Visionary technology application transforms The Link REIT: A Hong Kong REIT/manager

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Just a few years ago, The Link Real Estate Investment Trust (The Link REIT)â€"Hong Kong's first and largest real estate investment trust and manager of 14,000 leasesâ€"operated its vast holdings in a decentralized fashion, with little centralized oversight of its leases, billing function, and business processes. "We had different systems for doing different things," said Damien Wu, head of information technology for The Link Management Limited (The Link), which manages The Link REIT. "We had one for property management, another one for maintenance and a different one for finance."

Relying on paper-heavy processes and manual data consolidation from numerous sources deprived The Link of full transparency, data integrity, and real-time access to information needed for timely and accurate decision-making. Shortcomings of this approach included data entry errors, reporting inaccuracies, and an inability to perform portfolio-wide analytical reporting.

"We were looking for one single system to do everything," Wu said. "At the same time, we also wanted to improve operational efficiency and enhance internal controls."

Leveraging Automation
and Integration

In 2008, The Link launched a corporate initiative to address its concerns. The solution came in the form of Yardi Voyager. After weighing the advantages of purchasing a customizable system rather than attempting to build and maintain a customized system in-house, The Link selected Yardi Voyager in mid-2008 after Yardi submitted a tender for the project.

"We went through a very detailed selection process," Wu said. "One vendor under consideration failed because they didn't have the out-of-the-box, industry-specific features that we were looking for. Yardi Voyager, on the other hand, had very rich, industry-specific features and a large set of ready-made reports that we could immediately use."

Implementation of Phase I, which included lease administration, charges, receipts and tenant refunds, occurred in 156 shopping centers in November 2008, following a rapid, four-month implementation period. The Link converted more than 12,000 leases into Yardi Voyager. The Link improved operational expense controls along with improved financial transparency at the asset level in 2009 with Phase II, which included purchase orders, accounts payable, fixed assets, and job costing. The Link now manages 14,000 leases with Yardi Voyager.

"Immediately after the implementation we were able to cut down on the monthly account preparation time from more than six weeks to roughly two weeks," said Wu. "We also implemented a very comprehensive set of internal controls using the workflow features. We can now control our budget much better because we can check the budget against purchase orders in real time, as they are created."

The Link centralized control of its lease entry process by centralizing all property portfolio operations, including lease administration, property operations, accounts receivable, accounts payable, and general ledgers, at a fraction of the cost of a traditional enterprise resource planning system. The Link gained full visibility into its organization, streamlined its operations and sharply cut its paper use with a platform that will enable future growth and new efficiencies.

"Automated tenant billing based on lease abstracts, charges and estimates and with common area maintenance, percentage rent, and other reconciliations. This capability eliminates the need to manually calculate," Wu said.

Yardi Voyager also includes reporting capability in both English and Traditional Chinese, boosting The Link's customer service in its Hong Kong marketplace as well as service to its own employees.

The Link's tenants can pay rent electronically, allowing it to reduce its receipting offices from 108 to 32. This method is facilitated by the ability in Yardi Voyager to receive daily electronic payment uploads and auto-create receipts of rent payments collected by 7-Eleven stores on The Link's behalf. The tenants now enjoy much broader payment options, which include ATM, PPS and online banking in addition to the 7-Eleven convenience store cashier counters.

"Previously, everything was done on spreadsheets. Now, everything is under one roof, so reporting is a lot easier and budget controls are much better," Wu said.

"Hong Kong has a very rigid set of control requirements. We use Voyager to enhance control with very detailed approval procedures. Before that they were very difficult to enforce. Now they're part of the system and can't be bypassed, so it helps a lot. With timely, reliable information, we make better-informed business decisions that maximize the value of our portfolio. Automation also allows our staff members to devote their time and energy to our core business rather than to software and IT issues" Wu said. "We are realizing our vision of an organization whose hallmarks are efficient processes, transparent and easily obtained data, and outstanding tenant service. Voyager is a platform upon which we can add new technologies that produce even more cost and efficiency improvements."

About The Link REIT and The Link Management Limited

The Link Real Estate Investment Trust (Hong Kong stock code: 823), managed by The Link Management Limited, is the first real estate investment trust in Hong Kong and currently the largest in Asia in terms of market capitalisation. It is wholly owned by private and institutional investors. The Link REIT's portfolio consists of properties with an internal floor area of approximately 11 million square feet of retail space and approximately 80,000 car park spaces. The portfolio's retail facilities, located on the doorstep of over 40% of Hong Kong's households, primarily serve the daily needs of people in Hong Kong. For more information, visit www.thelinkreit.com

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