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Rising above it

Property IT systems for the Corporate Real Estate (CRE) sector are improving, but still have a long way to go to provide a comprehensive answer. Andrew Waller looks at where to start when considering data management in CRE

There must be an easier way for us to work on more strategic problems in a way that we would like, but there is a vast amount of day-to-day issues to handle associated with CRE. The breadth of functional areas that a typical CRE manager deals with is mind-boggling and it seems investment property managers have it easy by comparison.

At one extreme, there are increasing demands from the finance director to develop better analyses of where the costs and liabilities are found. At the other end of the spectrum are the statutory requirements concerning health and safety, security and public liability. All are equally important and difficult to prioritise. Then of course, we can start to think about more strategic aspects such as workplace productivity, location analysis, and the most suitable and flexible ways to provide space given the demands of the business.

Many companies faced with tighter cost regimes have decided to outsource their property and facilities management. Theoretically, this should leave more time to deal with the strategic issues. However, collecting and using data on an occupational portfolio is easier said than done for two reasons. Firstly, the software market for CRE is not as well developed as it is for investment property management; although we are now starting to see the convergence of different types of system necessary to give a full picture. Secondly, as soon as data is collected by a third-party property advisor, it is difficult to get one version of the truth; simply gathering up-to-date, accurate numbers is a full-time job.

CRE systems – do not start with the software

You will probably want to see what clever things the software geniuses have created and there will be lots of things that will undoubtedly make your life easier. But do you know whether you will use all the ideas and which will fit with the way you work? It seems unlikely, but more on that later. You will probably be disappointed if we do not, in the very least, outline the different types of system available. By starting here, it is likely

that you will begin to see the problems with a solution-led approach. Many systems cross over the boundaries as set out below, but this will be a good start in working out where systems position themselves.

Finance systems

If you are in a large company, rent and service charges will normally be paid out of the main accounting system – you might have Sage, Sun Accounts or Aggresso – or if you are in a very large company, SAP or Oracle.

The estates management systems, so loved it seems by the investment property managers, will overlap with the finance functions already in place so you will have to integrate them with the finance systems or get used to reconciling what should have been paid by the finance system's output.

You could, of course, use the finance systems' CRE modules to manage your estate, but this is still quite rare (not to mention expensive and time-consuming), and often will not provide the level of detail required for meaningful management. The Enterprise finance systems in particular are becoming more functional all the time and are moving toward supporting smaller companies, so this might be an option in the future.

Estates management systems

If rents and service charges are paid by the finance systems outside your team, using an estates system provides you with a property database, events diary, storage for legal documents and photos.

Despite the overlap with corporate finance systems, this is where much of the cost detail is stored in terms of rent and service charge costs. Importantly for UK organisations, the finance functions within these systems tend to be much better at dealing with the uneven payment schedules of UK quarter days.

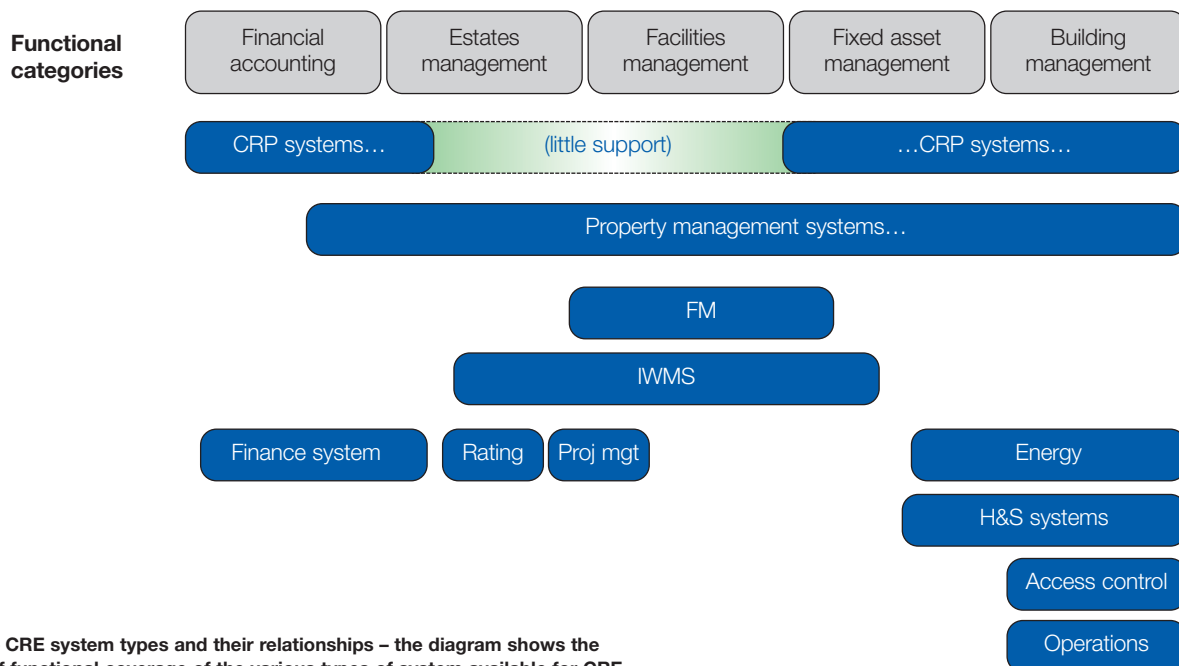


Figure 1 – CRE system types and their relationships – the diagram shows the breadth of functional coverage of the various types of system available for CRE

Facilities management systems

This is often where transaction volumes (numbers of items being processed) rise in comparison with other CRE software and is where the other major element of property running costs is held. We would expect to see planned maintenance and help-desk functionality leading through to work instructions, purchase orders, and supplier and contract management all underpinned by property and building information.

This is also where we would expect to see at least a nod towards Health & Safety and fixed-asset records, and space management potentially with or interfaces to CAD drawing systems.

A whole raft of computer aided facilities management (CAFM) systems exist, which cover these functional aspects to a greater or lesser extent.

Fixed-asset management systems

Sometimes, an organisation with a large number of fixed assets such as utilities or railways start from this end of the asset management spectrum and begin building up their database to cover facilities and estates. There are benefits to be derived from dealing with the level of detail covered by these systems, not least within the area of reclaiming capital allowances. However, starting with these systems is very much a bottom-up approach and often loses the strategic focus of the organisation within the detail – there is a great temptation to capture everything and this is a huge task. As a result, strategy often starts from the other end of the spectrum, much to the frustration of fixed-asset managers.

It is important, however, to ask them what they need from the system, not what they would like to see in the system

Building management systems

Increasingly, we are seeing automation in buildings dealing with everything from security and safety systems to energy assessment and management. This area is very topical and is one that few packaged systems within estates and facilities have yet to be truly integrated.

Integrated workplace management systems (IWMS) and others

The diagram in Figure 1 provides an overview of the overlap between the system and functional areas. So-called IWMS systems blur the lines between the different areas further, particularly across the estates management and CAFM systems, and also with project management. A number of systems now also include finance, so providing an even wider functional scope.

User requirements

As you can see there is a wide array of software types and features to choose from; what you need is probably in there somewhere, but starting with such a large pool makes life difficult. We assume that some of the systems will need to be linked up, but the difficulty is knowing where to start. Doing everything at once is like trying to boil the ocean.

So, let's start at the other end and examine what is really critical to get working this year. It is likely priorities will differ across the organisation and some will shout louder than others – but budgets and resources will also differ across the organisation. In addition, the corporate strategy will emphasise some areas rather than others and this will provide clues as to where budgets can be found.

There is no problem whatsoever in asking the stakeholders what they would like from the new system as long as they all know that requirements are filtered by need, value and budget.

It is important, however, to ask them what they *need* from the system, not what they would like to see in the system. This difference is crucial. If users are asked what they would like to see in the system they will specify everything they have ever thought to be useful. By specifying the outputs each user has to work out: where the data comes from, who owns it (person responsible for keeping it clean) and who will check the reports generated.

This will radically reduce the number of features to be prioritised and users specifying the systems will gain more of an understanding of the cost constraints, resulting in fewer nice-to-have requests. And although we still have to reconcile some widely varying requirements, at least we will have reduced the wish list to practical and achievable outputs.

Final summary

Trying to select and implement a CRE system is not a task to be undertaken lightly, you can almost envy your investor colleagues in the relative simplicity of their task. Nevertheless, it is possible to reduce the stress of the project by reducing the wish list to something that is daunting, yet achievable. In doing so, you will begin to focus on one area of functionality for the base system, thus gaining an understanding of where you should start the implementation.

Do not forget that there are several ways to procure systems, you may not need to buy and configure software on your own in-house server. If you can standardise your requirements (and internal workflow) around software hosted by your supplier, you can reduce the internal resources required and avoid significant capital outlay; you will effectively rent the software and pay a monthly fee.

If, however, the budgets required for a new (or revitalised) system are just too big for your team to bear – and this is often the case – knowing your options is key. Rather than give up and go back to tying together several spreadsheets, you could always return to your outsourced supplier and ask them to manage your data. This way you can benefit from their upgrades and improvements, your contract will require them to keep the data accurate and up-to-date, and you should be able to access the data at will over the internet.

It seems a daunting task and it should not be taken on lightly. However, selecting and implementing software is not rocket science. It needs you, the occupier, to involve the business, ask the right questions and ruthlessly prioritise in line with your company's strategy.

That means you can concentrate more on strategy by, well, concentrating on strategy.

For further information

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