

UNPACKING **AUTOMATION**

THE INNOVATION OPERATING SYSTEM
FOR COMMERCIAL REAL ESTATE

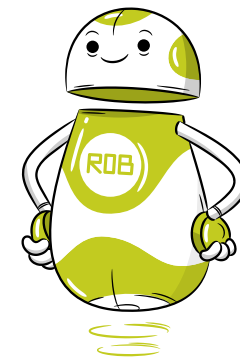




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OVERVIEW

Altus Group's recent innovation research survey, *Accelerating the Innovation Agenda in Commercial Real Estate*, asks whether key transformative technologies are driving change in the industry. The response, from 400 CRE C-level and senior executives, was lukewarm at best about some of the disruptive technologies, such as artificial intelligence (AI) and predictive analytics, that are seeing a lot of hype in the media, at conferences, and from analysts. It seems our industry is not entirely convinced about the role these “buzzwords” will play today and in the future.

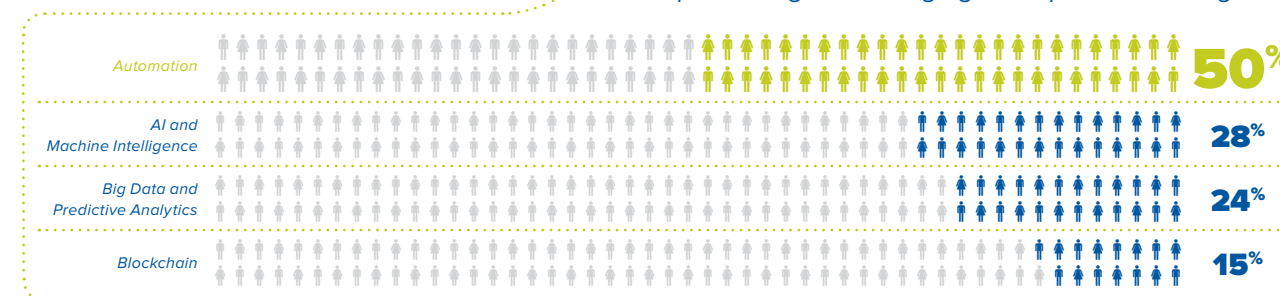
One thing they did seem sure about though, is the impact process automation can have on business operations, with more than 50% of the executives surveyed saying they think most major CRE processes and workflows can be significantly or completely automated. The challenge for these executives, the report suggested, is to look beyond their own firms' boundaries, and think of how technology advances could impact the industry as a whole. For instance, with automation, while we typically think about the processes and workflows that can be streamlined, we need to also start thinking about how an entire industry's process can be fundamentally changed.

Unsurprisingly, here at Open Box, we agree about the transformative power of process automation, especially as we have been seeing the astonishing results that our clients achieve. These results are not only the large cost savings and efficiency gains, but also the way automation sets these companies up for ongoing innovation. So, based on the Altus Group report's finding, we took a deeper dive into automation, to explore the power of automation in your business. We also ask, how can you start moving away from “that's the way it's always been done” thinking, to explore if, powered by process automation, there isn't a better way to do things that might fundamentally change our future.

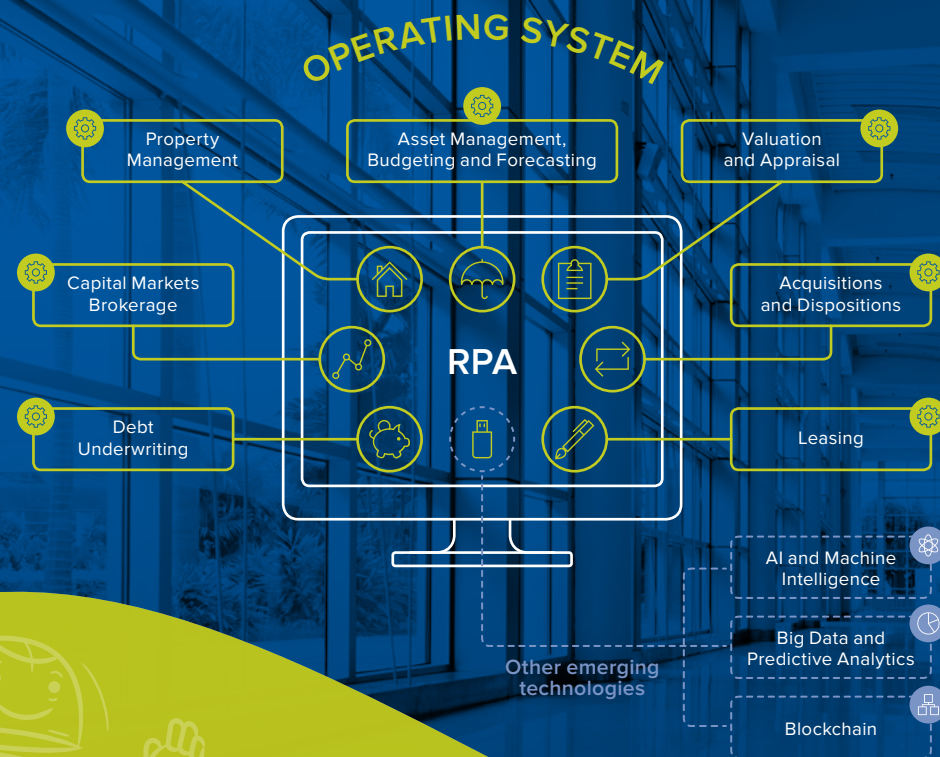
This sounds a lot like innovation and disruption, doesn't it? And at Open Box we like to think about process automation as the key that can unlock the potential of the “buzzword” technologies that many of us are still unsure about. Indeed, we consider process automation to be the “operating system” that the CRE industry can run on.

Read on to find out more.

Where does the industry recognize potential impacts of “game-changing” disruptive technologies?



RPA AS AN OPERATING SYSTEM



What is robotic process automation (RPA)?

Robotic Process Automation (RPA) technology has reached a level of robustness that is set to automate business processes and allow us to rethink the types of tasks we allocate to human beings. This means we can use software robots to take over tedious, repetitive, manual work, such as capturing invoices or migrating data. Robots are better than humans at this sort of thing, and it frees up humans to do more intellectual, creative, strategic work.

The Open Box Real Estate Automation Engine, known as Rob Sparke, leverages best-of-breed RPA technology along with our wealth of knowledge and experience in understanding, mapping and improving Real Estate business processes. It combines these elements with our expertise in the development, support and integration of Real Estate software solutions to deliver RPA on a Robots-as-a-Service (RaaS) basis.

RPA AS AN OPERATING SYSTEM

Process automation is the future operating system for the CRE industry

It is understandable that the C-suite could still be skeptical about the hype around disruptive technologies. It wouldn't be the first time technology had been positioned as the next big thing, only for it to fizzle out.

A wait-and-see-approach to transformation seems to make sense for many executives because it is a bit like trying to imagine Google or Facebook in 1985, before Microsoft had released its Windows operating system. You need to follow the trail from Windows, to the first iteration of the World Wide Web, through to Web 2.0 to fully understand the impact of Google and Facebook, and why they are today worth hundreds of billions of dollars.

What is process automation?

In the same way that Windows was the foundation for computer use as we know it today, or cloud computing is the gateway to new products, services, and economic models, automation is an essential foundation for more advanced technological innovation and disruption. For instance, companies can't deploy AI and machine learning if their data is sitting on scraps of paper in filing systems, or if it hasn't been accurately and systematically entered into an appropriate system.

In short, a load of work, the type of work that humans aren't particularly good at, needs to happen before CRE companies can even start imagining how they can leverage more advanced disruptive technology. The good news is that automation is very, very good at repetitive, boring and process driven jobs—unlike humans. Plus, this work needs to happen anyway, but

This is where we think process automation comes in. It provides the foundation, the operating system if you will, to simultaneously:

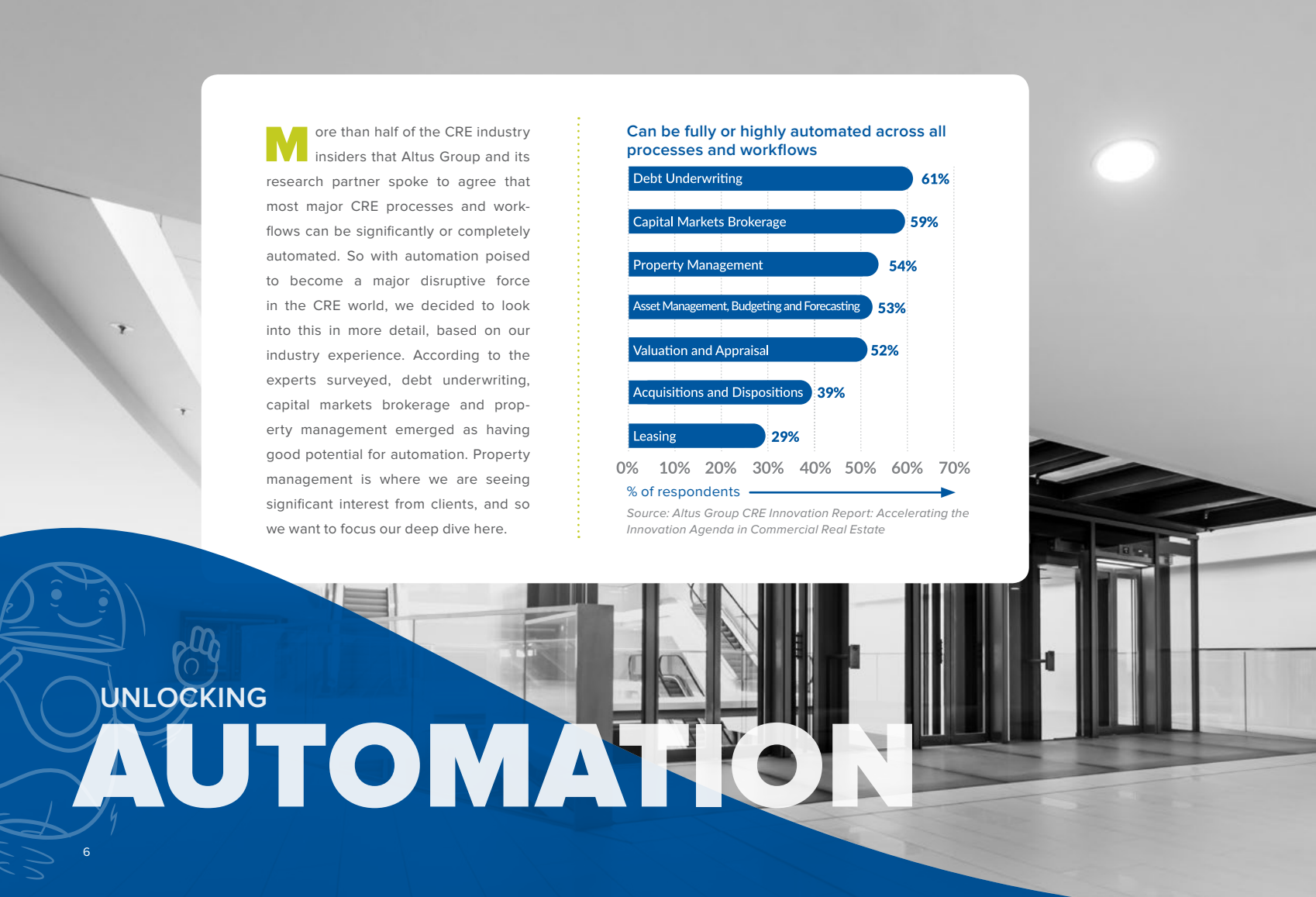
1. Automate processes that are currently manual, or not done at all, so that companies can immediately realize and understand the benefits of this new paradigm: the digital economy.
2. Shift the industry paradigm itself, readying organizations for what is just over the horizon.

"Our clients have seen staggering efficiency gains of up to **90%** thanks to using robotic process automation"

currently it's probably taking too much time by skilled, expensive individuals.

That's the other good news, by implementing process automation, CRE organizations will save time and money today, plus claw back time that humans can spend on more strategic revenue-driven activities, as well as set the company up for infinite scaling as their business grows and evolves.

For instance, our clients have seen staggering efficiency gains of up to 90% thanks to using robotic process automation (RPA), with one company reducing a four-hour process to take less than 25 minutes. In addition, up to 40% of employee time has been reclaimed from doing boring work.

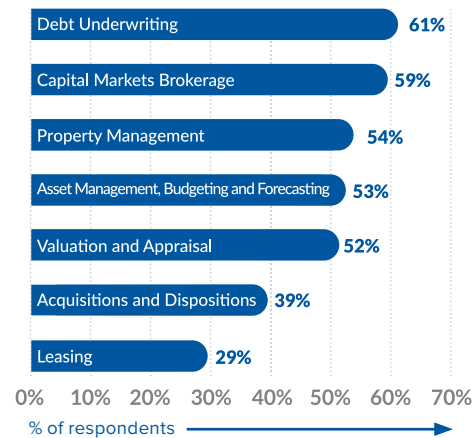


UNLOCKING

AUTOMATION

More than half of the CRE industry insiders that Altus Group and its research partner spoke to agree that most major CRE processes and workflows can be significantly or completely automated. So with automation poised to become a major disruptive force in the CRE world, we decided to look into this in more detail, based on our industry experience. According to the experts surveyed, debt underwriting, capital markets brokerage and property management emerged as having good potential for automation. Property management is where we are seeing significant interest from clients, and so we want to focus our deep dive here.

Can be fully or highly automated across all processes and workflows



Source: Altus Group CRE Innovation Report: Accelerating the Innovation Agenda in Commercial Real Estate

Property management

In the Altus Group report, 54% of industry insiders said property management had the potential to be fully or highly automated. To explore this, we lifted the lid on property management to see how much each aspect of the function can be automated and, critically, how much money CRE companies can save. In total, our analysis shows that more than a quarter of the property management function can be automated, with database management, service charge management, and accounts receivable seeing the largest proportion of automation. Based on an in-depth analysis of the functions comprising a typical property management division of approximately 250 people, we are confident you can reduce costs, net of cost to automate, up to \$4 million per year. For more detail take a look at the table (right).

Valuations and appraisals

Valuations and appraisals is another area that was earmarked by the survey as having the potential to be optimized through automation. 52% of the industry experts consulted said they thought it could be totally or highly automated. In fact, we're currently working with Altus Group and using the power of the Open Box Real Estate Automation Engine to automate manual elements of the appraisal process including interaction with ARGUS Enterprise®. These manual elements involve the incredibly laborious task of generating detailed variance reports between prior and current quarter property data by consolidating rent rolls, income & expense and capex statements, very often in various unstructured formats, and managing the multiple iterations through the life cycle of a quarterly property valuation. Automation will make the appraisal process for clients much faster, it will enable more frequent valuations – as often as daily, reduce errors, and free up people to work on handling exceptions and investigations.

Property management activity	Automation*
Database Maintenance	60%
Service Charge Management	55%
Accounts Receivable	54%
Accounts Payable	51%
Client Reporting – Production	50%
Management/Systems/Compliance	50%
Accounting & Reconciliation	45%
Insurance	40%
Credit Control	31%
Internal Client Interaction	20%
Client Management	10%
Total	26%

Property Management Automation Impact
* % of function that can be automated





“Automation allows our employees to spend their time focused on more value-add activities, like customer interactions. It’s a win-win.”

Chris Spaulding

Sr. Manager of Information Technology

GRANITE PROPERTIES

AUTOMATION AND

INTEGRATION

AUTOMATION AND INTEGRATION

According to the Altus Group CRE Innovation Report, an unfortunate side effect of the proptech explosion is the proliferation of useful apps and other software services — often available without IT’s blessing — and the additional complexity this brings into a CRE organization. For executives already worried about data integration and standardization, this is far from good news.

In the report, 58% of respondents are using more CRE-specific applications than three years ago, which is unsurprising. However, almost three

out of five firms do not have significant integration between their asset management, property management, leasing management, and investment and debt management applications. This is a data nightmare waiting to happen because without integration, the benefits and ROI promised by new technology will remain unrealized.

This is an excellent example, however, of how automation can be used to solve an integration problem, plus enable the use of this new, exciting, useful and user-friendly generation of property technology services.

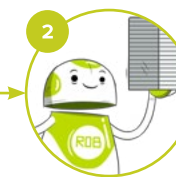
Granite Properties case study – Automating the manual entry of work order billings:

Business Challenges

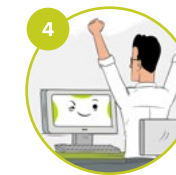
1. Granite Properties was previously spending a great deal of time manually entering work order data from Angus AnyWhere into JD Edwards.
2. The manual billing process was a repetitive and time consuming task, that, although important, was not that engaging for the humans who had to do the data processing work.
3. It was essential that the billing process take place daily to prevent a backlog of jobs, ensure predictable cash flow, and avoid end of the month overwhelm.



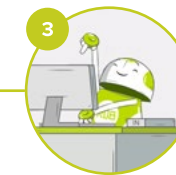
Angus AnyWhere drops an output file containing work order data into an FTP folder



The FTP folder is polled by Rob Sparke to kick-start the process, no more human intervention



On completion, Rob emails one of his human colleagues to let them know the job is done



Rob extracts and validates the Angus data, and enters it into JD Edwards



Crucially, any errors or exceptions in the Angus data or during the JD Edwards upload process does not stop the entire batch from being run



The company’s data is always up to date, errors are minimised



KEY TAKEAWAYS

KEY TAKEAWAYS

- 1 Process automation is here today, solving real world problems for CRE companies and allowing them to rethink the work they give to humans.
- 2 Property management, valuations and appraisals, and integration are three areas where CRE organizations are already benefiting from process automation.
- 3 Process automation pays for itself by saving companies time and resources, as well as derisking their businesses by avoiding human error.
- 4 Process automation is the innovation operating system for the CRE industry, enabling an incremental adoption of “buzzword” transformative technologies.
- 5 Don’t panic! Despite the “it’s now or never” impression that seems to accompany digital transformation and innovation, you don’t need to have your entire digital future mapped out today. Rather, use process automation to improve your business today, and learn what makes the most sense tomorrow.



Open Box is a global software development consultancy focused on the Real Estate industry. Since 2001, we have been working with some of the leading names in the global Commercial Real Estate industry. As a result, we have been involved in defining industry best practice for not only the use of technology, but also business processes.

The Open Box Real Estate Automation Engine leverages best-of-breed Robotic Process Automation (RPA) technology on a Robots-as-a-Service (RaaS) basis, along with our wealth of knowledge and experience in understanding, mapping and improving Real Estate business processes. It combines these elements with our expertise in the development, support and integration of Real Estate software solutions.

Find out more at:

www.openboxsoftware.com/services/automation-engine



There's always a better way

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