



**TRASCENT**

MANAGEMENT CONSULTING

2014 Real Estate & Facilities  
Management Technology  
Trend Tracker Report

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## EXECUTIVE SUMMARY

Leading global businesses measurably characterize technology as a mission-critical component to effective real estate and facilities management (RE/FM) portfolio management. Yet, nearly 60 percent of organizations are only minimally satisfied with their current RE/FM technology environments and continue to be challenged by funding constraints, integration complexities and limitations in solution capabilities.

Trending, RE/FM and IT business leaders are pursuing conservative incremental centralization of their corporate RE/FM technology environments through the strategic use of integrated workplace management system (IWMS) technology and integrated business intelligence platforms. Organizations are increasingly sourcing these solutions from external channels including software as a service (SaaS) providers, application service providers (ASPs), and integrated real estate service partners.

### RE/FM Technology Alignment Trends

- Technology is weighted as *mission-critical* to effective RE/FM service delivery, affirming that business leaders who overlook or discount the importance of such technology are competitively disadvantaged and risk perpetuating inefficiencies within their global portfolios.
- Organizations are increasingly using RE/FM technology as a *strategic IT asset* to enable process efficiencies and improve their cost structure, demonstrating the growing imperative to align technology beyond tactical delivery purposes toward servicing strategic portfolio priorities.
- A majority of RE/FM business leaders characterize current technology environments as *decentralized, but trending towards centralization* via business intelligence (BI) solutions or IWMS technology, reflecting continued and growing acceptance towards the principles of RE/FM technology centralization.
- More than 60 percent of companies maintain a centralized three-year RE/FM technology roadmap, indicating that such technology is an increasingly important part of broader strategic portfolio planning. Of those companies with roadmaps, 37 percent are oriented towards advancing an integrating RE/FM technology platform, demonstrating once again that technology centralization is gaining traction as a competitive and operational best practice.
- Strategic and tactical RE/FM functions have converged as *tier one* automation priorities, including lease and transaction management, strategic planning and space and move management. This demonstrates that leading organizations are focused on stabilizing the productivity of core RE/FM functions for the purpose of achieving greater strategic portfolio planning objectives. Other notable trends include lower prioritization of performance management and greater demand for mobility enablement solutions.

### Solution Class Adoption Trends

- Current RE/FM technology environments are widely distributed across various solution classes demonstrating that a prevailing RE&FM solution class has yet to emerge. In this context, prudent RE/FM and IT business leaders will assess existing technology environments for “building blocks” that can be scaled to support functional consolidation.
- No major shift from current adoption levels is anticipated over the next three years, with only marginal shifts toward IWMS and ERP solutions. This outlook should be viewed as a cautionary indication that the RE/FM technology market is at an inflection point with respect to which technology class will best service the needs of customers.

### Sourcing Trends

- A majority of currently deployed technology solutions are delivered through alternative delivery models (e.g., SaaS, ASPs and outsourced real estate service providers), demonstrating the importance for RE/FM and IT business leaders to understand and analyze the advantages and disadvantages of each sourcing model.

- Task-intensive functions – such as transaction management and facilities management – are more likely to source technology solutions from external channels. Forward-looking organizations will periodically assess the strategic importance of each function relative to key technology factors such as process and data governance, enterprise integration, data access and control and analytics.
- The three-year to five-year outlook for technology sourcing by RE/FM function continues to favor SaaS and ASP delivery models. Organizations seeking to advance their technology maturity will note this trend as a leading practice to consolidate technology sources through external channels.

### Budgetary Trends

- A majority of organizations today spend three percent or less of total annual RE/FM operating budget on technology. Either this threshold is an effective level of funding or demonstrates that organizations are challenged to find the business justification (ROI) to support greater budgetary allocations. Creating a technology financial baseline is a practical measure toward testing the effectiveness of current spending on RE/FM technology.
- Organizations are forecasted to assign greater priority to RE/FM technology budgets during the next one to three years, affirming that business leaders increasingly view technology as an important source of enterprise and portfolio value creation. It also indicates that organizations are proactively budgeting for technology in the context of broader global transformational strategies and activities.

### Program Risk and Challenges

- A majority of RE/FM leaders are tasked to manage global portfolios that are supported by underperforming technology. An opportunity exists for many organizations to improve technology ROI by developing a *corrective technology roadmap* aimed at stabilizing functionality, integrations, data quality and portfolio analytics.
- Top RE/FM technology challenges include integration complexity, access to qualified resources, gaps in system functionality and portfolio analytics. These findings demonstrate the significance of developing a technology strategy that accounts for common (though often underestimated) program-level complexities such as governance, inter-departmental dependencies, communication planning, and ongoing program oversight.

To learn more about the 2014 Real Estate & Facilities Management Technology Trend Tracker Report or obtain immediate access to the entire report, please visit [www.iwmsconnect.com](http://www.iwmsconnect.com) or contact Yvonne Liu, Director, Marketing, [yliu@trascent.com](mailto:yliu@trascent.com).

## ABOUT THE AUTHOR



### **Daniel O'Toole, Senior Director – Americas**

Daniel O'Toole is a Senior Director with Trascent Management Consulting with 15 years of strategic consulting and advisory experience in the corporate real estate industry. He specializes in helping global blue-chip clients build enterprise value through the automation of the corporate real estate function and supporting business processes. In his current role, he is responsible for creating strategic technology enablement solutions that deliver greater transformative value to Trascent clients.

Prior to Trascent, he most recently served as Founder and Managing Partner of IWMSconnect, a technology research and advisory firm, servicing the corporate real estate and facilities management market to help executives make more informed, cost-effective workplace technology decisions.

In previous roles, he led the delivery of corporate real estate transformation services for leading blue-chip clients in the global pharmaceutical industries. He also held senior advisory and consulting positions at Deloitte Consulting, Booz Allen Hamilton, and Ernst & Young.

Mr. O'Toole received a Master's of Science degree from the London School of Economics in Regional and Urban Planning and a Bachelor's degree from Boston University.

# ABOUT TRASCENT

Trascent accelerates breakthrough performance gains in Real Estate and Facilities Management (RE/FM). Our team of sourcing experts leverages extensive market intelligence, proven best practices and a full lifecycle approach in creating the strategies, operational structures, supplier relationships, organizations and advanced governance models required to drive RE/FM success on global, regional and local levels.

Trascent partners with clients in bio-pharmaceuticals, consumer packaged goods, manufacturing, financial services and high technology to develop high impact solutions tailored to specific business objectives and unique operating models.

## Our services include:

- Sourcing Strategy
- Outsourcing Implementation
- Technology Strategy
- Supplier Governance Solutions
- Performance Benchmarking
- Operational Excellence
- Market Intelligence
- Real Estate Transformation

To learn more about Trascent and our breakthrough performance solutions in RE/FM, please contact:

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