



WORKPLACE BUSINESS INTELLIGENCE

Leveraging Analytics and Trending To Maximize Real-Estate Utilization

Whether it be to make the most of good times or to navigate uncertain economic periods prudently, well-run businesses continually seek effective ways to measure and manage their organizations. Gaining more measurement and greater insight into internal projects and initiatives helps ensure the maximum reduction in operating costs and return on investment.

In the past, identifying metrics, gathering data, and monitoring the trends was a full-time project in itself. New business intelligence (BI) solutions greatly reduce the effort required, and systems can be created to effectively monitor projects and track success.

Another Strategy for Increasing the Bottom Line

Companies have traditionally relied on growth or expansion to increase profits. Another strategy for increasing the bottom line is to focus on efficiency. For organizations pursuing the latter strategy, the effective use of real estate is critical. That's one reason organizations are implementing alternative workspace programs such as office hoteling, whereby mobile workers can book temporary office space on an as-needed basis, eliminating the need dedicated workspaces for employees who are only sometimes in the office.

When programs like this succeed, they make it possible for organization to reduce real-estate overhead, lessen energy consumption and costs, and support a mobile workforce. To make them succeed, real-estate and facility managers need to manage the space they've got, measure its utilization, and leverage data from past events to gain insights into trends so that they can allay future costs.

In other words, they need to move beyond simply allocating space and analyzing its usage to making projections that will enable them to reduce real-estate costs without sacrificing productivity.

Real Estate Presents Opportunity for Savings

Real estate is typically a company's second-largest expense after labor; thus, maximizing the utilization of space maximizes an organization's financial investment. However, traditional reporting tools have not supported an organization's ability to optimize the use of facilities and resources or to determine and prepare for future needs.

Traditional reporting tracks events that have already happened, whereas analytical and trend reporting help companies understand how their space and assets are being used *now*. It provides the trending information facility managers need to make adjustments based on future projections of usage and requirements in order to defray unnecessary expenses in the future.

Technology Supports Analytic and Trend Reporting

Advanced business intelligence capabilities that make analytical and trend reporting possible are now becoming available to facility and real-estate managers. These BI systems pull data from diverse systems and summarize and format the data into meaningful information. BI tools can provide the detailed information that enables management to make forward-looking, cost-saving decisions.

For example, a facility manager might use a BI solution to review a flexible work program at one location and analyze its effectiveness before rolling it out to other divisions. Or a manager might look at enterprisewide usage of conference rooms, then drill down by division and location to see how efficiently conference-room space is actually being used at specific locations.

These capabilities might not seem significant at first glance, but they can save organizations a substantial amount of money.

Take the case of a corporate real-estate vice president for a large organization. Such an individual might be in charge of managing millions of square feet of space. Reducing that area by just two percent would mean dropping hundreds of thousands of square feet. In locations such as New York or Chicago, a reduction like that would add up to major cost savings.

“Through 2012, more than 35 percent of the top 5,000 global companies will regularly fail to make insightful decisions about significant changes in their business and markets. Most organizations do not have the information, processes and tools needed to make informed, responsive decisions due to underinvestment in information infrastructure, including business process integration, to enable the leveraging of these platforms.”

John Van Decker,
Gartner Research Vice
President and Business
Intelligence Summit
Cochair

Turning Data Into Information

Gathering data is just the start of the BI process, however. Large corporations tend to rely on many systems to run their operations. Such systems are used to schedule resources, manage space, detect utilization, control and maintain equipment, and to perform many similar functions.

While each of these transaction-oriented systems satisfies a need, it only provides a piece of the overall picture. For data to be useful in making decisions, it must be transformed into information.

The transformation is accomplished, not only by combining data from multiple systems, but by aggregating and summarizing the data into a meaningful format. This is where BI systems come in.

Visual Insight, Analysis, and Interaction

Traditional reports simply present formatted data and often create more questions than answers. Given today's technological capabilities, such reports no longer suffice. What is needed is analysis and trending information presented in a format that is easily interpreted and actionable.

BI systems can provide the analysis of information collected from multiple systems and present the analysis in a visual format, using metrics and trends to see emerging patterns. The most useful presentation is data that can be presented at a high level but that permits users to drill down to the details to get a better understanding of underlying issues.

Ideally, a BI system provides a set of predefined views of commonly needed information; i.e., management dashboards. These views are then expanded to meet the specific needs of a particular organization.

Actual vs. Planned

As already noted, when managing real estate, organizations have traditionally had to rely on reports that simply showed scheduled usage.

However, as facilities managers and real-estate VPs well know, the act of having reserved a space does not guarantee that the space was utilized, either at all (meaning the reservation was actually used) or effectively (meaning the space reserved was suitable for the intended purpose). Only when a person actually shows up to use a conference room or a workspace is the space

"IDC predicts that the market for business analytics will grow at a rate of 10 percent over the next five years, [research director Dan] Vesset said, because it has become a top spending priority for many companies. 'In our surveys, we find that [business analytics] is either the No. 1 or No. 2 priority for most organizations...'"

"IDC Business Analytics Study Names BI Leaders" In SearchDataManagement.com, November 2006

actually being utilized, and even that doesn't guarantee that it is being used efficiently.

In the context of actual versus planned use, efficient utilization is defined as making sure that resources are fully leveraged. For example, a conference room that holds 20 people is only 25 percent utilized when only five people gather there.

“Most organizations equate BI with information delivery. However, the real value of BI is strongly linked to achieving business goals and improving business performance. A growing range of analytic applications is emerging that leverage BI technologies to better understand and manage business performance. Based on this trend, BI capabilities will become more pervasive in operational and workplace applications, as organizations seek to use BI to lead, support decisions, explore, measure, manage and optimize their businesses, and thereby drive business transformation.”

*“Key Issues for Business Intelligence and Performance Management Initiatives”
Gartner, Inc., 2008*

Far too many organizations believe that valuable resources are being fully utilized simply because they measure planned reservations and not actual usage. Capturing actual utilization is the key to understanding true usage of resources. Once actual utilization is understood, steps can be taken to change policy or modify user behavior to improve utilization, and organizations can realistically target efficient utilization.

Further, understanding efficient utilization allows for adjustments in schedules prior to actual use and greatly enhances the ability to forecast future usage requirements. The right BI combines planned usage, actual usage, and efficiency information so that real-estate and facility managers can better understand the current use of space and make decisions to better align future space to meet demand.

Targets, Goals, and Benchmarks

Measurement is the key to successful space management, so forward-thinking organizations set goals and measure performance against targets to ensure continuous improvement. For example, an organization might set goals to measure the progress of an internal initiative, such as the adoption of an alternative workplace strategy. BI systems focused on the workplace enable organizations to monitor key metrics and compare their progress against the targets.

The metrics may also be used to compare an organization's space utilization against others. External benchmarking can illustrate how well your organization measures up when compared to peers within your industry.

Asking the Utilization Questions: Evaluating the Value and Costs of Maintaining Space

To illustrate some of the concepts mention above, let's imagine a company with 4,500 employees. The general consensus is that more space is needed, but the company has decided that it must retain its current real-estate footprint due to economic limitations or a lack of available adjoining space.

But perhaps more space isn't truly necessary, and the company should look at available information from a different perspective. To investigate the current usage and true needs, management might ask questions such as "Are all of the employees full time; if so, do they need to be on site full time?" "How is our space being used now?" "Are all floors, cubicles, and office space being used well? Are they fully utilized?"

"Business intelligence (BI) is a set of methodologies, processes, architectures, and technologies that transform raw data into meaningful and useful information. It allows business users to make informed business decisions with real-time data that can put a company ahead of its competitors."

**"Topic Overview:
Business Intelligence"**
Forrester Research, Inc.,
November 2008

Even for companies that aren't feeling cramped for space, such analysis is useful. They should be asking themselves, "Do I really need all this space?" and "Can we convert this cost overhead into economic surplus by subleasing some of our space?"

In both cases, a BI system could help the organizations evaluate detailed information (e.g., total available space, number of employees or reservations per square foot) and determine which areas are best used and what it costs to maintain different areas.

The organization would likely start by determining how good its overall utilization was, then progress to answering questions such as "How much does it cost to achieve this utilization?" and to comparing different utilizations within the organization to determine which are most cost-effective.

Trending and Analytics – Knowing What You Don't Know

The kinds of information an organization might gather from a BI system for intelligent workplace management include:

- A view of resource utilization across the organization created by rolling up details of space usage so management can see the overall picture yet easily drill down for details (rather than having to run additional reports to review data for specific locations)
- A view of areas dedicated to alternative workspace programs, such as office hoteling, that provides aggregated information for an overall view as well as details of space usage available by further analyzing the information
- Trends in utilization seen across the organization as a whole or by specific location
- A report on peak utilization of an organization's resources by location, hour, and department, to provide insight into what the space is being used for and when
- Employee reports so management knows who is using resources by location, hour, or department
- A view of reservation methodology by type—such as self-service, kiosk, or centralized reservations—to understand how people are reserving and using alternative workspace
- Utilization trends to see how alternative workspace usage is changing over time

Each organization will have different informational needs depending on its unique set-up, but all can benefit from understanding current usage and predicting future needs.

Right Time for Workplace BI

With tightening budgets, most organizations will only initiate projects that offer a substantial return on investment both in the short- and long-term. The time is ripe for workplace BI projects, since alternative workspace programs offer companies the ability to reduce infrastructure costs and realize substantial savings in little time. For companies that are growing, alternative workspace programs provide the ability to increase headcount without increasing real estate.

BI solutions support the effective use of real estate. They can produce a major positive impact for those organizations with the vision to aggregate data from multiple systems, develop key metrics and measurements related to specific business objectives, and act on the information to run efficiently, both now and in the future.