

E-BOOK



# Achieving Consistency of Data

Implementing a digital strategy



*Technology is ubiquitous, yet there is no uniform approach to how to use it. For real estate investors, this means that even when they have clear goals in mind, such as those relating to ESG impact, achieving them through digital solutions is not always straightforward. Data may be insufficient, inconsistent or incomplete.*

Karliën De Bruin, Director, ESG Commercial Development, and Marie Measures, Chief Digital Information Officer at Apex Group, discuss how investors can leverage the many benefits of data use to ensure they meet their strategy, security and sustainability goals.

### **Q. How can a business ensure it has the right digital data strategy?**

Data is the lifeblood that runs through all our processes and systems. The input of data, its transformation and the output we derive ultimately determines what we provide to clients and investors.

Having a clear digital data strategy in place will empower you to closely examine the metrics you are collecting and evaluate how to best use them. In turn, this means that the information and services you provide will meet business needs and goals.

To build an effective strategy, first look at your overall business strategy. Identify what your goals are – both internal and those of your external stakeholders. Second, consider what data or insights you require to achieve those goals.

It is also important to include data governance and quality. This will help you avoid collecting the wrong kind of data, too much, or not enough, which risks damaging the quality of your outputs.

Look at market insights, competitor developments and industry trends relating to data. This will ensure your data strategy aligns with your business needs.

One of the most exciting trends in the real estate sector is the potential to leverage data to manage performance on a real-time basis. Advanced tools and access to data have generated excitement in this area but we are not quite there yet.

Innovative tools to help graphically represent data are being launched all the time. Smart building

technologies are just one example. These allow data to be fed into various systems – even mobile apps – to identify potential problems. Predictive maintenance is another area where real estate is looking to use data to mitigate potential challenges before they become bigger issues in the future.

However, the initial costs of installing these data collection tools is delaying the development of these solutions. In the future, however, the use of real time software will likely be commonplace. Real estate investors won't just use building data to acquire green certifications, they will use it to make fundamental business decisions.

### **Q. Are investors' data demands increasing? How can technology ensure managers are meeting their demands?**

Data demands are growing at a rapid pace. This makes it critical to have an effective digital data strategy in place. Investors want access to real-time data; quarterly reports sent by email are not enough anymore. They want to see how their investments are performing and the factors influencing that performance. Self-service is another key trend influencing how investors are accessing and using data. They want to understand the nuances of their investment portfolio, not simply be told how it is performing. For example, investors now want visibility on how ESG is impacting portfolios and comfort that their sustainability goals are being met. They want to see first-hand if they have exposure to sectors that don't meet their sustainability criteria.

Technology is providing external stakeholders with greater exposure to investment data. It is, therefore, essential to build a data platform that allows for self-service – one that is simple, easy to use and secure. Investors need to have the ability to examine and filter data for their own bespoke needs.

### **Q. How is technology enabling investors to better assess their own ESG goals performance?**

The kind of technology that investors use depends on the market they operate in. For instance, public markets typically give investors access to wider and more detailed datasets, and even link these with Application Programming Interfaces ("APIs").

Private markets, by contrast, still often rely on traditional methods, such as raw documents and Excel spreadsheets, to communicate information to

investors. This makes the data-gathering process far more manual.

Traditionally, real estate owners would seek green certifications once a year. The certification process involves gathering data and then sending it to the certification provider, which would then rate and score the investor. However, by the time results are received, the data is already out of date.

Unfortunately, issues remain with scaling some of the technological solutions that investors are employing, and this can present challenges to meeting ESG-related objectives.

Historically, if investors wanted to scale their use of data to achieve green credentials across their entire property portfolio, they had to employ more staff. Fortunately, the world is now moving towards a system where technology is reducing the need to rely on manual efforts to gather and make sense of data.

### **Q. What other challenges do investors face when it comes to using technology in the analysis of ESG metrics and to deliver on sustainability goals?**

There is a lack of uniformity around ESG metrics in the real estate market. This problem can manifest in different ways.

First, even within the same business, there may not be consistency in the types of metrics reported year-on-year. This makes it difficult to track changes over time.

Secondly, not all businesses measure the same metrics. And even if they do, they may use different calculation methodologies.

There are also challenges around data availability. Ultimately, businesses must collect the right kinds of data before they can report on it. The good news is there is a push in the market towards uniformity for comparing ESG metrics.

There is also a common perception that ESG goals are guilty of focusing solely on the environment while neglecting social and governance issues. However, the 'E', 'S' and 'G' goals are, in fact, interconnected.

Nevertheless, environmental metrics are relatively easy to measure compared to social and governance metrics. But environmental improvements often spill over into social and governance benefits.

Enhancing your office's environmental credentials, for example, by improving its air quality, has been shown to improve staff productivity, mental health and many other areas.

So, environment, social and governance impacts are not mutually exclusive. This means that businesses can use their environmental ambitions to deliver their social and governance goals too.

### **Q. How can real estate investors ensure their data is secure?**

As soon as data is available to external stakeholders, it is important to ensure a security strategy is in place. This places a lot of emphasis on your internal data governance – identifying who can access your data, what data they have access to and how they are getting access to it. Further, it is critical for the data governance team to collaborate closely with the chief information officer ("CIO") to ensure the business's cybersecurity initiatives are robust.

One method that businesses can employ to safeguard their data is strong encryption. This ensures that sensitive data cannot be intercepted. Data leak protection software is another valuable approach, so only approved information can leave a business' digital environment.

There are many technology solutions available to protect data. Tools like multi-factor authentication are the norm to control who can log in to access data and to prevent data from falling into the wrong hands. But strong cybersecurity is not simply about having more technology in place – it requires a mindset shift too.

### **Q. Looking ahead, what new technology opportunities are we likely to see in real estate?**

Accessing more real time data is exciting as it moves ESG from being purely a reporting requirement to a management tool for risk reduction and increasing performance across all real estate assets. In terms of the movement towards net zero real estate, simply buying carbon credits will not suffice. This is a passive approach. There is an expectation that real estate owners and operators will actively try to reduce their footprint first. To do this, specific targets with deadlines will need to be set and progress towards those targets tracked. This will be driven by data.



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