BE NEWS

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HOW TO FUTURE-PROOF YOUR BUSINESS USING DATA, AI AND TECH

Industry leaders joined *BE News* and sponsor MRI Software at a roundtable discussion held at MIPIM to share their thoughts on the challenges - and opportunities - that lie ahead for the property sector

INDUSTRY GUESTS:

Nuno Antunes, Chief Global Real Estate officer, Hipoges

Bruno Blavier, Head ESG RE, France, Swiss Life Asset Managers

Morgan Garfield, Head of Capital Partnerships, NewRiver REIT

Cathy Keir, ESG Associate Director, Savills Investment Management

Akeel Malik, Partner & Fund Manager, Urban Splash

James Massey, MD of Facilities, Energy and Retail Intelligence, MRI Software

Colin O'Reilly, Director, MRI Software

Aneta Rusiniak, Head of Sustainability Real Estate Europe, Invesco Real Estate

Michael Vartholomaios, Head of Digital Transformation, Prodea Investments

Jenny Wang, COO, Sunrise Real Estate

Daniel Wishnia, Chief Digital Transformation Officer, Aroundtown SA

Liz Hamson, Editor-in-Chief, *BE News* (chair)

Over the past few years, the built environment sector has accelerated the adoption of data and technology to drive efficiencies across all business areas - from HR functions all the way through to asset management.

More recently, businesses have started to adopt machine learning and AI. Many are still at the early stages of adoption and there are still a number of questions that need addressing, such as how can AI drive business efficiencies and performance in real estate, how can data and insights help solve business problems and support critical decision making, and what role can data, AI and tech play in helping real estate owners, operators and investors realise their ESG ambitions?

These questions - and many more - were debated by a panel of industry experts at a lively roundtable discussion sponsored by MRI Software and held at MIPIM in Cannes, on the topic of 'How to future-proof your business using data, AI and tech'.

The conversation started with participants asked if their company had a formalised digital strategy. Around half said their company had a strategy, but it wasn't necessarily a formalised strategy. Participants were then asked how confident they were about the data in their systems.

Only Urban Splash's Akeel Malik said he was extremely confident about his company's systems, whereas others said they were fairly confident.

Sunrise Real Estate's Jenny Wang said the biggest challenge facing most businesses was having full confidence in their data validation processes.

"We have a lot of data, but if there's a manual fat finger, sometimes we catch it, sometimes we don't, and as soon as I catch one mistake, I just don't know how many more there are," explained Wang.

"That's what I'm hoping AI can solve because it's not hard to catch. It just needs someone who is very diligent to constantly check and I feel that AI is that someone diligent."


Akeel Malik


Jenny Wang

Future-proofing business

Bruno Blavier, from Swiss Life Asset Managers, agreed that the key challenge in relation to the future-proofing of businesses is companies having more confidence in the data that they hold, which then allows more time to be spent on decision making and less time on data validation.

"We have demand for data that keeps growing because of regulations, because of client expectations and because we have ESG KPIs to monitor, and we still spend a lot of our time validating data.

"So what we really need across the company is to have data that can converge into one system and not use different data sets for the ESG part, for the asset management part and for the finance part."

Cathy Keir from Savills Investment Management added that if data has been input manually then it always needs validating. "For me, AI is most useful in terms of data input, rather than validation. Ideally you want data to be fully automated, but that automation might only work if you've got AI behind it," said Keir.

> ***We need to have data that can converge into one system across the company***
>
> *Bruno Blavier*

MRI Software's James Massey reiterated the point made by other participants that validation of data at the point of entry is key.

"And the point of entry is no longer defined as a human being. It could be robotic process automation abstracting data from an invoice, which is a really, really nice way that will save you lots of money."

Participants were then asked how future-proof real estate businesses are right now in ⊳

Bruno Blavier

Cathy Keir

Nuno Antunes

terms of the data, tech and AI strategies that companies have put in place.

Malik said many large, legacy businesses that have been operating the same way for a long period of time have been "blissfully ignorant" about the quality of data they held.

Daunting task

He added that up until relatively recently the idea of checking the integrity of their data and putting it into a format that was suitable for modern technology and a "forward looking way of working" was a daunting task.

"It was a massive undertaking and a multi-year project for people to invest in," continued Malik. "However, I think what AI can do is reduce that gap quite significantly and help those businesses that have legacy data that might be in a different format than what they want to use it in going forward, to make that transition."

MRI Software's Colin O'Reilly said the key challenge for software businesses in particular was to make sure that when systems are put in place they can be used by everyone across a business.

"So traditionally, with the CRM side they tended to be used by the finance staff and the people who know most about the buildings tend to be the asset managers, who tended to be neglected in terms of accessing the system," explained O'Reilly.

"The challenge we're addressing is how do we make sure we're inclusive to all of the different environment classes and how do we present information to people in the format

> ***AI can reduce the gap and help businesses that have legacy data***
>
> *Akeel Malik*


Aneta Rusiniak


Colin O'Reilly


Morgan Garfield

that they want to consume?"

The conversation moved on to the topic of what is currently the key driver of digital transformation in companies?

Daniel Wishnia from Aroundtown SA said it begins with leadership. He explained that when ChatGPT initially launched in 2022 he made a presentation to the senior management of his company about the technology's potential.

"I showed them the productivity, the creativity and the things that you could do with it and after that things changed completely," recalled Wishnia.

"When senior leadership understood the technology could give you a better product, better contact with your tenants and better data on sustainability, they said 'okay, let's give it a chance'. And the rest is history."

Improve efficiencies

A number of the participants cited examples of how their companies are already using AI, data and technology in their businesses to improve efficiencies.

HipoGes Iberia's Nuno Antunes said his company was using AI to create marketing collateral and it was already enjoying an increase in lead generation off the back of the use of the technology.

Keir said one of Savills IM's core pillars surrounds nature, particularly to support climate resilience, and that it faces a real challenge in determining what sits on and around its assets in terms of how much of the land is woodland, fields or green infrastructure, for example.

The company has been exploring using map data and AI to look at its assets and identify the biodiversity of its sites. "Using this approach we can say one site is probably maxed out in terms of what we could potentially do via biodiversity enhancement. But alternatively, this other site, where we've got grass, we could probably do something here with wildflowers for better pollination and to be more drought resistant. So we're enhancing sites using nature-based solutions and AI," she added.

Big opportunity

Invesco Real Estate's Aneta Rusiniak said there is also a big opportunity to use data and AI to understand how assets are impacted by major weather events and climate change.

"At the moment we try to integrate AI solutions into our building management systems to make it more efficient in terms of energy consumption and carbon emissions. It's on a case-by-case basis for now, but that's an area where AI can support sustainability," she added.

O'Reilly said the real estate sector is often talked about as being a laggard when it comes to the adoption of technology. However, he said retail landlords in particular have always been at the forefront of technology and have been very good at

Danial Wishnia

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Jenny Wang

Liz Hamson

adapting the use of mobile technology in outlet centres and shopping centres.

NewRiver REIT's Morgan Garfield said his company has slowly been bringing in different data systems for different parts of the business and it has now got to a point where the company's data is really good.

"The next step for us is how can we be more creative," he explained. "We're trialling some ESG AI, which models a shopping centre to create a digital twin and you can take the roof off it to see what happens to the building if you change the gas or change the lights. It's all at the experimental stage at the moment."

Successful deployment

The conversation came to a close with participants asked how confident they were that in five years time their business and the real estate sector would be future-proofed thanks to the successful deployment of data, AI and technology.

Wang said that AI is good at providing different options, but in fund management or investment management businesses she thinks that a person will always have to make the final decision.

"Our investors will never say 'okay, this decision was made by AI and if this decision fails let's just shut down this AI'."

Garfield said compared with most other advanced business sectors, real estate

Michael Vartholomaios

James Massey

still lags badly behind when it comes to embracing and adopting data, AI and technology.

"If you consider how much capital is invested in real estate, it's incredible how bad we are at data processing," said Garfield.

"This [data, AI and technology] will force - allow - real estate to catch up, In terms of how we use data and analysis to make decisions in the future, I think decisions will still be made by humans, but it will be a human decision with much better information and the capacity to make better decisions."

AI opportunity

Malik agreed with Garfield that historically, the real estate sector has been slow to adopt new technology, but he said it presents an opportunity for real estate operators to get closer to their customers,

"AI can be super helpful by executing and performing tasks. It can help with workflow processes, it can help to speed everything up and enable more of a personalised touch from people that are within businesses," said Malik.

Prodea Investments' Michael Vartholomaios said in five years time he hoped the industry would be more data driven.

"However, I do not want data to be the final decision maker just because your returns are going to be X% higher," added Vartholomaios.

"If you go down this route, it means that returns are everything, but that could mean that your buildings are not green enough, or they are not sustainable enough. So, it's not only a matter of having the correct data, it's actually being able to make that choice."

Wishnia said he believed five years from now decision making would be made by AI. "They say that in the factory of the future you will have robots, one person and one dog. The person will feed the dog and the dog will make sure the person doesn't touch the machines," he added.

Massey ended the discussion by circling back to the start of the conversation and reiterating how important it is that companies have total confidence in their data.

"If you're not confident in the data and you're not confident what AI is going to tell you, it's like Russian roulette: you're going to make a decision based on something that you're not sure is the right decision," said Massey. □

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