

Real Estate Business Intelligence Steps to Success

INTRODUCTION: WHY BUSINESS INTELLIGENCE? WHY NOW?

Real estate investment managers must be able to accurately assess trends and analyze their portfolios to ensure they make effective decisions that maximize investment returns and minimize risk.

“With the sizeable portfolio we have under management, access to real-time data presented in customizable dashboards and easy-to-read reports is vital.”

*Scott D. Peters
CEO and President
Healthcare Trust of America, Inc.*

At the same time, facing the pressure of diminishing profits in a contracting real estate market, companies are searching for ways to do more with less.

Last but not least, investors are demanding more information and greater transparency to the performance of their investments across all asset classes, including their real estate portfolios.

With these three trends taking place, the ability to quickly assemble, analyze, and share information has become a key to success in today’s real estate market.

Many in the industry are increasingly realizing that their property management and accounting systems fall short in addressing these requirements. Designed for adding, editing, and deleting single records, these systems are inadequate for portfolio-level data aggregation and analysis. And users that rely on spreadsheets to aggregate data and run their reports are finding the process labor-intensive, error-prone, and difficult to scale. These challenges are evident from the results of a [2009 survey of real estate investment companies](#).

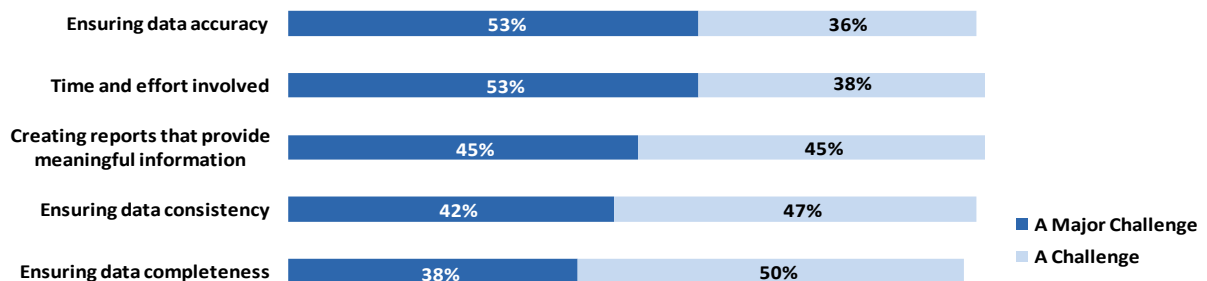


Figure 1: Challenges Involved in Generating Reports

To remain competitive, investment management firms must implement a comprehensive business intelligence strategy that instills agile decision making

capabilities and removes costly manual processes. Implementing a business intelligence platform today is just as imperative to commercial real estate organizations as property management and accounting systems were a decade ago.

But there is good news too. While the need is more acute than ever, business intelligence technology has advanced to the point where it is now easier and more affordable to deploy, even for small and medium-size companies. Drawing on lessons learned from numerous implementations over the past decade, best practices have emerged, offering companies that are ready to move forward a blueprint of steps for success.

STEP 1: BUILD THE BUSINESS CASE

The business justification for business intelligence is first and foremost a strategic one: the ability to make better decisions at the right time.

According to our survey findings, the difficulty to access timely and actionable information has a significant impact on the ability of decision makers to take the appropriate action. While the cost of each incident may be difficult to quantify, it is clear that a pattern of misinformed or mistimed decisions would lead to erosion in business performance and profitability.

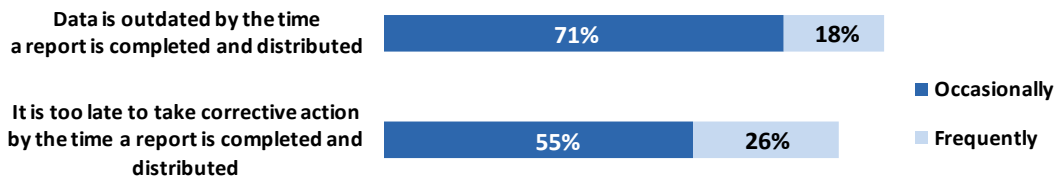


Figure 2: Difficulty Accessing Timely and Actionable Data

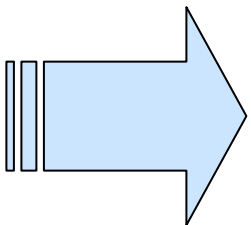
With that said, and however critical these capabilities are for the business, many organizations still require more direct cost justifications for their software investment. In the case of business intelligence, there are immediate and quantifiable cost savings that can be realized by eliminating the manual processes involved in:

- Collecting data from operational, financial, and third party systems
- Validating the data
- Creating reports and charts
- Distributing the information to decision makers inside the organization and stakeholders outside of it.

Even for a small organization, these time savings alone can be significant enough to recover the investment in the system within less than one year.

“We have already been able to transition one individual that was dedicated to maintaining the information to a more value-adding role. Overall productivity across the department went up, and within six months we’ve already recovered the money invested in [the system].”

*Amanda Houghton,
VP - Asset Management & Finance,
Healthcare Trust of America, Inc.*



KEY TAKAWAY

Build a business case based on both strategic (better decisions) and tactical (productivity) benefits.

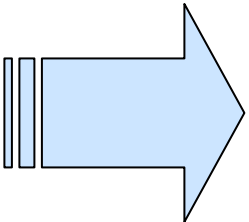
STEP 2: GET USER REQUIREMENTS AND BUY-IN

No solution can be successful if the intended users are not fully onboard. The key to getting user buy-in is getting them involved upfront in defining requirements and priorities for the system.

When collecting requirements, it is important to anticipate that users will tend to frame their desires in the context of the solutions they are familiar with today. For example, users may say they need occupancy reports grouped by region; but probe enough and you will find that what they really need is the ability to change the grouping on-the-fly so they can see the data grouped by region, property type, or both, according to the nature of the business issue they are trying to tackle at any specific time.

All too often we make the mistake of focusing the requirements on *what* reports users need, while neglecting other important questions related to their use of the system:

- *When* do they need the information? How often does it need to be updated?
- *How* do they prefer to get the information? What format of presentation? What means of access?
- *What else* would they need to do with the information (e.g. slice and dice, drill down to details)?



KEY TAKEAWAY

Get users involved upfront and collect requirements that define not only *what* users need but also *how* they will interact with the system and benefit from it.

STEP 3: GO FOR THE QUICK WINS

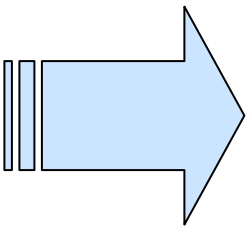
The thirst for information can be difficult to quench. So while understanding user requirements is essential to success, trying to create a solution that will do everything they want on day one is a recipe for failure.

Getting started with a few key reports and dashboards that can deliver immediate value is a safer approach. The results of our requirement analysis should provide us with the priorities for delivering a solution that provides the most immediate value to users while making it *extremely easy* for them to get onboard.

Once the company's leadership has experienced the benefits of business intelligence first hand, they will be more inclined to throw their support behind further efforts required to provide additional functionality.

Achieving these quick wins is easier if the system you choose has built-in integration to common real estate data sources such as property management and accounting systems as well as market intelligence and research.

Real estate organizations will benefit from a solution that comes with a library of pre-defined reports covering financial, accounting, property, and tenant information. Delivering asset summaries, rent rolls, occupancy reports, and multi-year forecasts for any portfolio right out of the gate will go a long way to ensure the quickest path to success.



KEY TAKEAWAY

Think simple. Formulate an implementation strategy that delivers the basic needs first, then build up on the initial success to expand the solution's footprint.

STEP 4: ESTABLISH A DATA INTEGRATION AND VALIDATION PROCESS

Nothing can stall a business intelligence project and curb management’s enthusiasm like bad and incomplete data showing up in your executive reports and dashboards.

Establishing information governance is not an easy task, especially with data originating from multiple sources including third party partners. According to our survey results, over a third of the companies have no data validation process in place.

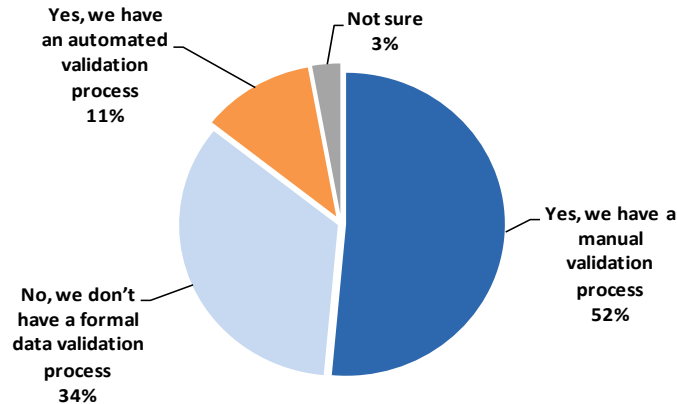
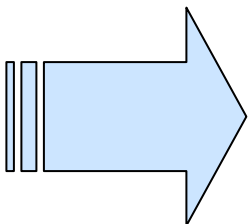


Figure 3: data validation processes

Integrating data from disparate sources in different formats require a robust integration platform that can process, validate, and normalize the data. Utilizing an integration platform with pre-built components for the extraction of commonly-used property management systems and other real estate data sources can provide a valuable head start—reducing implementation time, effort, and risk.

Efficient data validation requires an iterative process, combining centralized control on one end with distributed responsibility for data quality on the other. To facilitate this process, a centralized automated system must be in place to validate all incoming data against corporate information standards. Audit reports generated by the system can then be automatically distributed to the originating parties to provide guidance in cleaning up their respective data inputs.



KEY TAKEAWAY

To sustain data quality, automate data validation to create a repeatable iterative process, not just a one-time effort.

STEP 5: PROMOTE USER ADOPTION

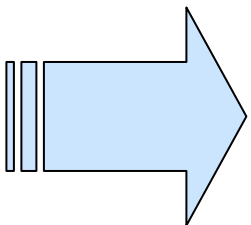
If you operate with the assumption that if you build it they will come, think again. As attractive as your business intelligence solution is, old habits are tough to uproot.

Some managers and analysts will immediately see the value of business intelligence when they realize they can slice and dice the data in any and many ways across multiple dimensions in order to understand historical investment results and forecast future performance. The early adopters among them will get really excited when they can utilize dynamic charting capabilities to visualize the information on the fly.

For the majority of the users, however, the keys to adoption are:

- *Simplicity.* The system must be easy and intuitive enough so users can operate it with little to no training and support.
- *Personalization.* Users must be able to get the information they need the way they want to see it without relying on IT resources.
- *Access and Timeliness.* Users must be able to access the information they need when they need it. According to our survey results, only about a third of the users have self-service access to reports today.

The best way to ensure that decision makers use the business intelligence solution and get the information they need in a timely manner is to make sure the information finds them. When users can subscribe for reports to be delivered to them via email, they are more likely to look at them. Even better if they can define their own key performance indicators, get alerts to their inbox or their mobile device when an exception occurs, and drill down to the supporting details in order to take action.



KEY TAKEAWAY

Make user adoption a key success factor for your business intelligence implementation.

SUMMARY

Business intelligence is all about enabling decision makers throughout the organization to access *all* the information they need, *when* they need it, and *how* they need it in order to make better decisions.

With a business intelligence solution in place, real estate investment managers are able to analyze information in a variety of ways that can lead to improved performance of their portfolios.

Realizing the promise of business intelligence doesn't come without a commitment. Fortunately, business intelligence solutions have come a long way in their evolution. Today's solutions deliver more powerful capabilities, yet at the same time are easier to deploy, and, maybe most importantly, easier to use.

"You cannot survive in this business without a consolidated view of the data."

*Michael Pearce
Vice President, Information Technology
Bentall Capital*

By executing a stepwise, result-driven implementation strategy, real estate organizations of all sizes can now be well on their way towards reaping the benefits of business intelligence.