THE POWER OF TECHNOLOGY IN CRE DATA AND ANALYTICS
Companies are satisfied with their current state of technology adoption

Forty nine percent of the respondents in the Forrester study say that their companies have the necessary technology in place today to execute their CRE data and analytics strategies. This positive sentiment is particularly pronounced in dynamic and fast-moving sectors such as technology, telecommunications, media, and life sciences (Fig 1).

However, advances in data and analytics are developing at a rapid rate. Companies that wish to extract the maximum benefits from data and analytics must constantly keep up with the latest technology.

To keep up with advancements in the field, many CRE teams are adopting the latest technology to improve data governance, and are focusing on areas such as data generation, data gathering, and data storage. In focusing their attention on this data infrastructure, CRE teams are making valuable investments in building the foundation for more advanced analytics that will provide deeper insights for their business.

Among the key findings, the study identified the ability to adopt the right technology to support data and analytics as a crucial trait that could help CRE teams to become more data-centric and to take on broader leadership roles within their organizations. This focus on technology for data and analytics is important because data in itself is of limited utility. It is only with the right analytical techniques, which are enabled by technology, that meaning and utility can be brought to the data.

Many companies are using data to drive competitive advantage. Across industries, there is rapidly growing appreciation that data-driven insights can substantially improve decision making across a wide range of business functions, and corporate real estate (CRE) is no exception.

JLL commissioned Forrester Consulting to evaluate the extent to which the adoption and use of data and analytics within the CRE function can support overarching corporate goals (“the Forrester study”). Forrester Consulting surveyed 392 CRE executives across 11 countries and 10 industries, and also interviewed 10 senior CRE leaders across five countries to gather qualitative perspectives.

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However, almost a third of the executives surveyed indicate that they have no plans to implement analytics platforms, thereby limiting the value that can be extracted from this data. CRE teams will need to adopt more sophisticated analytics-related technologies as they continue to expand their data and analytics strategies.

Admittedly, the implementation of a comprehensive data and analytics strategy can be daunting, especially if there is a lack of internal skills necessary to execute change. CRE leaders or those responsible for a real estate function should carefully evaluate the skills needed, as well as the technology tools available to them.

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Figure 1: Assessing your department’s data and analytics readiness, how much do you agree with the following statements? “We have the necessary technology to execute our CRE data and analytics strategy”

Source: A commissioned survey conducted by Forrester Consulting on behalf of JLL, November 2014.

Note: Percentages relating to the respondents’ ratings of agreement/strength/enablement refer to the proportion of respondents choosing “4” and “5” on a five-point rating scale, and percentages relating to the respondents’ ratings of disagreement/weakness/inhibition refer to the proportion of respondents choosing “1” and “2” on the same rating scale.

Companies plan to enhance CRE data and analytics technology

CRE executives recognize the need to ensure that their organization’s technology can continue to support their data and analytics strategies. Overall, 17 percent of respondents in the Forrester study describe the growth of data volume/variety—an area that can be managed effectively using technology—as a potential inhibitor of their organization’s CRE data and analytics strategies. This sentiment is especially strong in the life science industry, where 37 percent of respondents describe the growing data volume/variety as a potential inhibitor.

CRE teams are actively seeking to enhance their data and analytics capabilities in several key areas where technology plays an especially crucial role. Fifty seven percent of the respondents in the Forrester study indicate that their companies have plans to enhance systems and processes for data generation in the next 12 months. In France and Germany, the corresponding figure is especially high, at 80 percent and 77 percent respectively.

Richard Brown, Global Head of Business Intelligence and Analytics at JLL, points out that CRE generally lags behind other industries in terms of its adoption level of data and analytics, and that the current focus on ‘data’ reflects a strong push from CRE leaders to get their organizations started on the data and analytics journey. Initiatives to adopt technology in these areas can improve the levels of data governance in CRE teams and also sets the foundation for more sophisticated data and analytics strategy, which can be implemented subsequently.

Levon Hooks, Global Corporate Solutions Chief Information Officer for JLL, said it is important for companies that are new to data and analytics to focus on these areas because they can be implemented immediately and can ensure that the data companies possess is clean and has sufficient depth to be used effectively across a wide range of analytics applications.

For example, an American multinational banking and financial services company with global operations is working with JLL to develop a CRE data and analytics program within its organization. Initially, the company focused the bulk of its efforts on improving data quality through enhancing data governance and appointing dedicated staff members to identify and address issues in areas such as data availability, usability, integrity and security. These efforts are the foundation of a wider data and analytics strategy, and will eventually support the addition of more sophisticated platforms and accompanying technologies all of which are likely to be implemented as the company strengthens its analytics capabilities in the future.

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Building a strong data foundation is critical

A leader’s guide to data analytics, Kellogg School of Management at Northwestern University, April 2015. http://insight.kellogg.northwestern.edu/article/a-leaders-guide-to-data-analytics
The CRE industry lags in implementing analytics platforms

More than a third of respondents (34 percent) say that their companies have no plans to enhance their analytics platforms (Fig 2). In Japan, this figure is particularly high, at 50 percent. This is a troubling statistic, given the recommendation from IBM’s paper that in order to implement data and analytics successfully, organizations should invest in platforms and technology that capitalize on existing investments, and that such platforms should account for all types of data, analytics, and potential business outcomes.

Another aspect of technology that teams are slow to adopt is in the area of mobile data applications, with 47 percent of CRE executives in the Forrester study saying their companies are not currently considering implementing data and analytics on mobile platforms. In China and Brazil, the corresponding figure is even higher, at 63 percent. Given that enterprise mobile applications are capable of providing real-time data to executives on the move and can increase worker and overall corporate productivity, it is a piece of technology CRE teams should be encouraged to leverage.6

Figure 2: What are your firm’s plans in enhancing these capabilities within the CRE team? Implementing analytics platforms

Maximizing the value of data

Before taking the plunge and purchasing expensive analytics platforms and accompanying technologies, CRE executives should be aware that their investments may not generate immediate returns if they do not have the appropriate data to form the basis of analytical insights. Richard Brown highlighted the dangers of CRE teams not being able to extract the full benefits from their data and analytics initiatives because they attempt to implement sophisticated analytics technology before they have developed the right data to support such an analysis.

While many CRE executives are enthusiastic about implementing data and analytics, they often lack the relevant internal skills needed to understand the technology and the analytics tools. Beyond the data, CRE leaders need a high level of expertise within their teams to ensure that they apply analytics to generate the right insights that support their business.

For example, the CRE team at a British multinational bank, which is working with JLL, is now staffed with highly skilled data scientists, who are developing advanced analytics platforms able to execute a range of sophisticated analytics procedures. The CRE team routinely employs data visualization techniques to monitor the operating costs of automated teller machines (ATMs) across country sites. Through this process, the team identified the specific locations of the ATMs that were incurring exceptionally high maintenance fees. Further investigation had revealed that the high maintenance fees were largely attributable to the fees for keys that got broken while opening ATMs without door handles. The CRE team quickly addressed the problem—and significantly reduced the maintenance fees in the process—by installing handles on all of the ATMs.

In developing and implementing data and analytics strategies, CRE executives should consider partnerships with external industry leaders who have subject matter expertise in key areas such as data governance. These experts can not only help CRE teams to identify their needs and shortlist optimal technology solutions, but can also guide them through the implementation and execution of the most appropriate data and analytics platforms.

CRE executives should also recognize that technology is only a part of the puzzle in achieving analytics success. The Forrester study makes clear that a comprehensive focus on the people, process, and technology aspects of CRE data and analytics provides the best chance for companies to achieve substantial improvements. It is only by building both the technical and organizational capabilities needed to support the data and analytics process that CRE teams can fulfill their potential to play a larger role in guiding broader organizational goals and strategies.

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6Four critical reasons to build enterprise apps, Forbes, January 2015.
JLL Data & Analytics

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About JLL

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About JLL Corporate Solutions

A leader in the real estate outsourcing field, JLL’s Corporate Solutions business helps corporations improve productivity in the cost, efficiency and performance of their national, regional or global real estate portfolios by creating outsourcing partnerships to manage and execute a range of corporate real estate services. Our platform of transactions, lease administration, project and facility management services is backed by our expertise in consulting, workplace and portfolio strategy to provide an end-to-end service offering. This service delivery capability helps corporations improve business performance, particularly as companies turn to the outsourcing of their real estate activity as a way to manage expenses and enhance profitability.