BOMA International

ALL WIRED UP

Commercial real estate professionals report on trends, constraints and fighting the budget battle in the BOMA/Realcomm Technology Survey

It's time to get wired. No, let's rephrase that. It's time to get unwired. Literally speaking, that is. At home and at work, more and more people are cutting the cord, releasing the tethers that bind them to a desk or a cube or any confined space. Whether it's through WiFi, a hand-held PDA device or just the good old-fashioned cell phone, the way we work and play is changing. How are these new technologies and business solutions affecting the commercial real estate industry? Which software packages and devices are helping us work more efficiently, and which are driving us nuts? Where are the knowledge gaps? And how are we going to pay for it all? These are some of the questions and responses from the BOMA/Realcomm Technology Survey, which was sent to BOMA members in June 2006 (see demographics section at end). The original intent of the survey was to identify technology gaps in the industry, but the results go beyond that knowledge fissure to identify some of the trends and constraints that many of us are experiencing.

> *Which* software packages and devices are helping us work more efficiently, and which are driving us nuts? Where are the knowledge gaps? And how are we going to pay for it all?

Because there's nothing more redundant these days than information overload, we've provided expert analyses for perspective on the state of technology in the commercial real estate industry. You will also find tips to help you use your cell phone and PDA to your best business advantage.

TECHNOLOGY TIPS
Effective PDA Usage

The main purpose of a personal digital assistant (PDA) is to act as an electronic organizer or day planner that is portable, easy to use and capable of sharing information with your personal computer (PC). It's supposed to be an extension of the PC, not a replacement.

PDAs are evolving rapidly. Since they are personal information managers (PIM), contacts, appointments, and to-do lists should be loaded onto your PDA. Today's devices can connect to the Internet, act as global positioning system (GPS) devices, and run multimedia software. What's more, manufacturers have combined PDAs with cell phones, multimedia players and other electronic gadgetry.

Because PDAs are designed to complement your PC, they need to work with the same information in both places. If you make an appointment on your desktop computer, you should transfer it to your PDA; if you jot down a phone number on your PDA, you should upload it later to your PC. Since your PDA is an extension of your PC, you should upload information onto it that you can use or need while you are away from your PC.

Because most of us use PDAs for e-mail or other text-heavy applications, consider a built-in keyboard. If you can, try out the keyboard before you make your purchase.

A PDA gives you the ability to be accessible 24/7. Decide if that is something you want and establish clear boundaries with yourself, your family and your company as to when you will and won't be readily available.

A True Love/Hate

Does this sound familiar?

"I can't function an hour—let alone an entire day—without my Blackberry."

"I want my life back! Find me the nearest deep chasm where I can permanently deposit this hand-held nightmare"

These sentiments may be somewhat exaggerated, but according to the recent BOMA-Realcomm Technology Survey they are indicative of the conflicting feelings commercial real estate professional have towards new technologies that have the remarkable ability to make our lives simultaneously more efficient and complicated. When asked what technologies they find indispensable,

> *"I* can't function an hour—let alone an entire day—without my Blackberry."

38 percent of respondents included some sort of PDA or handheld device. When asked what technologies they find counter-productive, nearly a quarter (23 percent) included a PDA device. Clearly the yeas outweigh the nays, when respondents were asked what devices/solutions they expect to decrease, stay the same or increase over the next two years: 63 percent predicted an increase in the use of a PDA device. But it's also clear that the increased demand that accompanies technology enhancements can be trying. When asked "What are the biggest challenges faced in saving time and working efficiently?" 39 percent of respondents listed time management as the top one or two challenges.

> *"I* want my life back! Find me the nearest deep chasm where I can permanently deposit this hand-held nightmare"

A True Love/Hate
Rick Michaux
president of Corrigo, a leading work order management solution provider:
These conflicting emotions are indicators that wireless technology use is in it's adolescence. Building and property managers are moving to PDAs because they want their mobile device to be more than a phone, they want it to help them manage properties more efficiently. However, much of the software developed over the past 20 years wasn't designed to support mobile use. The happy users are probably those that have the right match of wireless device and software designed to help them with their job with mobile use in mind.

Spencer Stewart, RPA
regional sales manager, Yardi Systems, a leader in the design, development and support of complete software solutions for property and asset management:
Now that PDA's have dropped to very affordable levels (sub $100), how can you NOT justify delivering work orders to your engineers or maintenance staff on their wireless PDA? If you're in the third-party business, property management or outsourced engineering services, it's a must-have technology: it is now becoming an ingredient to not just winning the assignment, but staying in the game to the final round. And if the tenants in the properties served are the direct beneficiaries of the technology, then the case can be made that it should be a pass-through expense.

What's Hot, What's Not

Some of the results were not surprising. Wireless is hot. Cell phones continue to be an essential business tool, with 67 percent of respondents saying they expect cell phone use to increase over the next two years and 36 percent listing cell phones as an indispensable technology. Conversely, only 2 percent of respondents expect to use pagers more in the next two years, while 30 percent expect to use them less. Landline phones follow a similar trend with only 7 percent expecting to use more and 24 percent expecting to use less. These results clearly support the global trend toward increased dependency on mobile, wireless technologies and less on fixed hardwire communications.

In terms of business solutions for commercial real estate, the most used software and technology applications include:

- *Accounts Receivable/Payable* - *87%*
- *Work Order Processing* - *70%*
- *Property Management* - *61%*
- *Lease Administration* - *55%*

These results show that real estate companies are integrating technology in the areas that traditionally have broad applications among many different industries, such as accounting and work order processing—and that they are also beginning to adopt newer solutions specifically designed for commercial real estate applications, such as property management and leasing software.

Primary Business Solution Usage

	Not At All	Little Usage	Some Usage	Average Usage	Above Average Usage	Heavy Usage
Instant Messager	51%	16%	13%	11%	5%	4%
Contact Management Software	27%	13%	15%	24%	14%	6%
Video Conferencing	49%	17%	18%	11%	4%	2%
Intranet Site	21%	8%	13%	23%	19%	15%
Chat room or "blog"	83%	10%	4%	1%	0%	1%

Intranet sites and contact management software were listed as primary business solutions by respondents, while instant messenger services and Internet chat rooms were listed as business solutions with little or no usage.

Michaux:
The promise of mobile communications devices is that we can perform critical tasks when we want from where we want. The two arenas in which mobile device use will grow are the business applications where mobility is a requirement and general business tools for managers on the go. Mobility can play a key role in making a function like work order management more efficient because most jobs in that function are performed out of the office. You won't see that happening with accounts payable, which will most likely continue to be an office related function as mobility doesn't really add a lot of value. However these days all managers are on the go these days and there are certain basic applications like mobile email that will continue to gain rapid momentum.

Stewart:
What these statistics tell me is that the operations staff wants more control in their daily lives. ICQ or IM represents immediate and abrupt interruptions in their daily flow, while email, intranet and CRM software allow the users to control the manner and timing of communication with owners, tenants and vendors.

While these stats are not surprising, in some ways they are disappointing. If I use IM and so do my three primary vendors, when an urgent call comes in I will be more able to immediately "touch" my vendor to check on availability and response time. It's also known in the industry that our tenants similarly want more control over their lives (especially as they are asked to do more with less), and an immediate response will help them feel more valued and important. A building occupied with fulfilled tenants is a full building.

The Knowledge Gap

The survey was designed in part to identify and address business solutions shortfalls BOMA members are experiencing. When asked "What advanced telecommunication or technology products and services are currently available in your buildings?" only 16 percent said they have interactive touch screen directories and a mere 4 percent have digital signage. While these results may seem surprising, 41 percent of respondents listed "don't know what solutions are available" and 26 percent listed "don't understand the solutions that are available" as key challenges in implementing new technologies.

Perhaps the most revealing statistic of all was that 52 percent of respondents said their building does not have a Web site. Most businesses today cannot operate—that is, market, sell, manage, or maintain clients—without a robust Web site. So why is the commercial real estate industry so far behind? These results seem to indicate that there is still a significant technology knowledge gap within parts of the commercial real estate industry, and that there is a very real need for more education on business solutions.

Challenges to Implementing New Technologies

Funding constraints	72%
Don't know what solutions are available	41%
Lack of executive support/buy-in	30%
Don't understand the solutions that are available	26%
Inadequate/lack of training	18%
Lack of qualified providers for technology/telecom solutions	9%
Other	6%

The BOMA/Realcomm Technology Survey also reported various software and technology solutions respondents would use more if they knew more about them:

- *Document Management*   -   *39%*

- *Space Management*   -   *34%*

- *Lease Automation*   -   *29%*

The Knowledge Gap

Michaux:

There are a lot of exciting opportunities out there that people don't know about. It is easy to see why the variety of technology offerings on the market today far exceed the scope of what most property managers have time to learn about. And IT doesn't have time as they are often staffed to a level where they can just get by maintaining existing systems. In this environment, the real estate industry is actually slipping further behind over time. It is up to the real estate focused technology vendors to turn this around and make it easy for clients to learn and experience the benefits of their solutions.

Stewart:

I am most surprised by the statistic showing that 52 percent of buildings do not have a Web site, but I think it gets at the core issue that underlies most all the other statistics from this survey: Owners are not convinced of the quantifiable value that technology can deliver to the bottom-line financials. So whether or not managers don't know what solutions are available or understand the technology, the owners are telling us that they won't pay for it until we can show them how the investment will grow their income. This gap will exist until owners weigh additional values at least as strongly as ROI.

Budget Battles

But it seems that the number one business solutions hurdle has little to do with tech know-how, knowledge of available products or time constraints. The biggest shortfall involves the battle of the budget. In fact, 72 percent of respondents listed funding constraints as one of the biggest challenges in implementing new technologies. Conventional wisdom tells us that investing in the latest or enhanced business solutions will save us money in the long run because it will help our people work smarter and our buildings run more efficiently—all with fewer resources. While this may be correct, sometimes budgeting for the initial investment—plus allowing for the inevitable upgrades and additional new technologies—often results in postponing or canceling technology initiatives. Well-defined ROI models and successful case studies of technology improvements within the commercial real estate industry are needed to overcome the apparent financial obstacles.

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Another interesting revelation regarding budgeting and purchasing was that the Chief Information Officer or Chief Technology Officer was the second highest response in terms of who is responsible for making decisions on purchasing new technologies, at 20 percent. Building owners still ranked at the top at 24 percent, with Property Managers ranking third at 19 percent. But this clearly supports the growing trend of the decision-making triangle between the owner, property manager, and now the IT department in using technology to help operate and manage our buildings.

Michaux:

It is important for building and property managers to remember that technology is a tool to achieve a business goal, not the goal itself. Users will see hard financial benefits when they identify business processes that can be improved with technology and analyze exactly how technology will help achieve that goal. Can technology enable you to consolidate call centers? Can it reduce the number of staff required to maintain a set of properties? Can it give your existing staff more time or better information to increase occupancy? Building a business case for use of better communications technology is generally easy to make if you link it to improving core business processes.

Stewart:

The residential real estate market has embraced technology—they didn't have a choice. It takes more people to manage a residential asset, sometimes many more. Because labor is the single biggest expense line item, the ability for technology to reduce the labor expense provides an immediate payback and incentive for owners to adopt technology.

Unfortunately this does not exist on the same scale in the commercial real estate market. One commercial manager can manage dozens of disparate properties and many hundreds of thousands of square feet. So the direct savings or efficiencies delivered to the owners of commercial real estate are more hidden behind the constant cost of that one commercial manager.

Survey Demographics

The BOMA-Realcomm Technology Survey was sent to BOMA members in June 2006. Below is an overview of the demographics of our respondent pool.

Respondents by Position/Title

Building or Property Managers	54%
Executive or VP level	16%
Regional Managers	7%
Other	23%

Respondents by Company Size

More Than 500 Employees	39%
Less Than 50 Employees	26%

Respondents by Company Holdings

More Than 2 million Square Feet	38%
Less Than 50,000 Square Feet	24%

Respondents by Services Their Company Provides

Property Management	80%
Leasing/Brokerage	62%
Facility Management	48%
Asset Management	47%
Development	47%

Key Decision Makers in Purchasing New Technologies/Telecom Services

Building Owners	24%
Chief Information Officer/Chief Technology Officer	20%
Property Managers	19%

CELL PHONE USAGE TIPS

Cell phones give more freedom and mobility to workers who need to spend time away from their office. Here are some tips on increasing your cell phone's usefulness.

• Be discrete and courteous. If colleagues or clients can overhear your conversation, they may worry that your conversations with them will also be overheard.

• Be discriminating in deciding which calls to answer. Don't interrupt a face-to-face meeting to take a call.

• Avoid multi-tasking while conducting a conversation. Clients generally know when they're not getting our full attention.

• Become familiar with and understand all the features of the phone that are important to you. Some features can enhance your productivity while others may not fit your work style.

• Be mindful that there is a cost for air time. Few of us have unlimited budgets. Economize your time and your recipient's time.

• There are few things more annoying than dropped calls or static lines. Whenever possible, stay within your cell phone's range while on client calls.

The Building Owners and Managers Association (BOMA) International is an international federation of more than 90 local associations and affiliated organizations. BOMA's 16,500-plus members own or manage more than 9 billion square feet of commercial properties in North America and throughout the world. The mission of BOMA International is to enhance the human, intellectual and physical assets of the commercial real estate industry through advocacy, education, research, standards and information. Founded in 1907, BOMA International celebrates 100 years of commercial real estate in 2007.

RealComm is the industry's leading technology, business and intelligent buildings event held annually in June.