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CRE Business Intelligence:

A New Tool for Strategic Effectiveness

Point of View

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Executive Summary

Despite great strides in improving their operations, many organizations still view the real estate function as a cost, rather than a vital enabler of the corporate strategy. In today's fast-paced, hyper-competitive business environment, such a narrow viewpoint is limiting. It's time for a change in perception: the advanced thinkers have taken the next leap in value contribution, leveraging the corporate real estate (CRE) function for strategic advantage.

Leading enterprises use information proactively, thinking and planning into the future. By using information to anticipate events **before** they happen, rather than reacting after the fact, these organizations leverage their resources more effectively to create value.

Business Intelligence (BI) provides the processes and capabilities that turn data into actionable intelligence. BI enables forward thinking and proactive planning by integrating a broad range of data and information systems under one uniform view, no matter where that information resides across the enterprise. With BI, executive management has a single, reliable, enterprise-wide perspective of real-time events, and insight into possible alternatives.

Applying this approach to CRE operations can dramatically reshape the CRE function within the enterprise, moving it from a cost center to a crucial, strategic role in attaining enterprise business goals. CRE - Business Intelligence yields five specific benefits:

Five Benefits of Business Intelligence				
Supports Core Business Operations	Improves Operating Efficiency	Provides a Platform for Future Growth	Enables Real Estate Mgmt. Effectiveness	Provides a Single Version of the Truth
Enables an enterprise-wide view that yields greater effectiveness across core business functions such as sales, finance and operations.	Integrates information across the enterprise that improves efficiencies which impact the bottom line.	Provides a platform for future growth of the corporate real estate portfolio and improves the allocation and use of enterprise resources.	Streamlines the management framework of real estate requirements and functions including managing up (senior management), managing down (staff), as well as all third-party vendors and their related financial functions.	Eliminates the waste caused by redundant information, inconsistent data and formula definitions, enabling all departments to maintain uniformity.

As a management and technology consultancy focused exclusively on real estate, RealFoundations knows what BI can do for the CRE function and what is required to build a solid BI solution that will support corporate goals, improve operations and actualize the full potential of CRE.

RealFoundations, using its patented and proven CRE-BI process, builds targeted BI solutions to ensure a higher-level, strategic role for CRE within the enterprise. Better information yields better decisions—with BI, decision makers can not only get information that they didn't have access to before, but also possess the analytical tools to apply that information in visionary ways.

RealFoundations helps CRE clients leverage BI to improve efficiencies and significantly reduce costs, enabling much better return on the real estate investment.

Fixed Assets Meet Rapid Change

The corporate real estate (CRE) function provides the environment for employees to be productive and the physical infrastructure in which people and technology drive revenue and profits for the enterprise. Although this function is important to the success of the enterprise, it is usually regarded as overhead, as a cost center.

CRE departments are typically focused on three key areas that contribute to meeting organization needs and goals:

- **Optimizing the Portfolio** – Making greater use of existing real estate assets and resources, essentially “doing more with less”.
- **Managing Capital** – Monitoring, analyzing, and optimizing the enterprise capital invested in the real estate portfolio.
- **Managing Resources** – Both internally and externally, effective resource management requires that clear expectations about performance be set and monitored to show how well those expectations are being met.

CRE should be seen as more than a cost center: it is a strategic asset and a key enabler to the attainment of enterprise goals. Organizations that understand how to strategically leverage their real estate assets can significantly improve their return on investment (ROI).

The speed of change in our current business environment contrasts to real estate’s languid characteristics (long development and lease periods, for example), presenting unique challenges to CRE executives—and opportunities to step into a more strategic role.

Top challenges to today’s CRE organization include:

- **Constant change in core businesses** – Mergers and acquisitions combined with reorganizations create moving targets. To produce value, CRE must not only follow and support changes, but must also stay ahead of the curve.
- **CRE is a cost center or support activity** – CRE must actively move to make strategic value contributions and shift the perception from that of a cost or tactical support role.
- **Geographic expansion** – The CRE organization must be flexible and responsive across diverse locations; globalization adds new challenges—the rules are different.
- **Changing work dynamic** – The changing nature of work puts pressure on space planners to accommodate teleworkers, long-distance commuters and virtual workers.
- **Information management** – Disparate systems and weak integration make information inaccessible and provide poor decision support.
- **Silos within support services** – Better integration of CRE with human resources (HR) and information services (IT) could streamline processes, create efficiencies, and put real estate in a more strategic role.

Adding Value Means Asking the Right Questions

To add value, CRE must be in sync with the strategic planning of the enterprise and anticipate where the business is going, gracefully managing long-term assets in a climate of constant, rapid change. If CRE is simply responding, no value is being added: CRE simply becomes a commodity service.

Too often, the right questions aren't asked. Sure, it's always important to know the statistics, such as the square-footage cost of space. But that's the small picture. In a large picture view, contributing value means considering the company's needs: How efficient are we at providing infrastructure for the company to make revenue?

Corporate real estate is often a hidden asset. CRE management can demonstrate leadership by working with top decision makers to make sure that the real estate portfolio is in alignment with the larger strategic goals of the enterprise. But the perceptual shift from a reactive support function to a proactive strategic operation demands high-quality, integrated, real-time information and technology that supports proactive decision-making.

“Continuing pressure on operating costs drives demand for integrated solutions that tie real estate data to building, space and employee data.”

2005 Market Update: Integrated Workplace Management Systems
Michael A. Bell
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From Raw Data to Actionable Intelligence

Maximizing CRE performance depends on effective utilization of integrated information to analyze past performance, to monitor current activities and to proactively consider and evaluate actions that impact future events.

The ability to draw data from disparate sources across the enterprise and apply it as actionable, forward-looking information is a function of Business Intelligence (BI): gathering, storing, analyzing, and providing access to data to help enterprise users make better business decisions. BI applications include the activities of decision support, query and reporting, online analytical processing (OLAP), statistical analysis, forecasting, and data mining.

Applied to the CRE function, BI ties together enterprise information to anticipate business events, spot trends, conduct “what-if” planning and enable predictive actions that support the business. BI also enables greater visibility into information at a more granular level.

With this high-level global view, BI helps leverage a wealth of disparate corporate real estate data, enabling the CRE function to transform from a cost center into a strategic organization that plays an integral role in the enterprise.

CRE Business Intelligence: Leveraging Information for Greater Return on Investment

The CRE Business Intelligence (CRE-BI) process raises the bar for the CRE organization: It's a significant step up from the integrated workplace management system, moving from integrating point solutions and processes to a new level.

With CRE-BI, data and information flow seamlessly, gathered and directed automatically for high-level analysis and decision support. Instead of a collection of backward-looking information that must be tediously compiled using manual processes before analysis can take place, BI enables better information gathering, and presents data and information in a way that it can be turned into actionable intelligence.

CRE-BI provides forward-looking decision-making capabilities that truly support the core business of the enterprise.

The Silo Effect

Even in CRE organizations that have integrated workplace management systems (IWMS) in place, information is not integrated at a level that makes everything quickly and easily accessible for analysis. Data and information that could help CRE managers make accurate, forward-looking decisions are too often scattered throughout multiple databases and applications across the enterprise. Ultimately, these “information silos” put a severe damper on CRE executives’ ability to enhance ROI, and have a negative impact on the bottom line:

- **CRE data is scattered in databases and applications across the enterprise.**
- **Accurate and reliable data is difficult to find and assemble.**
- **Too much time and effort is spent producing basic information and reports.**
- **CRE, HR and IT are not well integrated.**
- **CRE, HR and IT can’t analyze information and leverage it for strategic-level planning.**
- **Decision makers don’t have ready access to consolidated information that supports strategic CRE decisions, which impact the enterprise’s bottom line.**

Accurate and reliable data is difficult to find and assemble, requiring a great deal of effort to produce even the most basic report-based information. Operational expenses mount as too much time is still spent tracking down data and compiling it for one-time reports.

One of the important challenges facing CRE organizations is the need to integrate information from various departments across the enterprise, especially with Human Resources (HR) and Information Technology (IT). Yet, these areas have very little time to analyze and massage information into a useful format and to the degree that it can be leveraged toward strategic-level planning. As a result, the decision makers are not able to share that information in a way that supports making the kind of strategic CRE decisions that will enhance the enterprise’s bottom line.

For information to be useful it must not only be accessible, it must also be transformed from raw data into meaningful intelligence. It must be presented in a way that makes sense in the context of the situation. It must be easy to access throughout the organization and be readily available to all decision makers. It must be delivered, managed, and maintained in one cohesive environment.

Maximize Data Assets

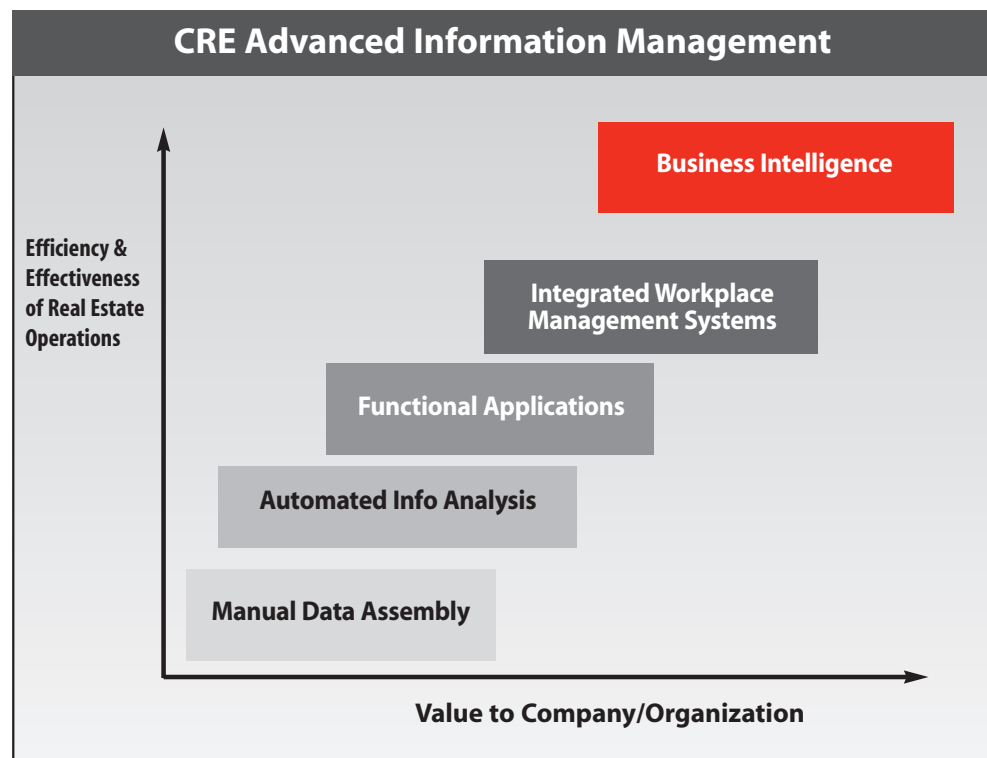
Successful organizations maximize the use of their data assets through business intelligence (BI): The process of enhancing data into information and then into knowledge.

With BI, data warehousing and decision support tools convey the power—and benefits—of accessing and analyzing corporate data. New, more sophisticated ways to analyze and report on the information mined from their vast data warehouses put the right information into the hands of every user within the enterprise.

BI is a valuable tool that helps support competitive advantage. IWMS helps integrate processes, but this is not an end in and of itself. BI leverages the IWMS and kicks it up to a new level. BI not only helps ensure an integrated view of the workplace, but also offers the ability to work with a single common set of information and provides the tools and capabilities to apply that information.

With BI, vast data warehouses put the right information into the hands of every user within the enterprise.

Business Intelligence – Adding More Value to the Enterprise



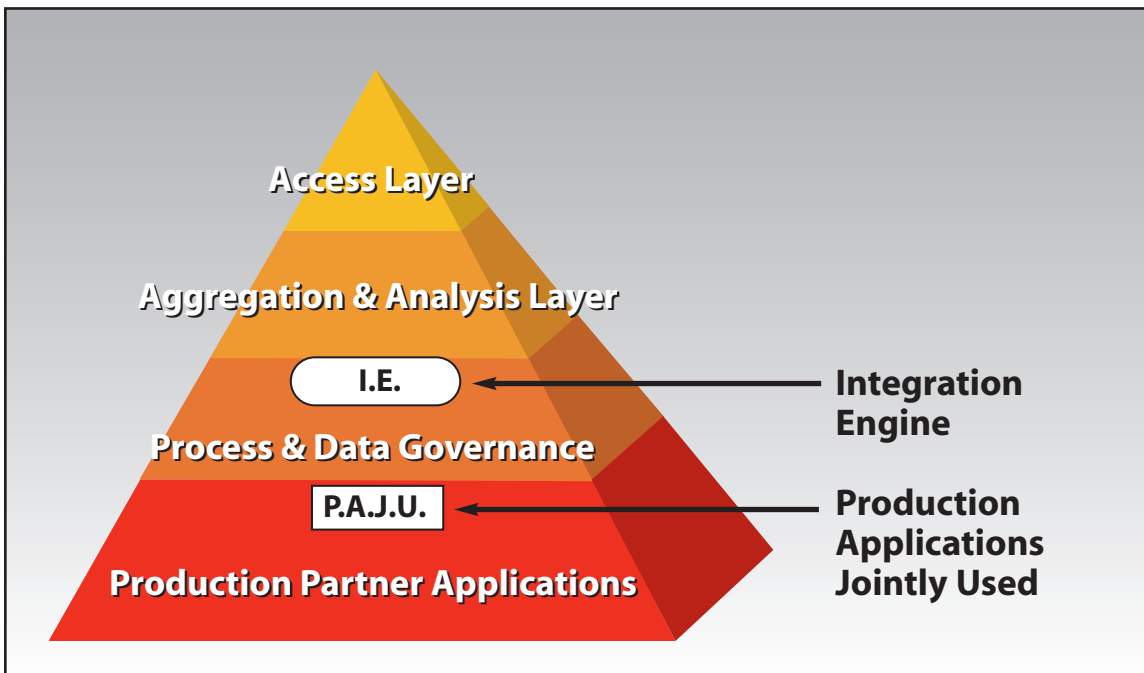
With BI, CRE executives can build a better blueprint of the future. BI provides both a higher-level view and deeper visibility of enterprise-wide data, enabling enhanced enterprise planning.

BI Busts the Silos

The BI technology architecture eliminates the information silos, integrating data across the organization, consolidating information from multiple sources and allowing it to flow seamlessly. A typical BI architecture consists of:

- **The Access Layer:** Provides a personalized web-enabled environment to intuitively organize information for users.
- **The Aggregation and Analysis Layer:** Represents the consolidated data store of all pertinent enterprise information.
- **The Integration Engine:** Performs the mechanics of moving information between source and aggregation data stores while applying mandated data standards to help drive data quality.
- **The Process and Data Governance Layer:** Represents dedicated personnel developing and enforcing process and data guidelines across the virtual enterprise.
- **Production Applications:** Hosted Application Source Data populated by business partners.
- **Partner-hosted application source data:** Hosted applications, such as Facility Management, Call Center, Energy Management and AutoCAD Drawing Management.

RealFoundations Business Intelligence Architecture



From Tactical To Strategic With BI

Too often CRE professionals find themselves sidetracked by operational, tactical activities. BI allows the CRE function to be focused on the strategic goals of the enterprise. With BI, CRE managers can make better decisions faster and rise above the distractions of mundane, day-to-day concerns, enabling the CRE organization to be forward thinking and visionary. BI provides the information required to make critical decisions that allow CRE professionals to quickly tune the real estate portfolio to best support the enterprise business strategy.

With CRE-BI, CRE can effectively support the core business of the enterprise—and much more. These are just a few key benefits of implementing a BI initiative:

- **Yields business process improvement and operating efficiency**
- **Enhances executive-level decision support**
- **Provides a platform for future growth**
- **Enables real estate management effectiveness**
- **Provides a single version of the truth**
- **Offers opportunity to improve ROI**
- **Helps improve revenue streams**
- **Contains and manages costs**
- **Enhances financial controls**

Real Foundations CRE-BI Case Study:
45 Million Square Feet: Too Much or Not Enough?

The Situation: A major regional bank had over 45 million square feet of real estate under management, housing thousands of people in multiple geographic locations. The CRE leaders knew there were efficiencies and cost-savings to be gained by better managing the space and the movement of employees within it—but they lacked the appropriate level of visibility into their own data, access to and integration with enterprise data and the analytical capability necessary to get the most out of their real estate assets.

The Challenge: The rate of “churn” (employees and groups being moved from building to building, floor to floor, cubicle to cubicle) was high, leaving valuable space unused or underused after each move. In addition, the information required to do something about this unused or underused space (such as lease information, occupant information, asset value, active project information, current asset strategy, etc.) was spread across many different systems and service provider organizations.

The Issue: The CRE managers lacked the access to integrated information and visibility across the entire set of data that could help them make more efficient use of their resource. Because legacy technology didn’t meet current needs, information could not be adequately stored or retrieved and information silos proliferated. There was not enough visibility into how space was used to enable the planners to know exactly what was being used (or not used) and by whom.

While existing information systems could handle financial and legal information, space planning capability was not adequate to the need. The planners were forced to create a separate system to manage planning information. Another system existed to track infrastructure and building system information. And, project and fixed asset information resided on several more systems. Because these systems were not integrated in any way, there was no capability to review the assets holistically to proactively respond to shifts in the business or accurately plan for future needs.

The Solution: RealFoundations first helped the company develop a vision for what it could do if information were integrated and answering complicated questions was simple. Next, RealFoundations and the client worked together to create the processes and implement the technology for a BI system that provided the capability to make all the information housed in disparate systems and databases readily available to executives in an intuitive form that would support effective decision making.

The CRE-BI approach, system and processes allowed the company to uncover a significant amount of space that was underutilized. CRE- BI presents the entire set of consolidated information and turns the flat information about vacant space into actionable intelligence, enabling decisions that significantly reduce vacancy rates, decrease current costs and support planning that will keep costs down over time.

The Outcome: The organization identified actions that are projected to result in **savings of tens of millions of dollars** year after year.

RealFoundations CRE-BI: Positioning CRE at the Center of the Enterprise

CRE-BI is not just about technology; it also requires a management approach and process framework that encompasses the definition, acquisition, management and utilization of information required to effectively manage complex business operations.

Encompassing both strategic and tactical aspects, an effective BI operation allows managers to proactively monitor past outcomes, efficiently manage today's activities and improve future-oriented (planning) decisions.

The CRE- BI framework is comprehensive, including and integrating information from multiple sources within the company: corporate, lines of business and supporting departments, such as real estate, HR and finance. BI also includes and integrates information from external sources: key vendors, suppliers and other third parties.

An effective BI framework does more than simply provide static reports on past performance. It is an approach to doing business that proactively anticipates areas of concern. CRE-BI is also an analytical tool, providing management with the appropriate levels of detail along with supporting analytics for effective and proactive decision making.

Real Foundations uses BI to structure information and systems to leverage CRE as a strategic element for future enterprise growth, effectively placing CRE in a position of leadership.

Building the BI solution

The process starts with taking a diagnostic look at how the real estate organization operates. This detailed understanding provides insight into how to best leverage the business model (e.g., sourcing strategy: heavily outsourced vs. in-house). In addition, the current portfolio is examined in depth and analyzed to see what kinds of real estate assets exist and how those assets support the business. For example, a manufacturing enterprise usually holds a less complex portfolio than a retail organization, while banking or other professional services companies have their own unique needs.

Next, RealFoundations works closely with the client to comprehend in detail what problems and issues the business faces. From that analysis, the client can better articulate exactly what the organizational goals are and the benefits and outcomes sought. These discussions are then applied to creating a comprehensive set of discrete requirements, which determines what architecture and system design will be best suited to the unique technical and business environment of the company.

Designing the solution first requires a detailed analysis of the technology, tools, capabilities, toolsets and skill-sets currently possessed by the CRE organization and the larger enterprise to determine how existing resources can be leveraged for the BI initiative: Are they adequate? What gaps need to be filled? This analysis leads to the determination of which technology, tools and skill-sets are still needed to produce the desired outcomes and benefits.

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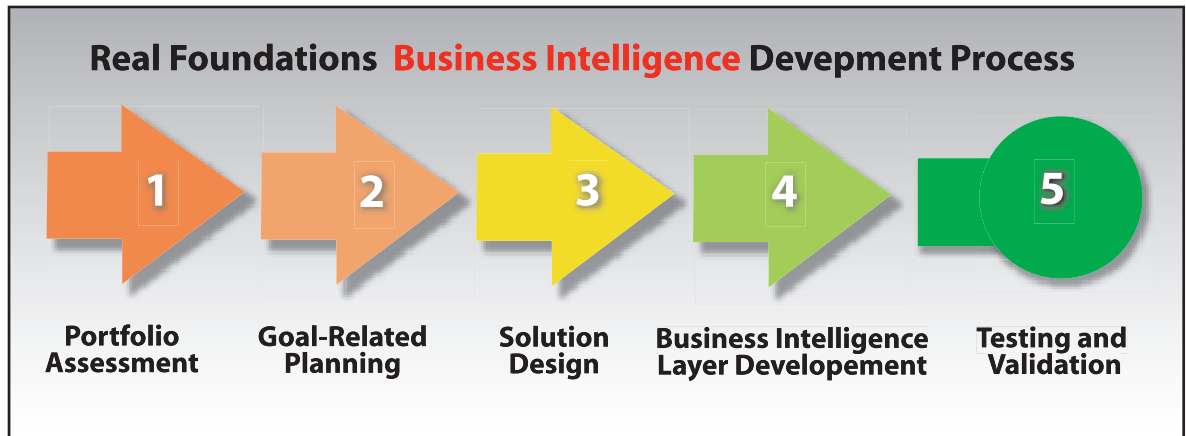
Developing the BI Layer: Information Consumers Are Information Resources

Building the solution and developing the BI layer first requires in-depth interviews with the heaviest consumers of information: the people who lead the various CRE sub-departments and functional areas, and have financial responsibility:

- **Strategic planners:** *Set long and short-range objectives and initiatives*
- **Capital management:** *Direct construction projects and build-outs*
- **Relationship managers:** *Keep users of space satisfied – What’s needed? What is the business direction? How happy are the users of the space? Do they have the right amount of space? What are the costs at department level? Are those costs appropriate?*
- **Transaction and investment group:** *Actively acquire and divest existing real estate*
- **Maintenance function:** *Repair and maintain facilities*

Each of these constituencies has a unique set of concerns and issues. What are the key questions they need to answer in the day-to-day process of doing their jobs? Knowing these helps determine how to best package information by report, screen and drilldown to provide actionable answers to those questions in detail.

Real Foundations Five-Step BI Development Process



- 1. Information Portfolio Assessment** – Gather a reliable set of real estate data and the attendant processes and organization that are in place today that keeps it accurate, complete, and current. Assess the tools and their existing capabilities; determine how the current systems and processes can be leveraged, along with ascertaining gaps between what exists and what’s needed to create the desired outcome.
- 2. Goal-Related Planning** – Detail the problem and outcome sought; determine the Enterprise Goal as well as the decisions that the real estate information needs to support and the metrics that are important to the business.
- 3. Solution Design** – Turn the desired end state into discrete requirements and an architecture design that is suited to the unique technical and business environment of the company.

4. BI Layer Development – Turn the design into reality with a high-level summary of information that highlights trends and trouble spots along with drill-down views that provide access to the rich details from which decisions can be made.

5. Testing and Validation – Ensure that the end result is fine-tuned to meet the needs and vision outlined at the beginning, and actualizes the enterprise goals.

Conclusion: CRE + BI = ROI

CRE-BI—can-and should—be a strategic part of corporate decision making. By adding BI to integrated CRE information systems, CRE executives can add value and further enterprise strategy.

The information needed to solve problems does exist in the enterprise, and CRE-BI provides a rational way to keep it integrated and consistent. BI enables access to information in a way that supports taking effective action. Because BI empowers highly informed business decisions, CRE executives can anticipate business trends and provide predictions for more accurate long-term strategic planning.

The shift of employee time from data gathering to data analysis continuously yields greater efficiencies and lower operating costs. BI reaches into each information system, providing the high-level, detailed analysis necessary to leverage RE assets for “forward thinking” that in turn leads to greater ROI.

Real Foundations CRE-BI Provides These Key Benefits For The Enterprise:

- **Supports core business operations** – Business Intelligence provides an enterprise-wide view that enables greater effectiveness across core business functions such as sales, finance, and operations.
- **Yields business improvement and operating efficiency** – The degree to which Business Intelligence integrates information across the enterprise creates efficiencies that directly impact the bottom line.
- **Provides a platform for future growth** – Business Intelligence provides a platform for future growth of the corporate real estate portfolio by improving the allocation and use of existing enterprise real estate resources.
- **Generates real estate management effectiveness** – Business Intelligence streamlines the management framework of real estate requirements and functions, including: managing up (senior management), managing down (staff), as well as all third-party vendors and all related financial functions.
- **Provides a single version of the truth** – Business Intelligence eliminates the waste caused by redundant information, inconsistent data and formula definitions, enabling all departments to maintain uniformity.

RealFoundations CRE-BI approach builds BI solutions for CRE that enable a higher-level, strategic role for CRE within the enterprise. With CRE-BI, decision makers can get information that they didn't have access to before—and better information yields better decisions.

And, RealFoundations helps CRE clients leverage BI to improve efficiencies and significantly reduce costs, enabling much better return on the real estate investment.

About Real Foundations

RealFoundations is a management and technology consultancy exclusively focused on the real estate and building industries, helping companies improve their real estate operations and achieve their potential since 2000.

Areas of practice include:

- **Strategic Planning**
- **Diagnostic Analysis**
- **Business Intelligence**
- **Technology Planning**
- **System Implementation and Integration**
- **Performance Management**
- **Business Process Improvement**
- **Merger Integration**
- **Building Automation**

As seasoned veterans of the top real estate management companies, the principals and associates of RealFoundations bring clients a deep understanding of the business: the market dynamics that drive it; the winning strategies and ideas that have been proven in the industry; and the cutting-edge technology solutions that can help unleash hidden potential.

To find out more about RealFoundations CRE-BI process, contact us today at 877-365-1804, or visit our website: www.realfoundations.net

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