WHY YOU NEED BUSINESS INTELLIGENCE IN YOUR 2019 BUDGET (AND HOW TO GET IT)
The global business intelligence market is projected to reach $26.5 billion by 2021, growing at a compound annual growth rate of 8.4% between 2016 and 2021.
Budgeting season has arrived, and with it comes hours of preparation, forecasting, and unfortunately, internal tradeoffs when planning for revenue and expenses.

This time of year is typically the busiest for owners and operators alike, and finding the bandwidth and resources to fit business intelligence (BI) into your budget can be difficult.

But can you manage without business intelligence for another year? Is it in your multifamily company’s best interest to put it off any longer?

**WHY YOU NEED BI TODAY**

Many owners and managers have been slow to adopt BI, primarily because they may not know exactly what BI is or what benefits it can provide to their business. More broadly, business intelligence is a technology solution that transforms raw data into meaningful insights — and the market for it is growing at a rapid pace. The global business intelligence market is projected to reach $26.5 billion by 2021, growing at a compound annual growth rate of 8.4% between 2016 and 2021.

This growing technology solution is offering businesses across all industries the ability to not only make better decisions, but to grow revenue, increase their competitive advantage, and improve operational efficiencies. The fact of the matter is, BI should be an integral part of any business. This is especially true for multifamily organizations.
For owners and operators, in particular, business intelligence enables you to:

- Gain full visibility into all your properties
- Maximize NOI and proactively manage issues
- Replace manual data-aggregation with intuitive dashboards
- Spot negative trends before they cost you money
- Uncover hidden insights and opportunities to improve portfolio performance

As a multifamily professional, you need a reliable platform with real-time access to data. This will not only help the relationship between the owner and property manager flourish but will, in turn, benefit the property itself.

For FPI Management, the value of business intelligence is palpable and revolutionary. “It tells us closing ratios, advertising source effectiveness, which properties are ahead of NOI year-to-date, how the property is comparing historically, and so much more!” said Carrie Briggs, VP of Marketing and Revenue Management at FPI Management.

“Operationally, the things that matter most to us, aside from taking care of our residents, are taking care of this asset that’s been entrusted to us and maximizing the value to the highest potential that we can. Business intelligence allows us to do this.”

“For over 20 years, we have looked for a tool to measure performance and show the improvements to value, that our team works so diligently to provide. Excel and other manual solutions were our only options. Now, with business intelligence, we have the technology to give us portfolio-wide and site-level data that includes performance metrics, allowing us to provide real-time solutions.”

— CARRIE BRIGGS, VP of Marketing and Revenue Management
FPI MANAGEMENT
Your BI provider should see you as a partner and be committed to you from the beginning of the journey through integration, rollout, and adoption.
WHY YOU NEED TO BUDGET FOR BI NOW

Forecasting end-of-year market and effective rents, vacancy, concessions, and loss to lease are challenging enough in the budget process without the added task of convincing your team to stretch or reallocate funding for new software.

Luckily, the sheer value of BI makes this process simpler for you, but it is all too common for budget preparers to want to push off a new IT project until the following year.

Unfortunately, software projects are often pushed off for more than just a year — falling lower and lower on the budget priority list. In fact, many IT projects are delayed or fail due to team member procrastination.

While budgets are sometimes revisited midyear, it is important to start planning now so you can begin to maximize NOI as soon as possible. Budgeting for BI now also ensures you will come up against less resistance than approaching it outside of budgeting season.

So, how can you convince your team to make BI a priority? The answer lies in your approach and pitch during the budgeting process. As is often the case, your team might need a little motivation to get on board.

HOW TO GET BI INTO YOUR BUDGET

1. Do Your Homework

When trying to get your team on board with an investment decision, doing your homework beforehand will go a long way. It is critical to make the investment decision as easy as possible for those reviewing it. Today that includes several departments as BI now offers value to more than just operations.

According to a recent study conducted by The Economist Intelligence Unit, 40% of respondents said big data is “extremely important” to marketing and communications as well as finance and accounting.

40%
Showing your stakeholders that you have gone above and beyond to measure the options proves that you are serious about fitting BI into the budget. Start by researching and vetting BI providers to show key stakeholders that you have done the necessary legwork to make an informed, smart decision. Consider your business goals and scour the market to find potential partners that best meet your needs.

In the multifamily market, there are several BI vendors to choose from, each offering their own proprietary solution. Although the sheer number of options available may seem overwhelming, it is relatively easy to whittle down your choices by identifying vendors that stand out from the rest.

When researching BI vendors, make sure they:

- Have a proven track record of integrating solutions. Ask about the frequency with which they integrate their solutions into others, and look for vendors who view their clients as partners.
- Take ownership of both the initial integration and ongoing integration maintenance.
- Support real-time or nearly real-time data exchanges between solutions.
- Do not rely on query languages to share data. Instead, they might use APIs or data exchange layers.
- Securely store your data in modern commercial warehouses such as AWS or Microsoft Azure.
- Train their customers to operate and maintain their products as part of adoption management.

Your BI provider should see you as a partner and be committed to you from the beginning of the journey through integration, rollout, and adoption.

Through ongoing support, your partner should be able to ensure a more seamless implementation process and help drive adoption throughout your organization.
Once you have your list of vendors narrowed down, continue to dig deeper by reviewing product demos and client case studies. This research will help you identify specific examples of how business intelligence has helped other companies, and therefore provide concrete case studies for your key stakeholders internally.

As you continue your research, consider including the following BI statistics in your pitch to help make your team’s investment decision an easy one:

- According to Nucleus Research, the average ROI from business intelligence is $13.01 for every dollar spent.
- Nucleus also found that by leveraging analytics to improve decision making, companies can yield an average ROI of 389 percent.
- According to Bain, companies using BI are twice as likely to be in the top quartile of financial performance within their industries.
- Additionally Bain found that organizations who implement a big data strategy are five times more likely to make faster decisions and three times more likely to have better execution.

2. Show the Value of BI to Your Team

Before any plans are set in stone, you will need to show stakeholders and colleagues what the future could bring with the help of BI. Consider what pain points will be eliminated, how business intelligence will help you achieve your business goals, and how your partners’ perception of you might change with better data in place.

Most owners and operators don’t get hyped up about technical details; rather, they get excited about creative ideas and big changes — especially when those changes involve a potential increase in revenue and NOI. After identifying the changes that can take place, sell those changes internally across all departments.

For example, you can share with your team how Rentlytics helps you set, track, and report on occupancy goals through the easy-to-use Occupancy & Unit Availability dashboard.

You can also share with your team how the Data Audit dashboards pinpoint illogical data (data that is blatantly incorrect) and data exceptions or outliers. Inform your team that data outliers — like a high loss to lease — are missed opportunities to increase NOI that a BI solution easily catches and brings to your attention.
Further, many BI users have found that BI essentially pays for itself via the revenue generated and expenses saved from information gained through the solution.

No matter the size or scope of your organization, BI offers unprecedented value — and it’s important to showcase this value to all departments that can reap the benefits. Business intelligence does not just allow you to manage occupancy risks and minimize delinquencies quickly, but it also enables you to track marketing performance and bring all of your operational, financial, and marketing data into one easy-to-use cloud solution.

Additionally, BI offers even more cost savings through reduced time and man-hours spent on recurring tasks. For example, business intelligence can save an operator three hours per property in time spent compiling data and creating weekly reports for owners, according to a top 50 NMHC management company.

“Rentlytics helped take our data practices to the next level with exceptions management and auditing tools that allowed us to proactively manage our data and ensure the highest level of accuracy for our clients. Rentlytics paid for itself in 90 days because it helped standardize our lease term input methodology and highlighted our vacant days by unit.”

— JOANNA ZABRISKIE, President
BH MANAGEMENT

For example, with a portfolio of 200 properties, BI saves the operator 600 hours each week by automating that data and conveniently providing it in a dashboard for easy access. At an average hourly wage of $15.95, for example, that equates to a cost savings of approximately $9,570 per week — nearly $500,000 per year!
3. Tweak the Timing: Plan Now to Purchase Later

In the multifamily market, timing is everything — especially when it comes to technology innovation.

There could be a multitude of reasons a multifamily organization can’t fit BI into their budget right away. For instance, there may be other technology projects in the works — such as a new payroll system or property management software — making it difficult to implement a BI solution simultaneously. However, the key is to enforce the importance of timing and scheduling to prevent your team from pushing BI off until next year’s budget.

While you want to fit BI into the budget as soon as possible — so that you can reap the rewards of higher NOI faster—sometimes it’s not feasible to invest in a new technology right away.

If budgeting season is coming to a close and you know there are already several initiatives and focus areas for earlier in the year, then it’s time for Plan B: Pitch that your team starts planning now to implement BI later.

For some organizations, it is better to wait until the second quarter to invest in BI after the dust settles and some of your current projects are completed. Include it in your annual strategy so you can focus on it when the time is right.

Most leaders think they can accomplish more by working on several projects simultaneously, when in fact it is counterproductive. Multitasking often hinders productivity, slows your team down, and causes a domino effect of delays throughout the organization.

Studies show that reducing the number of open projects by 25-50 percent can double the rate of task completion. However, if the current number of open projects cannot be reduced, consider implementing BI in a few months, allowing your team to catch their breath and have more time to plan.

4. Emphasize the Importance of Keeping Up With Peers

Considering most multifamily organizations start the budgeting process around August or September, delaying any new technology solution until the following budget cycle can be detrimental to your bottom line and put you behind others in the industry.

If you factor in the next year’s budgeting season, time spent finalizing details, and the implementation period, you could be waiting a year and a half before achieving results. Are you willing to wait that long?
Whether you are an owner or operator, new technology can offer a strategic edge for your multifamily organization and prevent you from getting left in the dust. Your colleagues need to see the urgency of your idea.

Present your stakeholders with a list of the top players in the market who are using BI, reiterating the value of this technology solution to encourage your team to give your pitch serious consideration.

Emphasizing the importance of timing can also be accomplished by reminding stakeholders that return on investment can be achieved almost immediately after implementation. With many modern BI solutions, you can start seeing value even while in the early adoption phase.

Why wait any longer to start improving NOI and meeting occupancy goals more quickly?

5. Split Up or Reallocate the Budget

While budget allocation for new technology will depend on your organization size and what you are looking to achieve, it is not always up to one department to fork over the investment.

Years ago, software implementation was in the IT department’s wheelhouse in addition to being an IT expense. However, as software solutions developed a SaaS subscription model and migrated to the cloud, implementation costs dropped and smaller subscription fees replaced large licensing fees.

As a result, companies are now allocating software fees as an expense of the departments that will benefit the most from it, rather than baking it all into the IT budget. For example, the IT, operations, and marketing departments can all contribute.
In fact, a recent study by Dresner Advisory Services found that executive management, operations, finance, and marketing make up four out of the top five primary roles driving BI adoption in 2018. With several departments benefitting from an investment in BI, it is easier for you to justify why the cost should not be up to a single department or team.

If splitting the budget between departments is not capturing your stakeholders’ interests, consider pitching a reallocation of the current budget. In most cases, businesses often have budgeted expenses that did not generate enough value, were not necessary, were not used, or went under budget.

Start by looking into last year’s budget to see if any expenses could be reallocated to BI instead, such as technology that is no longer as valuable or an underperforming marketing initiative. For example, if you did not hit the budget for direct mailers because digital advertising has been more effective, you can justify taking money from those funds to go toward BI instead.

By taking small amounts from various projects that went under budget, you might be surprised with how easily you can cover the budget for BI.

Overall, the key is to work with stakeholders to identify alternative funding options, whether that means drawing a one-time expense from your cash reserve fund or allocating the cost elsewhere. Once the budget allocation options are clear, you can design a funding strategy that addresses all your stakeholders’ needs.

In other words, BI is no longer a one-department solution. It has value for multiple team members across various departments, including asset management, marketing, executive, finance, and operations.
How Goodman Real Estate Saved Nearly $300K With Rentlytics Business Intelligence

Goodman Real Estate was able to align its entire organization and lower the company’s delinquent balance by nearly $300,000 in nine months with Rentlytics.

Prior to using Rentlytics BI, Goodman Real Estate knew delinquency was a concern but did not have strategic goals or a company-wide focus around the issue. “Each asset manager would review a spreadsheet from the operator to try and stay up to date on delinquency issues, but there wasn’t real-time data, alignment between operators and us, or a process in place,” said Eric Rogers, Financial Analyst at Goodman Real Estate.

Now, Goodman Real Estate holds monthly meetings with its property management teams to discuss shared performance data via the Delinquency Dashboard in Rentlytics.

By integrating BI software and facilitating stronger communication between operators and owners, Goodman Real Estate is able to meet portfolio goals more efficiently — and you can, too, if you start budgeting for BI now. With the right people, the right software, and the right budgeting strategy, you can give your multifamily portfolio an edge for the future.

“Now that everyone has access to the same data, it is easier to track where you stand throughout the month, so we are all accountable. That’s how we have decreased our total delinquent percentage from 11.5% to 7.4%.”

— ERIC ROGERS, Financial Analyst
GOODMAN REAL ESTATE
INVESTING IN SUCCESS

It is an exciting time for business intelligence software in the multifamily industry, and your portfolio deserves to benefit from it. While the day-to-day operations of a multifamily portfolio do not always leave much time to consider new technology, you must motivate your team and emphasize the importance of budgeting for BI now.

BI software offers many benefits, but convincing key stakeholders to get on board can still be challenging. It’s important to remember that an investment in BI is not just an investment in innovation; it’s an investment in your organization’s future.

With visual dashboards and a centralized view of how your team is tracking goals, it is easy to drive more effective conversations with stakeholders, align priorities, and transparently share performance data.
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