



Joel Nelson - Technology investments add up for Twenty Twenty Properties

May 09, 2011 - Design / Build

During the recent economic downturn, many commercial property managers sought ways to operate more efficiently and position themselves to compete effectively when conditions improved. The focus on maximizing net operating income resulted in the reforecasting of budgets as commercial owners and operators reevaluated their strategy for investing in operational infrastructure, especially technology. Whereas the commercial marketplace previously largely adopted a best-of-breed approach to technology, the need to consolidate IT resources led to broad consideration of enterprise-wide convergence.

Today, the management of assets and buildings is no longer confined to adopting a core property management and accounting platform. Advances in real estate technology have made enterprise-wide convergence possible for real estate management. Such a convergent system would accommodate business-wide solutions for streamlining reporting; automating workflows for procurement, payables processing, and other operations; facilitating electronic transactions for payables and receivables; integrating property valuation and cash flow modeling; and providing real-time business intelligence. This model describes a true full-enterprise customer relationship management system for organizational communication and deal management.

Houston-based Twenty Twenty Properties offers a recent example of a commercial real estate company that has gained measurable benefits from enterprise-wide convergence of its information. Twenty Twenty Properties, which acquires, manages and leases office, medical and industrial buildings and warehouse space in the Houston area, outgrew its previous property management and accounting platform in 2008. That year, seeking a core technology platform onto which new capabilities could be added on an ongoing basis, the company selected Yardi Voyager.

"Giving our investors and partners attractive, reliable reports with full drilldown was essential to fostering good business relationships. We also wanted the increased efficiency that comes with easy accessibility to information," said Valerie Cole, Twenty Twenty Properties' chief financial officer.

"Today, with our expanded property management platform, I can take a report, such as a 12-month income statement, and easily make balance sheet changes that turn it into a customized cash flow statement, then send it to our partners," Cole said. "It takes significantly fewer hours now to generate such reports, and the information is presented very clearly with all necessary detail. In addition, our newly added business intelligence tool draws information directly from the property management and accounting platform. This gives us easy access to reports without having to wait for the bookkeepers to provide them."

As the commercial real estate industry grapples with a still-challenging economy, Twenty Twenty Properties' technology investments have helped the company gain maximum efficiency from its

existing resources. "We can manage our 20-building portfolio with only three full-time bookkeepers. The cost per s/f to operate our buildings is 12.6% less than the average for commercial real estate in Houston; that's because we work very efficiently, and Voyager's automation lets our agents concentrate on their core job function - leasing. We can also move fast to capture new tenants. When a prospect asks, 'What are the common area maintenance expenses?' for example, we can respond quickly because our information is up to date."

Seeking detailed analysis and comparison of future income and property expenses, Twenty Twenty Properties also added a budgeting and forecasting solution into its core platform. "This has been a lifesaver in streamlining our budget preparation," Cole said. "It's now very easy to compare budgets with actual expenditures, without using spreadsheets. When we enter a budget change for one month, The budgeting and forecasting capability automatically carries the change through every subsequent month. We don't have to calculate a formula for each cell."

She added, "One reason our properties' vacancy rate is 7%, vs. the Houston area's 13% commercial property vacancy rate, is that our platform helps us operate more efficiently."

Joel Nelson is senior writer, marketing for Yardi Systems Inc., Santa Barbara, Calif.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540