

guide.

Creating a data-driven Real Estate business.



Global change for real estate.

The world is changing fast and the companies that want to stay ahead need to move along with the changes. Digital solutions are not just a possible future. It is already here and the opportunities create a demand that all types of companies need to address.

The real estate companies can not only look inside their own industry, when identifying the expectations for digital solutions. The digital experience from e.g. e-commerce has set a new base line for expectations from the customers and as a real estate company you need to acknowledge that and adjust accordingly. To be able to succeed, you need to take both UI and UX for your customers into account.

The list of opportunities for real estate businesses is long. It includes the digitalization of property management to make it more effective and pro-active, data driven and automated technical management, the process of construction as well as the purchase/sale of properties, and the need for virtually visualizing new premises.

An important trend to address is that the population is aging. For instance, in Sweden the life expectancy of the average inhabitant is predicted to become even longer. Twenty percent of the Swedish population is over 65 years old and the group over 80 years old will increase with over 50% until 2030, according to SCB's population projection from April 2019. An aging population will affect the needs for different types of accommodation and housing support and/or services, which will affect the real estate business. The total population is more digital, also the older segments, which will increase the demand of digital self-service functions.

With Covid-19, so many things changed more rapidly than anybody could predict. Millions of people all over the world switched to working from home. Nobody knows to what extent they will be willing to return to the old normal, when the world opens up again.





From a real estate perspective there are many pressing questions to discuss. To start with: What will be the demands for an office, when a lot of employees continue to work from home? Will companies prefer to lease smaller offices? Or will they want to offer other facilities to their employees when they are in the office? Will people look for other living solutions when they keep on working from home? Will this increase the need for an extra office space? Will people that work from home demand new digital services and how can the real estate businesses exploit this opportunity?

In the wake of the pandemic restaurants and hotels struggle. Many small businesses have gone bankrupt or shifted from physical stores to e-commerce and in some areas there are many empty spaces. The challenge is to predict what will happen next. Will the hotels and shops make a comeback or will there be other types of businesses? Will companies want to lease these empty spaces as high street offices? The uncertainty means that you need to be flexible in your way forward, but one thing is clear and it is that now is the right time to create a stable digital base for the future.

The challenges are different, depending on what type of properties the companies have in their real estate portfolio, but nonetheless the real estate businesses need to digitalize their solutions. It is important to be open to new opportunities where value could be added for the tenants.

The future is here and it is digital and data-driven.

Digitalization is moving fast forward and accelerates both the possibilities and the demands for digital services. These demands come from both internal and external stakeholders.

Real estate companies in general have a multitude of data which often is not put to full use or in some cases any use at all. Sometimes the reason is that the data is being stored in many different systems making it hard to get the whole picture. The result is that companies are still struggling with their 360° view of the customer. This means employees that communicate with the customers don't have the full history, and hence not the full potential.

Real estate companies that want to stay competitive in a changing market need to adapt. Their best way forward is to work with digitalization from the perspective of customer experience, operational processes and business models.

Digitalization and customer experience.

In real estate customer experience could be about for example, tenants who would like to be able to use self-service tools to get access to relevant information regarding their contract. This could be regardless if they lease commercial premises or if they rent an apartment. Customers anticipate that the real estate representative has access to relevant information regarding their mutual history as a customer in all touch points and channels.

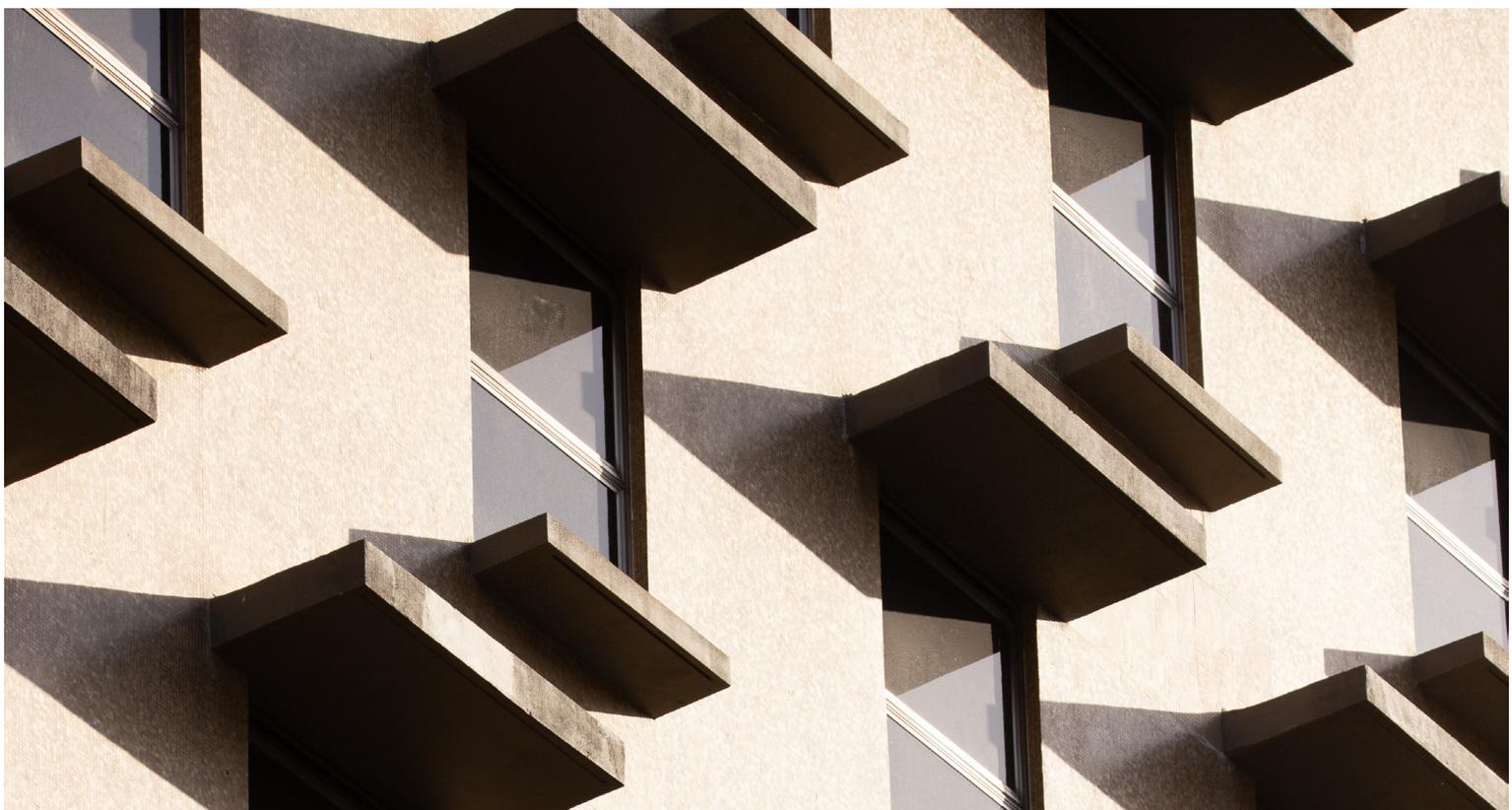
Digitalization and operational processes.

Operational processes can be digitalized and lead to improved production performance and empower workers to work more efficiently. Top management would like the data to be used to drive business value. Operational managers would like to see a change in work processes and get statistics regarding the progress. Employees in direct contact with the customers would like user friendly tools with all information easily accessible and shared between them.

Using one system instead of many and collecting all relevant data in a user friendly way will have a great impact on all levels. If you add AI and machine learning to your operational technology, it will take your data analytics to a new level. And your innovation and product development, too.

Digitalization and business models.

Offering new business models is another opportunity that comes with digital transformation. More and more real estate companies realize that add-on services can both increase customer satisfaction and the contract margin. But how far is the company willing to build a solution to be able to offer services like parking garage space, charging stations or car pools to their tenants? To be able to investigate the impact of the new offerings, you need to be in control of your data and make sure that you follow up on the results.

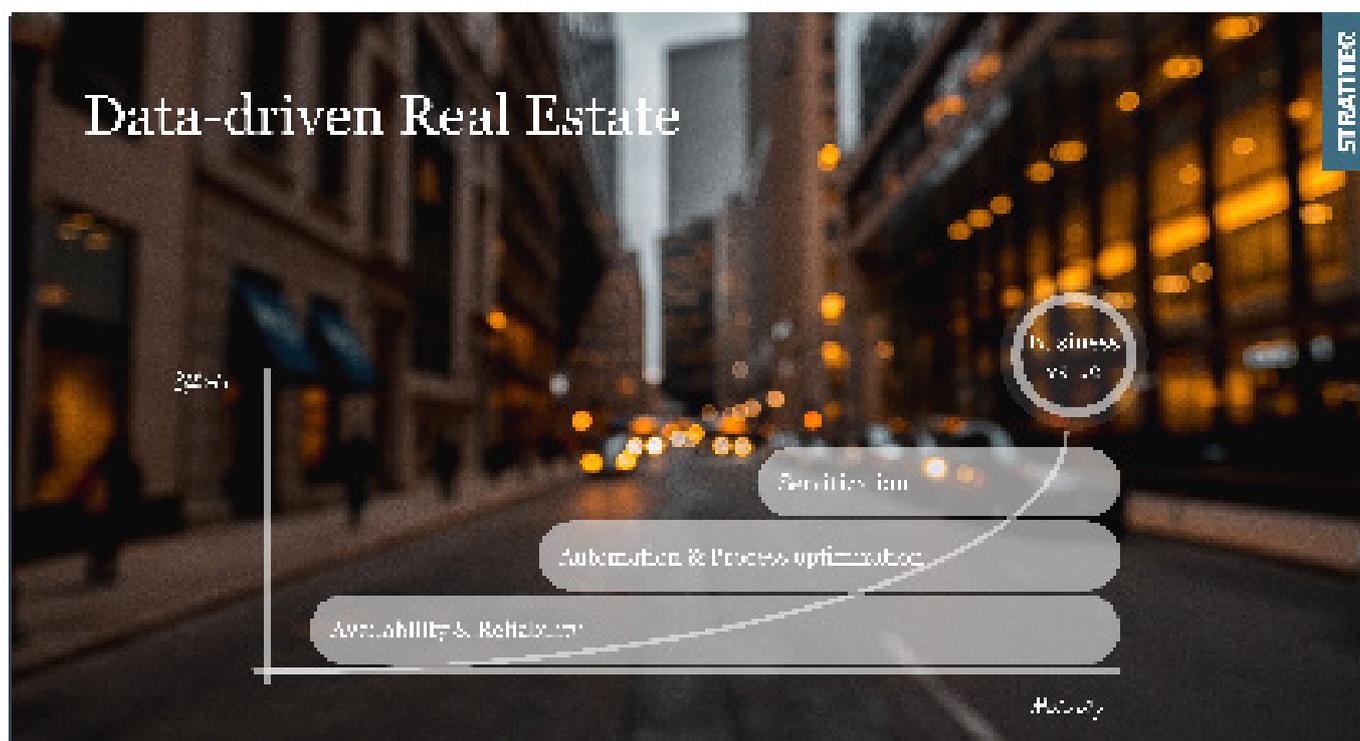


The future is already here, make it yours.

Real estate businesses are fortunate, because they often have both the technology and the data. Now is the time to really understand and fully harvest these advantages. To be truly data-driven means that you are able to use your data to create new and powerful business value. This is a step-by-step journey. The effect comes with the maturity of the organization.

Today it's not a problem to store large amounts of data and it is easy to make the data accessible for different users. For instance, the data could be all types of documents that belong to a specific building, or all history of the previous contacts with specific customers. Real estate companies can use their data to improve both internal and external user experiences. At the same time they can keep track of each step in different processes from sales to customer journey communication and to customer service interactions.

Each step of the digital journey offers new capabilities and creates vast amounts of data. You can apply AI capabilities to process the data and provide insights to support smarter decisions.



When we lay the foundations right, we can move forward and upward on the data-driven journey and create strong business value over time.

The challenges and opportunities for real estate, step-by-step.

Like many other industries, real estate has the opportunity to go through a powerful digital transformation. This can result in new digital services for both internal and external purposes. If the tenants are given the opportunity to use self-service applications, this will both enhance the customer experience and improve internal operations and efficiency. The using of data will increase the speed of ideas for new business models which includes new services offered to the customers.

Designing the capability to create a data-driven real estate business.

The ability to become data-driven is not created overnight. It's the result of having the right architecture, the right technical solution and understanding where the data can be used to provide the most business value. Low hanging fruit could be to increase revenue, customer satisfaction and to improve operations.

We have identified three major areas to consider when becoming data-driven

1. Technology – creating a data-driven architecture.
2. Business – using data to create business impact.
3. People – ensure processes are adapted, people are empowered and trained, and create a data-driven culture.

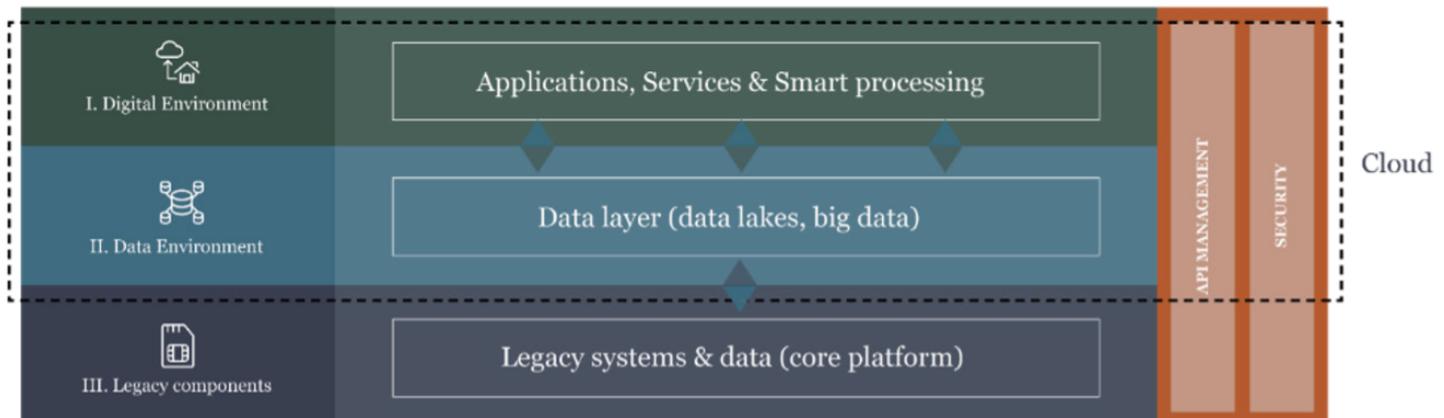
Becoming data-driven is all about:



Step 1: Technology.

A data-driven architecture.

To be able to make data work for you, it must be made available and reliable. Identifying which data to collect and structuring it for accessibility are critical activities. Common data sources within the real estate industry are for example documents that belong to a specific building, but could also be information about a commercial lead that is looking for their new business premises. The data that should be collected must be carefully selected, considering both legal restrictions and ethical values.



A data-centric architecture draws on all the advantages from the cloud.

Creating a data-centric architecture will provide the capabilities to both collect, store, analyze and build applications and services. It decouples the data layer from old legacy systems, as seen in the image above (the light blue section in the middle). It is favourable to build the data layer in the cloud. It enables you to draw on all the advantages like security, new technology, services like AI and real-time analysis, and not least the capability to scale the solution as needed.

Step 2: Business.

Data-driven business applications.

With the data in place, the company will be able to measure and follow up on the business value and relevant KPIs from different parts of the processes. This will make it possible to take action when something shows long responding times or low customer satisfaction. Within the real estate business there are several areas which we suggest can become more data-driven:

Process automation and optimization.

Many processes are manual by tradition. The outcomes are based on experience and history, and might not use all data available. This results in decisions that are not always based on fact. As a result a customer's experience with the company could be very different, depending on which customer service agent that is available. It's better to automate information and it is easier to create a good customer experience if you also make the data available for self-service. Meaning you have to have all data collected in one place.



Another benefit from collecting and optimizing the data, is that you can create a common work process. This means that the real estate company will be able to follow up on processes and evaluate efficiency. It is possible to see when customers contact the company and in which channels. You can also see what types of cases that reach customer service, and how long it takes to get a contract signed. If you have a lead process, you can follow up on which channels that bring you new tenants and compare to costs.

Time is saved when everything is available in one system and work processes are cut shorter. This leads to higher efficiency for the company and higher employee satisfaction. It is a win-win situation.

Moreover, handling your data well can help you to create new services and revenue streams. These can become important parts of your offer and help you stand out from the competition. Here, you can build upon the experiences from e-commerce (customer data history and the UX your customers anticipate).

Customer segmentation.

With data you can understand the value of each customer. If you collect data about both revenue costs and duration, it will be easy to visualize a life time value (LTV) for a single customer, and have this information as a base before a negotiation of the contract.

You can also follow typical customer journeys and improve these over time. For example if payment data is available, customers that are always late with paying the rent can go into a specific contact flow that is easily followed up.



Step 3: People.

Creating a data-driven culture.

As with all important changes, becoming data-driven has its challenges. Creating and implementing the architecture is not all easy. Identifying the relevant business cases is not always obvious at first. But the reward is great. It is the same with getting people on board, ensuring the right skills, adapting new processes, and creating a data-driven culture. It requires time, change management skills and strong dedication from leaders to make it happen. But if you put focus on the change management, it will happen, and your business will take the leap forward. The road ahead includes many areas to consider and you need to have the base set before you start with the changes:

- **Data literacy.**

Being able to translate data into business value requires experience from handling and understanding data. It also requires sufficient business and domain knowledge to understand where data can be applied to create business impact. Your employees need to be trained to be highly skilled in this area.

- **Legal and ethics.**

The employees have to have understanding of regulations in different areas, both national and international. Not least in terms of who should have access to which data. An architect should have access to prints, but not information about the specific tenants.

A common discussion within the companies in general is the storage of personal data in the cloud. There are major benefits with the cloud that are essential to offer the services discussed above. However this is an area that can affect the possible IT architecture and might call for hybrid solutions, combining both cloud and on-premises solutions.

From an ethical perspective it is important to consider how the collected data actually will be used. Many people fear the growing corporate abilities to monitor movements and use surveillance. It is therefore of the highest importance that you have clear guidelines of how data could be used and that you have employees that take responsibility for the customer benefit with releasing data. And of course to follow regulations and have clear and honest communication with your customers on how the data will be used and made accessible.

• **Agility.**

Working in an agile way by researching, validating, and pivoting is the normal approach, which can differ from how organizations are used to working traditionally. This also requires understanding and acceptance from management that some assumptions and ideas will fail and become sources of learning rather than sources of success. It's a creative process.

Your employees need to be able to identify use cases and areas where data can be applied to create business value. This might require data discovery abilities and if you do not have this competence internally, it could be an idea to get external help. Ideation sessions can create hypotheses and assumptions which need to be validated by data before continuing to, for example, a proof of concept.

• **Trust in data and new processes.**

Finally, a data-driven culture is an organization that trusts its data. Processes are adapted, manual steps removed or automated. The organization is empowered to trust and act on insights and new ways of working. As AI and Machine Learning are applied to a greater extent, the smart decision might no longer fully be taken by humans. Decisions could be taken by machines or served as suggested actions for a human to decide on. This requires trust in the core values of your company. And knowing that ethical aspects and regulations are considered and followed. It also requires an understanding of how data is applied and how different actions impact the business.



What do your customers expect?

- They get to have knowledge of ongoing conversations, what has been said, and what has been shared
- Access to the right information.
- An experience beyond expectations
- The opportunity to do things on their own.

What do your employees expect?

- An easily accessible path from the customer
- Quick access to information regardless of location and device.
- That it should be easy to take the next step.
- Intelligent insights and overview of the results.



Your data put to valuable work – examples.

For the real estate business there are many examples of how data can be used in a new way, and how work processes can be changed to increase business value.

All documents regarding a building could be saved in one place, in the cloud for easy access.

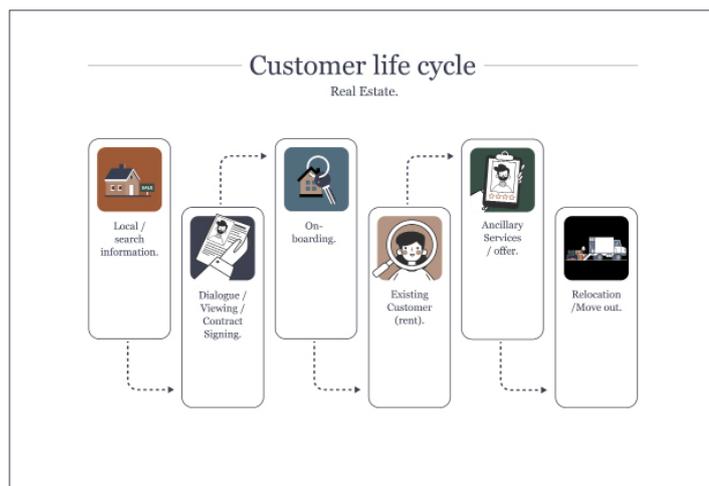
- Quick and easy access and search functions, no time wasted to look for an important document
- Always the latest version available
- Link to the right place, no need to send actual files
- Access rights for different users (internal/external)
- Close down old system(s)
- Possibility to save inspection forms, pictures/photographs via mobile access
- Environmental certifications
- Elevator inspections
- Lease documents
- Customer data
- Services available for the customers
- Relevant statistics regarding all documents that are available

The lead process (a potential B2C customer looking for a tenancy or a B2B customer looking for business premises).

- Collecting data regarding leads from different sources
- Match lead with object (or object with lead)
- Internal process step definition
- Relevant statistics regarding number of leads in each step in the process and time per step

Customer Service process.

- Step-by-step process throughout the Customer Life Cycle
- Categorizing of the different cases that Customer Service handles
- Relevant statistics regarding number of cases and type of cases
- Relevant statistics regarding number of cases in each step in the process and time per step



Contact us and let your journey begin.

We help our clients to become sustainable data-driven businesses – through delivery of technology and strategy implementation for smart decision-making. We make sure that we understand your goals and how you work today. We will show you how you could work tomorrow, by using your data to your advantage and by changing your working processes.

We will help you all the way from strategy to technical implementation. We will support you with data-driven architecture, as well as change management to build a truly data-driven culture.

Contact us to start your journey to become a sustainable data-driven real estate company.

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Stratiteq is a premier consultant company for forward thinking clients who aim to become sustainable data-driven businesses. We empower clients to take control of their digital future through optimizing their data, shaping technical solutions, innovation and by driving organizational change.

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