

# Managing all life cycle phases of real estate



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The life cycle phases of real estate are becoming shorter. Bricks and mortar or other long-lasting materials traditionally accounted for the bulk of the costs of a building. Today, it's short-lived technical and usage-specific infrastructure which dominate the costs. Traditionally, the main costs beyond construction were heating and maintenance. Today, the ongoing costs of maintaining a building make up the majority of the lifetime costs of the building. Earlier, buildings were built for eternity. Today, the owner has to consider tenant fit-outs and later conversions even during the initial construction phase.



Due to these shortened life cycle and usage phases, real estate is no longer the safe long-term financial investment it once was. In fact, it has become significantly more risky. In order to still make it worthwhile putting your money into property, these risks need to be effectively managed. That means not considering it a one-time investment but rather actively managing the real estate throughout the entire life cycle. The life cycle starts with planning and construction goes on with the commercial use and (technical) facility management until finally the property is demolished, dismantled or converted for alternative use. Sustainability in the construction and real estate industry requires a complete view of all phases of the Infrastructure Life Cycle.

## Value from implementing Infrastructure Life cycle Management (ILM) IT solutions

Asset and property managers alike require a high transparency of all processes and documentation concerning the real estate at all times. Only then will they be able to react quickly to changes in the market and / or the community. Such transparency can be provided by software which comprises documents and (financial) data regarding all aspects of the real estate - from the initial planning to the demolition - and thus enables rapid decision making based on facts and real-time numbers.

Many real estate problems occur in the handover process eg between construction and building management, designers and financial controllers, facility managers and subcontractors or between investors and their property managers. If all of these participants also use specialised software for their particular segment, the interface and communication problems are only magnified. Stand-alone solutions increase the problem by not fostering the communication process and sometimes actively impeding data exchange. In contrast, single source software covers all processes surrounding real estate, allows managing investment projects in one system and helps to enforce the following processes:

- supports risk management and decision making based on real-time data and actual documentation
- reduces decision cycle times and complexity
- decreases operating costs to manage existing facilities and properties
- increases transparency and information exchange within and across organisations
- prevents loss of documentation and critical knowledge
- eliminates stand-alone solutions requiring IT resources, training and support
- improves time to market and competitiveness.

With the improved efficiency and productivity it also becomes much easier to comply with auditing requirements. As sustainability - not only in the use of environmentally-friendly materials and energy-efficient construction - has become the new trademark of state-of-the art properties (think: Green Building, LEED...), processes and the ability to future-proof the investment have also come to be certified. The challenge is to not only certify the real estate when initially leasing the building, but to be able to renew the certificates again and again over the years as the use of the property might change. Managing all contracts, process information contained in workflows and communication (formal and informal) and any raw data with one integrated solution will make certification much easier.

## Infrastructure Life cycle Management in Poland

Although the Polish economy has proven to be basically healthy in the credit crisis, the temporary slowdown in the construction and real estate market increased the pressure on organisations to drive efficiency, reduce costs, mitigate risks and deliver reliable documentation and reporting.

The only software provider in Europe which covers all processes throughout the life cycle of real estate is conject: from planning and construction through to the management and sales of the real estate, encompassing both technical as well as financial data and documents. The ILM approach supports long-term efficiency and profitability.

In 2009, Inter IKEA Centre Polska, which designs, builds and manages shopping centres throughout Poland, decided to implement ILM software to manage new investment projects.

For more information on ILM best practices please join us for future events and visit [www.conject.com/pl](http://www.conject.com/pl). ■