

Information Technology Solutions with Real Application

Process improvement, communications networks and data management are becoming as important to the real estate industry as "location, location, location." Global technology solutions are allowing real estate organizations to operate effectively regardless of location. Historically, according to Don Giudice, Senior Manager with Ernst & Young Kenneth Leventhal Real Estate Group's Information Technology Group and a 1987 GSM alumnus, the real estate industry has lagged behind other industries such as manufacturing and aerospace in terms of infrastructure investments in information systems technologies. Because of the "back of the napkin" approach of real estate entrepreneurs and the overall economic challenges in the real estate market, real estate organizations have not viewed technology as a strategic investment.

But according to Giudice, this is changing. Real estate organizations are now beginning to make significant investments in technology. "The price/performance ratio for computer hardware is continually improving, which means the initial outlay of capital investment has been greatly reduced while overall capability has increased. Also, as the technology has become mature and proven, it has also been less risky for real estate organizations to implement and utilize effectively. Finally, today's systems are more than back office accounting systems. Hardware and software capabilities allow for graphical user interfaces, remote database management, multimedia capability, and groupware solutions, which in turn enable process improvement and efficiency."

A major advance in information systems is the capability to support a distributed data environment. This capability is key for real estate organizations as data can be viewed and actually stored at multiple levels within the organization (i.e., corporate, region, property). This replication capability allows for the sourcing of data at the primary stakeholder's location, which allows for more efficient system operation and communication. Consolidated information can still be viewed centrally, while individual regional or property information is available where it is needed.



**Don Giudice, Senior Manager, E & Y
Kenneth Leventhal Real Estate Group**

In addition, Giudice says "The real estate industry is relying more on information systems not only because of advances in technological capabilities, but also because of changes in the real estate market itself. A primary driver of this increased emphasis on technology is the ever changing source of capital investment in real estate, which is increasingly the institutional investor." The added complexity of the investor reporting requirements for these types of institutional investors, such as large pension funds and/or pension advisors, adds a layer of systems-support considerations that must now be addressed by real estate developers and managers.

Other trends Giudice notes are in homebuilding and property management. "Consumer demand in the homebuilding industry for a higher level of customer service is resulting in the implementation of sales-support systems that allow the buyers to view floorplans and home design options in the sales office. Also, property managers are adopting groupware products to improve the historically tedious lease routing and approval process."

Another trend Giudice comments on relates to non-real estate Fortune 500 companies. "Fortune 500 companies not directly in the real estate business are

starting to realize that real estate is also a significant part of their balance sheet. Effective management of real estate assets and liabilities can result in a positive impact on a corporation's bottom line. More and more of our engagements are for non-real estate companies but still relate to real estate. Corporate real estate groups are engaging E&Y Kenneth Leventhal to help them develop strategies for their real estate portfolios, conduct process improvement efforts and select and implement corporate real estate-related systems."

E&Y Kenneth Leventhal has been an active participant in the GSM *Corporate Partners* program, and Giudice believes that there are a number of benefits to the company in keeping in close touch with the academic community. "GSM is E&Y Kenneth Leventhal's primary source for new hires in our Information Technology Group," he noted. "Our company has hired seven GSM graduates in the last two years. The School's commitment to information technology produces graduates proficient in the basic new technology tools including data base management, spreadsheets and word processing, and they are well acquainted with working in network environments."

GSM's balanced curriculum trains students not only in technology and systems, but in practical business applications as well. "Our real estate clients depend on E&Y Kenneth Leventhal to be both experts in their business (real estate) and technology. Therefore, our consultants must be able to understand business issues and develop practical technical solutions for our clients. We feel that GSM's emphasis on technology, combined with the strong business curriculum associated with the MBA program, allows our consultants to quickly be productive in our consulting group."

In Giudice's opinion, GSM should be the hub of the Orange County business community: "I believe there is a great deal of value in the balance created by the academic and corporate worlds working together—the University serving as a creative source for research, innovation and new ideas, with the business community providing the reality check and practical application of this knowledge." ■