BOMA Canada

Digital Transformation Guide 2023

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MNP

Introduction

There was once a time when digital transformation was nothing more than a fancy buzzword. That's not the case any longer – according to a 2022 survey from Gartner, 89% of board directors say that digital business is now embedded in all business growth strategies.

Companies in all sectors want data to better understand their customers, innovative solutions to increase productivity and efficiency, analytics to help improve decisions and much more. Real estate, however, has been behind most others when it comes to embracing technology. It's easy to understand why: a bricks-and-mortar building isn't the easiest infrastructure to digitize.

That's no longer a good excuse – with everything from sensor technology to data-gathering techniques to business-operating solutions far more advanced than ever before, now's the time for the commercial real estate sector to transform. Your business depends on it: your tenants want better access to amenities, maintenance teams want to fix equipment before it breaks down, and investors want to work with companies that are reducing carbon emissions – the only way to make all of this happen is with digital technologies.

In BOMA Canada's first of five guides centred around digital transformation, we explore what it means to digitally transform, why it's critical to tie transformation into business objectives and we offer practical advice on how to get started.

We hope you find this guide useful and welcome your suggestions on future guides.

Sincerely,

Benjamin Shinewald
President & CEO,
BOMA Canada

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WHY THE REAL ESTATE INDUSTRY NEEDS A DIGITAL TRANSFORMATION

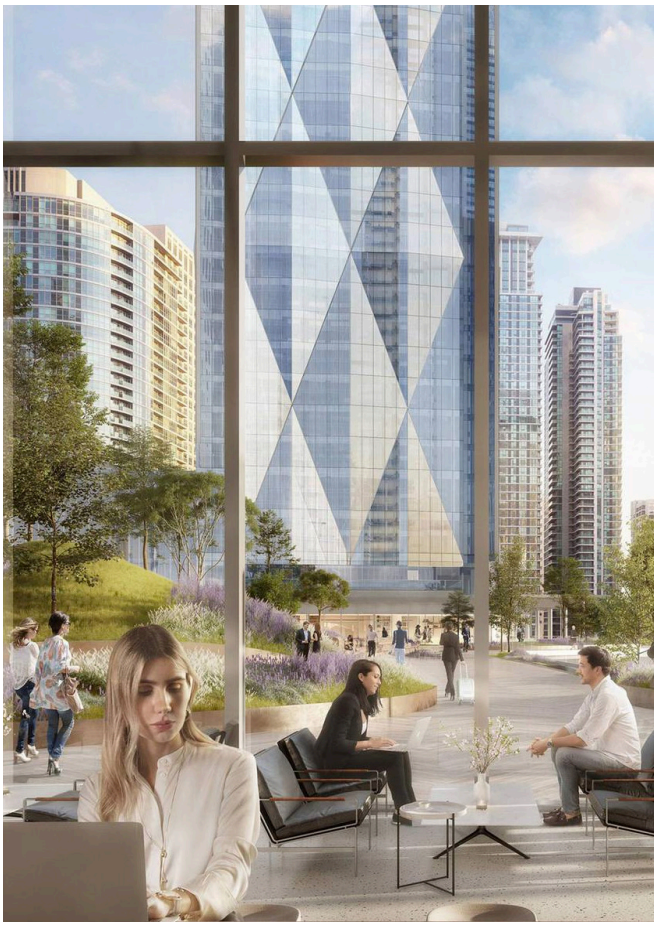
[01]

Not far from Toronto's waterfront sits one of the city's newest, and many say majestic, office buildings. With its filigreed glass exterior, CIBC Square, located at 81 Bay St., looks like a massive diamond rising from the ground.

Light bounces off the outside walls, illuminating a large swath of the city's downtown, while a one-acre park that sits four storeys above a rail corridor offers unimpeded views of the CN Tower, the Hockey Hall of Fame and other landmarks.

But as impressive as the outside may be – a second tower at 141 Bay St. is expected to be completed in 2025 – it's inside the 3-million-square-foot development where the real innovation is happening. The building, developed by Ivanhoé Cambridge and Hines, has been called one of the smartest buildings in the world.

And it has it all: sensors that allow building managers to dim or brighten lights based on daylight or occupancy levels, fibre-optic infrastructure that will make it easy for digitally-connected boilers, chillers and plumbing to run more efficiently, public and private Wi-Fi throughout the entire complex and apps that let workers access a digital map of building amenities or building management monitor energy consumption, water use and air quality.



Rendering © 2015 DBOX: a branding & creative agency

↑ Rendered view of The Park from 141 Bay St., Toronto

While the office tower, which opened in 2022, is garnering plenty of accolades, it won't be long before all buildings become digital data-collecting machines. "Our industry is at the cusp of an evolution of how we run real estate,"

18%

Real estate businesses that planned to adopt new or additional digital technologies over the next 12 months.

Source: Statistics Canada 2022 survey

"If we're not doing this now, we're going to be trying to catch up later on."

Archie Mahalingam
QuadReal Property Group

says Andrew Hollins, Vice President of Development for GWL Realty Advisors, about the future of digitally-enabled buildings. "Office and residential property management are going to offer more services, and they will be measurable." Over the last few years, companies across most key sectors have embarked on digital transformation journeys, which means integrating digital technology into a business in ways that fundamentally change how a company operates and delivers value to customers. Building owners and managers, however, have come a lot more slowly to digital than other industries. According to a 2022 Statistics Canada survey, just 18% of real estate businesses planned to adopt new or additional digital technologies over the next 12 months, and 60% had no plans – among the highest of all industries – with about 70% saying digital technologies were "not relevant to the business or organization." In construction, 74% had no plans to embrace digital, with nearly 80% saying it wasn't relevant.

"Much of what the industry has done, they've been able to do for decades, and to some degree they could continue to do for some time," says Dean Leesui, a Toronto-based partner with MNP and part of the company's digital services team that works with executives to navigate complex IT decisions. "The industry has not gone through significant technological disruption like others have."

In contrast to sectors like retail (Amazon), media (Netflix), automobiles (Tesla) or transportation (Uber), building owners and managers have not been forced into completely rethinking their business models. "As an industry, they haven't needed to be on the cutting edge," he says.

That's changing. As digital technologies have seeped into nearly every corner of our lives, customer expectations have shifted – a trend only accelerated by the pandemic and the rise of hybrid work. With everyone having spent more time at home and becoming increasingly adept with digital technology as consumers – health analytics on their wrist, digital assistants responding to voice commands, connected devices throughout their homes, Bluetooth tracking tags on luggage – now tenants expect their buildings to be embedded with similar kinds of tech.

"Commercial tenants want the same experiences they get at home," says Archie Mahalingam, Senior Project Manager, Digital Building Projects for QuadReal Property Group, which manages 40 million square feet of commercial real estate in Canada. "Some tenants want to use their phone to do everything, like provide their credentials to get into an office space."

As consumers, tenants have also grown accustomed to forming closer digital relationships with the businesses they buy from, in the form of automated updates, chat bots, messaging, social media or even old-school email newsletters. GWL Realty Advisors' Hollins says property managers will need to adjust. "Property managers typically deal with their tenants whenever the lease has to be renewed, and occasionally when something's not right," says Hollins. "But that interaction is sporadic. Technology is going to

make that interaction fluid, almost constant. It's back to an approach almost like the hospitality sector."

To prepare for this evolution in property management practices, the buildings and the companies that run them need the digital infrastructure to make that possible. In Mahalingam's work managing the deployment of digital infrastructure in QuadReal's Ontario portfolio, he views digital transformation as being driven by finding ways to standardize and integrate data from its buildings. "It's bringing all the systems to a central layer and normalizing the data."

No one has all the answers yet. "As an industry, we're still in the discovery phase," says Joseph Martino, Vice President of Information Technology at Primaris REIT. "There's probably thousands of prop-tech [property technology] companies out there now."

But for Primaris, deploying digital infrastructure and advanced prop-tech is only one piece of this puzzle. The larger picture is about the collection, movement and use of digital information, both from and within its properties, as well as within its corporate leadership. To contend with how quickly digital technologies are changing the world around them, building owners and managers must have the strategies – the people, processes and technologies – in place to ensure they have the information they need to make faster, more precise decisions and deliver value.

"Our organization sees the value in what we're doing, looking into the future and how the trends indicate digital tech is going to play a major role," says Mahalingam, who joined QuadReal two years ago, after the company had already started investing in its own digital transformation. "If we're not doing this now, we're going to be trying to catch up later on." ■

[02]

DIGITAL TRANSFORMATION DEFINED

How companies actually embark on a digital transformation will depend on each one's own unique set of factors: its customers, competitors, products and services, operational processes, employees and, perhaps most importantly, its business objectives.

It's also important to understand what it means to transform. Like so many business concepts, digital transformation is often amorphous. Even a cursory review of business literature draws out a wide range of meanings: from IT modernization projects (think cloud computing) or the digitization of information, to digital optimization (improving existing processes) and even the invention of new digital business models.

It can be some or all of those things. But the key difference between digital transformation and other IT projects is that strategically deploying new, more highly connected forms of

technology ideally has a profound impact on how a business operates, product quality and customer satisfaction – it even has an impact on how a business defines itself.

"Typically, companies look at technology from a tactical perspective," says Leesui. "To them, technology is a tool – I've got a nail and I need a hammer."

But there is greater value to be found in understanding the role technology can play in achieving broader business objectives, he explains. In fact, he prefers calling it "digital strategy," and altogether avoids using the term digital transformation with clients. "It implies a focus on the technology, when really it's not," he says. "It's not supposed to be about the technology, it's really supposed to be about business outcomes."

The word "transformation" can also be problematic, says Leesui as it can "evoke fear and hesitation. Change is hard, and the word 'transformation' suggests you need to change everything you do."

Perhaps "evolution" is more apt: comprehensively evaluating how to address business objectives through a digital lens to better adapt and thrive into the future. Digital transformation occurs at the intersection of people, processes and technology – dramatically shifting the culture of an organization to continually challenge the status quo.

It means embracing the power of the latest digital technologies to:

- **UPEND LONG-STANDING BUSINESS PROCESSES**
- **USE POWERFUL DATA ANALYTICS FOR DEEPER, MORE TIMELY INSIGHTS**
- **EXPERIMENT AND RAPIDLY ADJUST TACTICS AND STRATEGIES**
- **INNOVATE THE CUSTOMER EXPERIENCE**
- **MONITOR AND IMPROVE ENVIRONMENTAL PERFORMANCE, INCLUDING CARBON EMISSIONS**

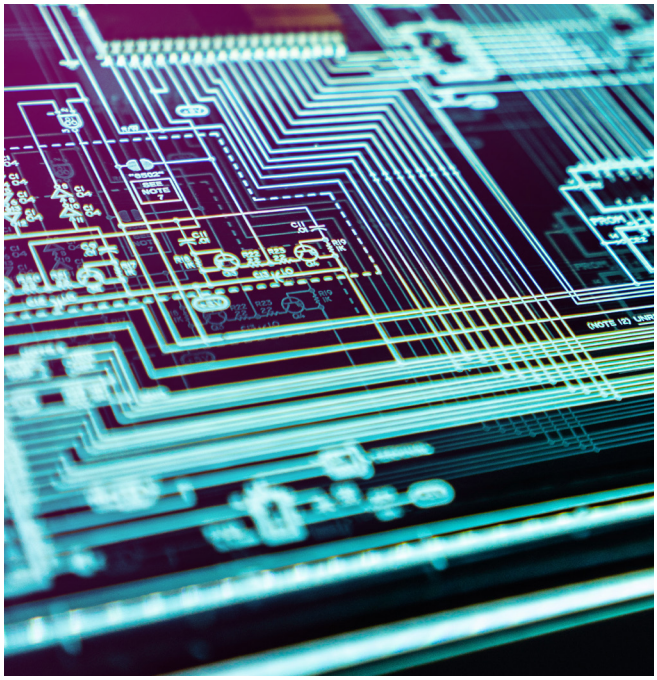
"The Holy Grail of what organizations are looking to achieve with digital transformation is to set their company up to meet any potential disruption, any potential business challenge," Leesui explains. "Change is the new normal. Where some see change as risk, others view change as opportunity."

It's a shift in mindset Leesui thinks could benefit more leaders in real estate and property management. ■

6 KEY BUSINESS OPPORTUNITIES

[03]

While some building owners and managers are making progress on the digital front, the industry hasn't yet experienced a Netflix-like seismic disruption. That may be coming: multiple forces are driving the adoption of digital technologies.



If an organization is not prepared to adapt, these market dynamics could be construed as threats to the way building owners and managers currently operate — an imposition of new costs or unreasonable demands from tenants. But the reality is that each area in fact represents an opportunity to make use of digital strategies to increase competitiveness and growth.

1 ELEVATE THE TENANT EXPERIENCE

Tenants increasingly expect digital experiences to extend to the spaces where they work and live. High-speed internet connectivity, both wired and wireless, is a given, but whether it's developing private networks or providing public Wi-Fi, tenants want a greater level of control over their digital experiences.

With utility submetering, for example, tenants now want access to their energy consumption data so that they can reduce their own carbon footprint, though this is something building managers have tended to keep to themselves. Data transparency is a good thing, says Hollins. In this case, it allows tenants to become more proactive with their energy usage. "It helps people make the decision, can I scale it back a little bit?" he says. "In the past, property management has never had to think about this, especially in residential buildings."

With the right connectivity and data, building operators can also spot maintenance issues early, potentially reducing the cost of repairs. Sensors, for example, can alert

maintenance in real time when lights go out, or indicate when a boiler may need replacing before it breaks down. "We can provide better services and start anticipating problems before the tenant even realizes some equipment has failed," says Hollins. Ultimately, better experiences support retention and attract new tenants, but also build brand recognition and loyalty, he notes.

2 IMPROVE HEALTH AND WELL-BEING

While HVAC has always been a critical piece of building infrastructure, having the right system in place has become even more important since the pandemic. With people far more attuned to indoor air quality and the ways in which airborne disease can be transmitted, ensuring HVAC is always operational and running as it should be is a must. Putting sensors on and in these systems can help building managers monitor air quality and stop any breakdowns before they occur. "Technology can be the eyes and ears in a property," says Martino. "It helps owners and managers understand more about what's happening in real time in that environment, and transition from being reactive to proactive."

Some commercial spaces are going as far as displaying air quality data on digital signage – a communication strategy that's as much about tenant engagement and retention as it is health and safety.

Even with COVID-19 risks subsiding, tenants nonetheless appreciate knowing that where they work and live is monitored for safety. The recent blanketing of wide swaths of North America in smoke from wildfires only reinforced the importance of indoor air quality – and the average commercial building's air quality often exceeds the average air quality in private homes.

3 UTILIZE SPACE EFFECTIVELY

Space utilization is another growing area of interest for many commercial building operators. Historically, no one had any real idea of how many people were using any one space, which resulted in tenants and building owners spending money on rooms and areas that people didn't use. In a digitally-transformed operation, companies can manage the flow of people instantly and continuously within and across their spaces. That leads to far more informed decision-making. Primaris REIT's shopping centres feature traffic counters, occupancy sensors and trade area demographics that collect data for tenants to "show them data that supports decisions on where to locate in the mall; to know they're near a tenant that draws a lot of traffic," says Martino.

4 REPORT SUSTAINABILITY SUCCESSES

Many companies are also doing their part to get to net zero. While reducing carbon emissions is the right thing to do for the planet, tenants, customers and others are also demanding the businesses they work with – whether in real estate or elsewhere – make environmental, social and governance (ESG) impacts a priority.

Digital technologies make it much easier to track everything from a building's emissions to the efficiency of its windows to the heat its lighting gives off. Armed with that data, businesses can then create more efficient and lower carbon-emitting energy plans.

"The expectation is not only that buildings are highly efficient, but that they're built in a way that facilitates tracking," says Leesui. "At some point they need to report to show how well they're meeting those requirements." Hollins agrees: "Owners want to make sure they're getting tangible data for their ESG reporting and net-zero targets. It's about proving out that you're actually delivering."

At QuadReal, a significant focus for Mahalingam is deploying sensors and systems that help them use less gas and power, and generally operate more efficiently. Integrating data is key, for example, tying HVAC and lighting systems together. "It gives operators more visibility with all your

systems on one central platform," he explains. "And then you can then do things like comparing energy data from different buildings to know which is performing better and investigate how to improve."

5 INCREASE OPERATIONAL EFFICIENCY

With inflation increasing costs, there's more pressure than ever to cut waste wherever possible. "The market demands a high degree of efficiency in budgeted scope," says Leesui.

He uses the example of construction, where recent difficulties in procuring and tracking materials has led to costly delays and losses. "Even when it's on the job site, stuff goes missing, which further cascades downstream into your scope," he says. "It's very noticeable now, to the point that leaders are saying they need to find a better way to accurately track everything."

From an operational perspective as well, every dollar now matters more. To improve capital planning, QuadReal uses sensors to monitor equipment performance, directing expenditures to replace gear that needs to be swapped out, rather than focusing solely on years in service.

QuadReal also deployed a system that monitors water usage in its buildings, and thankfully it did – when Mahalingam's team received an alert about over-consumption of water, they sent the maintenance team to investigate. "They found a leak just dripping water down a floor drain," says Mahalingam. Fixing it saved the building an estimated $20,000 over the remainder of the year – money that otherwise would have literally gone down the drain.

6 AGGREGATE DATA INSIGHTS

As the world has digitized, stakeholders now expect data to drive decisions – even in the real estate sector. Generating high-quality, reliable data is a critical component to identifying new growth opportunities, for both building owners and their tenants.

For example, when Primaris deployed guest Wi-Fi in its retail shopping properties, it created a way for marketing to promote to consumers, but it also enabled them to learn a bit about their clientele. "CRM [customer relationship management] software wasn't in place," says Martino. "We had very little insight into the demographics of our customers." By providing guest Wi-Fi, Primaris was able to better understand its shoppers – valuable knowledge it could then share with tenants.

Sating the thirst for data is what drives most digital transformation efforts: with the right information, leaders can make smarter decisions.

But it doesn't happen overnight. "It requires systematic change in almost everything we do," says Hollins. "Owners want more data facts about their buildings – not assumptions, they want facts. Property management and operations teams have to deal with that requirement." ■

WHERE TO START – FOUNDATIONAL ELEMENTS (PLAYBOOK)

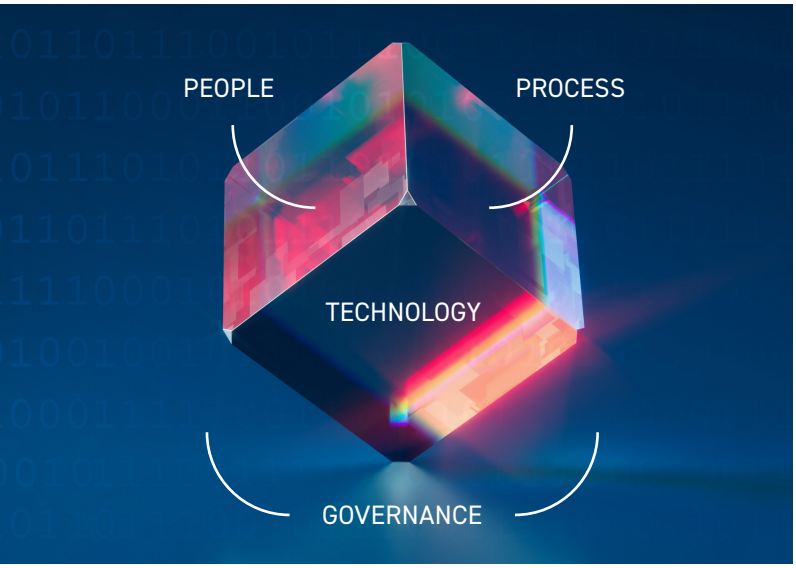
[04]

When it comes to the real estate industry, a digital transformation can take various forms. There's the data-collecting sensors, the app-controlled lighting and the internet-enabled HVAC systems, but many are also moving systems and processes – like finance, marketing and even email and collaboration – into the cloud.

In Leesui's experience, digital transformations often happen after an organization has stretched its legacy software systems as far as they can. For instance, a lot of companies are looking at moving their finance function's enterprise resource planning (ERP) solutions from an on-premises server environment to something cloud-based. That sort of move often prompts important discussions about improving processes more broadly.

With building owners and managers, the inflection point could also be the development of a new property: why not use the opportunity to build something better?

But what appears to be a technology decision in fact has multiple variables to consider. Successful digital transformations are built around four dimensions:



PEOPLE What skills does your organization need to make the most out of these changes?

PROCESS How should a transformation alter how work gets done and how information flows?

TECHNOLOGY What investments need to be made in new technology and how will the upgrades work with other systems?

GOVERNANCE How will you ensure these changes are measured, managed, optimized and supported over the longer term?

Devising a comprehensive strategy around becoming a more digital business helps ensure the metamorphosis delivers value. It's important to ensure that every new digital component or initiative complements a larger vision for where the business is heading. Remember that the ultimate goal is a more efficient, digitally-integrated organization that makes better use of data.

The seven steps below provide a roadmap into a new future.

1 UNDERSTAND THE CURRENT STATE WITH A MATURITY ASSESSMENT

As previously mentioned, the digital transformation of an organization will depend on its own unique set of factors: its customers, competitors, products and services, operational processes, employees and, perhaps most importantly, its business objectives. A good first step is to understand the current state and level of digital maturity by surveying the foundation upon which you will build. Leesui and MNP assess each of the four dimensions along five stages of maturity:

INITIAL

Discussions around digital transformation are not well defined. Policies are not documented, roles and responsibilities are loosely defined and there are too many technological solutions in place.

DEVELOPING

Companies now have the beginnings of a strategy or key objectives and have some repeatable processes in place, plus there are basic definitions of roles and responsibilities and they've introduced a limited set of technologies into their operations.

DEFINED

A vision and strategy exist, and there are now more formalized processes and more formal documentation. There's increased standardization, while roles and responsibilities and technology are in place to support the business.

MANAGED

Businesses now have key performance indicators in place to measure success. You're in a stage of continuous improvement, technology is more effective and talent is better aligned to new processes.

MATURE

You're now getting the data you need to make accurate and timely decisions across the entire organization. Resources are optimized, while the right technologies are in place to create a more digitally-focused organization.

Having determined where you are in your evolution, you can begin building a plan for how to reasonably achieve higher levels of maturity.

2 DEFINE AND PRIORITIZE BUSINESS OBJECTIVES

To ground your digital transformation dreams in reality, you must always look first to your business objectives. What is your vision for the company in the near term (1–2 years), and longer term, what do you want to achieve? Secondly, assess your key pain points.

Leesui cautions against fixating on technology as the problem, and suggests you consider a bigger picture. "More technology is not always the solution," he says. "Sometimes the technology is fine, but what you've got is actually a people issue, a process issue or a governance issue."

Martino's IT team at Primaris takes a page from marketing and conducts surveys and site visits to assess the needs of both company staff and their tenants. "I need to understand them not in technical terms, but from a business perspective. What is inhibiting them from being

productive?" he says. "I take the pulse of the organization, and then take that data back and blend it with the goals of the business to come up with a priority list of initiatives."

These objectives will help you map out a multi-year phased approach to digital transformation that aligns to the business. Use a maximum of three-year increments – technology can quickly change – and set an interim stage of what maturity level you can reasonably achieve for each of those dimensions in one or two years. This helps to clarify which gaps exist that could prevent progress.

3 DESIGN USER JOURNEYS

At QuadReal, the company has developed multiple types of detailed user journeys that depict what kind of digitally-infused experiences specific sorts of people want to have at a property. For instance, an office tenant could unlock their suite with their mobile phone or use it to control their HVAC and lighting. Someone who works in building operations might want to access security and fire systems on a single unified screen. "It's identifying who the users are, and what experiences each team wants to have with their building," says Mahalingam.

In fact, nearly every key department should have its own user journey. Asset management, for one, may want to understand which systems are working, which aren't and how often they're failing so they can better plan capital spending. Leasing may want different kinds of information that helps sell to tenants or find new ones. This planning process carefully documents a tangible vision for how someone will interact with a building or its data. "Whatever that experience is, that's what we will plan to capture using sensors, other equipment, software and data," says Mahalingam.

4 BUILD THE BUSINESS CASE

The user journey describes the "how," but you still need to explain the "why" – as in, why invest resources in this initiative? What is the value proposition? How much will a process automation actually save? Some use cases, like reducing utility bills through smarter sensor controls, are straightforward to quantify. What can be harder is putting a value on opportunity cost – preventing bad things from happening thanks to early detection. Mahalingam admits they have found it hard to specify how much they can save by identifying a leak before it causes any damage, for instance.

Still more difficult, but no less important according to Hollins, is measuring tenant happiness – like when someone appreciates being notified on a mobile device that their preferred exercise equipment is available. "How do you measure that satisfaction?" asks Hollins. "We all know in our hearts that if you've got a happy tenant, there's value there. They're not going to leave, so the property won't have a vacancy. What does that save? Seven days of downtime? It's just thinking about these different ways to turn satisfaction into value."

Running pilots can crystalize the opportunity. GWL Realty Advisors' The Livmore Bay & Gerrard in downtown Toronto was its first smart building, with a single converged network instead of separate systems. "It was evident very quickly that on a new development, there is no real premium in converging – it's not zero, but it's minor," says Hollins. They factored in the fewer number of subcontractors they would have needed for installing separate systems, compared to signing a larger single contract to deploy and run the fibre optic network. "On balance, it doesn't really cost more to do this from the start," a lesson they've used in the other Livmore towers.

5 INVESTIGATE FUNDING

Fortunately, there is some government funding to support digital transformations. The federal government offers grants through its $4-billion Canada Digital Adoption Program (CDAP) to help small and medium-sized businesses increase their competitiveness.

The Boost Your Business Technology grant provides up to $15,000 to retain an advisor and offset the cost of building a digital plan, followed by a 0% loan of up to $100,000 from the Business Development Bank of Canada (BDC) for implementation. Eligibility is limited to for-profit businesses with fewer than 500 employees and at least $500,000 in annual revenue in one of the last three years.

6 SELECT TECHNOLOGY THAT CAN INTEGRATE

To achieve the kinds of data insights, operational efficiencies and tenant experiences you envision, it's vital to establish interoperability as a core pillar of your digital strategy. This is as true for corporate IT systems such as ERPs as it is at properties. "You need to build a strong core and foundation to start to layer on any of these applications, sensors, prop-tech and applications," says Martino.

Standardizing certain protocols will help systems speak the same language and consolidate data, almost always now in the cloud. A key responsibility of Mahalingam's team is to make sure that whatever technology is being deployed will fit into its expanding ecosystem. "As long as it can speak those languages, it has those capabilities and checks off those boxes, it's essentially future-proof," he says. "At some point in time we could do those integrations, even if it's not today."

In some cases, QuadReal will "uplift" systems – like adding some kind of intermediary technology to HVAC systems, for instance – so they can sit on the same network and have all their data surface to the cloud for analysis and control.

This is largely a matter of tendering projects with the right requirements, such as specifying IP-based controllers or APIs to enable the integration of data from the fire detection system or CCTV access control. "We need to be very selective in what we choose," notes Mahalingam. For example, most building systems vendors have their own data visualization tools, but you don't have to buy that feature. It can be cheaper to use one visualization program that works across all platforms.

Remember, a primary benefit of pursuing a more digital business is greater agility to adapt to changing conditions. Don't paint yourself into a corner with closed systems.

7 MANAGE THE CHANGE

Digital transformations don't come with an end date. While your strategy may plan out the next three years, the reality is technology never stands still, nor do the changing needs of your business. Establishing the cultural mindset and openness to explore digital approaches to problems will keep your organization from falling behind.

Primaris' roadmap typically runs 100 to 150 initiatives deep. Using an approach similar to agile software development, Martino meets monthly with business leaders to go over work in progress and what's in the queue, and refine what to prioritize next. More technical IT work isn't on the agenda, he says. "I ingest our greater business needs and make sure the infrastructure maps well to the priorities."

But getting the technology right is not the hardest part. Change management – getting people to learn and use new processes and systems – can be far more difficult. "The people component is always the trickiest," says Leesui. "In many cases, the staff and team have been doing the same thing for years, and they don't know any other way to do it."

Training people on new tools, talking to them about why a transformation is important and making sure they understand how a different way of working can help them do more valuable work is critical. "People are a big variable. Shifting company culture is more art than science," says Leesui. "A good portion of your success will be defined by how well you're able to tackle that change management." ■

WHERE TO GO NEXT

[05]

Conceptualizing and initiating a digital transformation is an exciting challenge. But bringing that vision to full fruition takes persistence and care. It can't be a side project – you must commit to thinking differently about many aspects of your business.

Here are four cornerstones that will require special attention throughout the transformation.

1 EXPLORE HOW TO FURTHER ENHANCE EXPERIENCES

Keep your eyes and ears open for how staff and tenants are adopting technology. New ideas come to market all the time, and they may not emerge in the real estate sector first. Be willing to explore how they might fold into your digital strategy. Just one example: how can artificial intelligence, such as ChatGPT, improve tenant experiences? Test out the experiences that seem promising, and rigorously assess their use case.

Of course, risks may also emerge around the kind of digital security or privacy tenants expect. Consumers may also turn sour on some kinds of tech. (Will people want to make use of AI?) The underlying goal of digital transformation is to become more agile in how you take advantage of new opportunities and respond to disruptive forces. To stay out in front of change, make the effort to listen for the signals from clients and the wider zeitgeist.

"You need to inform the business on new technologies," says Martino, "and develop guidelines and guardrails for how to use it effectively." He uses a reference architecture – a detailed map of business operations and capabilities – to get a bird's-eye view of the organization and visualize further strategic investments.

2 MANAGE AND LEVERAGE DATA

As the foundational technologies fall into place, your organization will begin collecting data – ideally quite a lot of it. Implementing data governance models is crucial to ensure you exploit it to its fullest, continuously optimizing what is captured and scaling it in new ways.

At GWL Realty Advisors, for instance, utilities were among the first to be measured and benchmarked. "You can turn it into dollars and cents very quickly," explains Hollins. As GWL Realty Advisors' portfolio grows, they will pull together and centralize the data, measuring multiple buildings across different cities. "You can start zeroing down into cost per suite or cost per square foot, and start turning them into metrics, benchmark data that is verified as accurate, that we can use to understand whether one building is performing radically differently." Compared to only benchmarking the buildings against themselves year over year, it's a significant step forward.

Turning data into useful analytics requires skill and concerted effort. You will need to think deeply about what metrics and insights could help improve your operations, and establish regular touch-points throughout to gather additional ideas throughout the organization.

Finally, be prepared to practise what you preach. Nurture a culture of data-driven decision-making by using the analytics at your disposal to guide the direction of the business.

3 AUTOMATE FOR OPTIMAL EFFICIENCIES

A big piece of pursuing a digital strategy is to embrace every opportunity to use technology to replace manual processes with more automated versions. Often this means everything from dissecting the component pieces of well-established approaches to completing some task and rethinking how technology could shrink the time to providing value.

Hollins uses the example of property maintenance. Standard operating procedure at most buildings is for maintenance personnel to be dispatched to investigate an issue only once a tenant calls to complain. At The Livmore, an operations centre ties all systems together into a holistic visual representation that helps the team diagnose issues by cross-referencing multiple data points. If a heat pump stops working, for instance, the operator might be able to fix it by remotely resetting it. "Or we can open a web portal to let them into the system to diagnose what's wrong," says Hollins. "When that maintenance guy actually rolls in, he has the right part ready for the repair."

You cannot accomplish this from the executive suite. Your employees and even contractors need to adopt this mindset, offering suggestions for what makes them less efficient. (In fact, this approach may help engage up-and-coming staff who do not want to stay in jobs that rely heavily on quasi-manual tasks.) It takes a meticulous understanding of all the small steps within a process to understand where and how to insert technology for the biggest impact.

"It became evident very quickly that on a new development, there is no real premium in converging – it's not zero, but it's minor."

Andrew Hollins
Vice President of Development for
GWL Realty Advisors

4 ADAPTING THE HUMAN ELEMENT TO DIGITAL PROPERTY MANAGEMENT

Of course, there will be some within your organization who may feel that their livelihood is threatened by the rise of the machines. As Leesui noted, change is hard, and all the more when people lack control. It's important to engage them in the process.

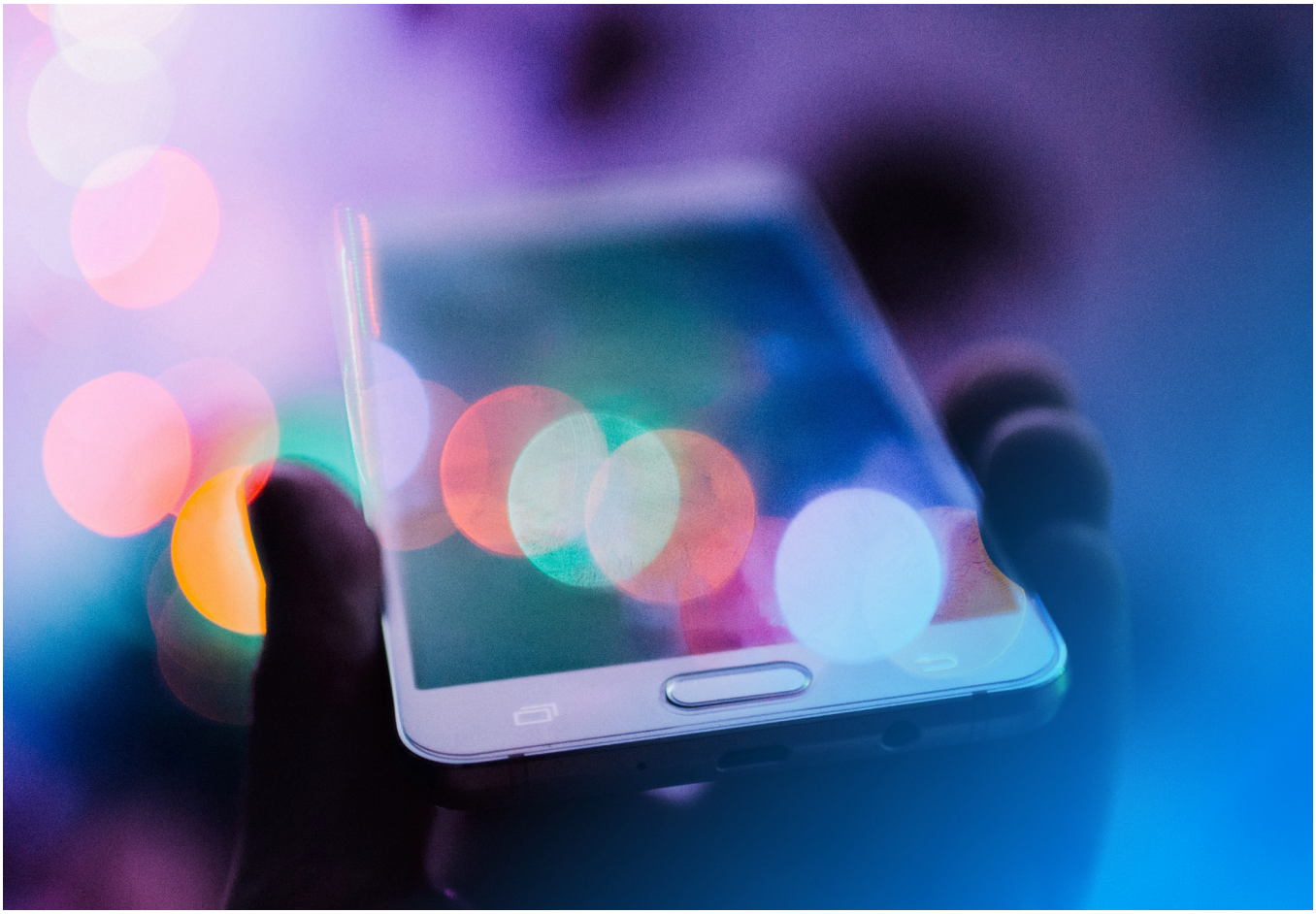
Training is also key. As Martino and team migrate the Primaris corporate IT file and collaboration systems to cloud-based technologies, he is building webinars and

support material to hold everyone's hands through the transition. "We literally had property-by-property calls to show how we templated their new file structure in the cloud and how to collaborate with it, explained it all and answered questions," says Martino, who relies on internal champions and so-called train-the-trainer methods to reinforce the message. "They're going to be passionate about it, and it slowly snowballs from there."

Your organization will need to devise policies and procedures that offer people a path to upgrade skills and redefine the value they provide to an organization.

At the end of the day, how quickly you can turn your vision for a digitally-infused business into reality will largely depend on the human element. "You can deploy a lot of technology in real estate very, very quickly," says Hollins, "but are the operations teams able to adapt to that amount of change? People need time to change and understand."

Because whether slow or fast, on your terms or a new competitor's, change is coming to building owners and managers. The pace at which new technologies shape consumer expectations and transform how businesses function shows no sign of slowing. While many building owners and operators have been able to safely sit back, those that embrace strategies that adapt their organization's technological infrastructure, processes and culture to a more digital future will be ready for whatever comes next. ■



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