Shell International Real Estate Services** Shell has used a web-based property management system to allow access to its system across 40,000 properties in 140 countries. Again, management reporting becomes easier and data capture can be devolved to the users of properties, allowing greater accuracy.
- **Jones Lang LaSalle** In the UK, Jones Lang LaSalle has developed and implemented a transaction management system, CMX, which automates the capture of sales information, creates a web brochure and sends the details to the brochure designer. The web brochure is published immediately and the printed brochure is circulated electronically and published a few days later. The data captured from this process forms the basis of the negotiation pack, and mailing lists and applicants are all managed by CMX.

The system reduces delays and cost by over 50% compared with traditional processes and has already been adopted by the majority of the company's investment agents.

- **FPDSavills** The company outsources the referencing of residential property to a specialist company, e-House, which measures the property, takes the photos, produces floor layouts and posts the electronic data to a private website the next day. The Savills' agent adds his own text and this forms the basis for the hard copy brochures that are delivered a few days later. The whole process costs only a few hundred pounds and takes four days.

Increasing software effectiveness

It is clear that most of the perceived value in property systems at present is in Finance & Operations and Collaboration. However, it is also apparent that the most effective applications in the above case studies span a number of the functional categories.

There are a number of points to take from these examples:

Variety of processes

Property management software has been seen traditionally as dealing with lease and finance management. These case studies show what can be saved when basic property data is used across functions outside traditional property management.

Integration

Software that integrates property management processes with other business functions using similar data can save time, money and also lead to improvements in data quality. For example, United Dominion Realty Trust found by running its listings of available property on the web straight from the property management system, preparing property details for sale or letting need not take weeks.

Bespoke solutions vs. off the shelf packages

The majority of the examples above have been developed using packages and software tools that are readily available. Using packaged software reduces the risks inherent in developing bespoke software and helps to reassure your clients and users that

the software will be supported. A simple example of using an off-the-shelf solution is that offered by Propex Primepitch and other property marketing/listing services in this sector. The property particulars are distributed relatively cheaply to numerous buyers as quickly as the details can be put together.

Process change

The examples above required people within each company to change their working practices in order to achieve savings. This is the most difficult part of selecting and implementing a new system and is the reason why most companies cannot simply buy and implement a solution from scratch and realise improvements immediately. The more people involved in using the new system, the more numerous the objections and alternative ideas.

Much can be done to minimise disruption and improve the chances of adoption. For example:

- Determining which processes, when automated, will add the most to the business's bottom line. Equity Office found it could save \$15,000 per transaction by standardising documentation and with minimal software implementation costs. It may be possible to add functionality to your existing system or connect another software package at a fraction of the cost of buying and implementing a new solution;
- Working with staff to determine how the current system could deliver the integration required may also save time and money;
- Persuading the teams who carry out the current processes to

define the areas of maximum benefit so the teams themselves take the decisions on priorities and buy-in will be easier to achieve. Once the whole team is demanding to know when this new functionality will arrive, there is a greater willingness to go through the upheaval of an implementation and hence less resistance to change; and

- Using terminology that appears to solve the operational teams' key problems will also help gain adoption through the business. NAI discovered that by describing the transaction management system as a client-reporting tool, its broking teams accepted the new systems as a help to their day to day business.

Conclusion

The case studies demonstrate how by looking at ways property systems could interact and identifying key business areas for improvement, the chosen solutions will bring benefits earlier and provide a sound basis for future development. In addition, by redefining requirements early on in the project, it may be possible to avoid or defer the cost and upheaval of a complete system change and still improve efficiency and service.

To find out more about Remit Consulting look at www.remitconsulting.com

Note: Some of the case studies have been taken from news stories on Pikenet, a US property industry newsletter and community website. www.pikenet.com.