

# Master Technology Planning

## ***Maximize the Return on Real Estate and Technology Investments***

**Pamela V. Rothenberg and Kelly Treesh**

When it comes to offering telecom services and investing in technology, multifamily property owners and managers are facing confusing and conflicting pressures in the current marketplace. Residents are demanding increasingly sophisticated and reliable telephony, video and data services and owners and managers are more tangibly perceiving the need to bring high-level technology solutions to their core business operations. However, these are uncertain times, and owners and managers have very limited choices for the provision of telecom services and the integration of new technology solutions to their portfolios. And, given the current market conditions, they must be extremely cautious and diligent about the providers and other companies they will be doing business with on a going forward basis.

Many of the upstart broadband companies that only recently began serving the multifamily industry are now gone or are in the throws of death. In the past six months or so, we have all bid farewell to CAIS, Darwin, Velocity, Reflex, and Partner Communications, just to name a few. While some new companies are emerging, their viability is still in question and they have little if any track record.

As a result of the thinning provider options, in many markets, the established and well-funded incumbent providers are the only remaining companies through which owners and managers can provide the necessary telecom services to their portfolios. With their new and firmer stranglehold on these markets, these incumbent players have no incentive to bear the often capital-intensive costs required to offer fiber-based or other costly "state-of-the-art" technologies to multifamily projects. Owners and managers have little, if any, leverage to negotiate favorable contract terms with these conservative incumbent providers.

Furthermore, just as owners and managers have finally begun to appreciate the benefits of fully integrating technology into their core business operations, countless companies that were formed to provide technology-based solutions to the multifamily industry have run out of funding or have otherwise proven to be unsuccessful or unreliable.

In the midst of all of the uncertainties about the providers to select, the services and applications to offer, and the best technologies in which to invest, there is one undeniable truth -- technology is forever changing the way all companies do business. And, real estate companies that do not wisely invest in and integrate technology into their core business operations, as well as into the services they offer to their residents, will be left with assets that are no longer competitive or viable.

Owners and managers should view this chaotic time as a reprieve and an opportunity to take stock and reevaluate their portfolios towards the goal of developing a comprehensive master technology plan that articulates both short and long term company and portfolio needs, contemplates solutions that are flexible enough to anticipate and adapt to changing technologies and maximizes the return on these real estate and technology investments.

A properly developed master plan will identify and document the portfolio-wide strategic direction and goals for technology investment and implementation and address, in an

integrated manner, the numerous service needs of the residents and the core business requirements of the organization.

Resident service needs, to name just a few, include the delivery of video on demand, interactive television, IP telephony, Internet TV, video and audio streaming applications and other content services, wireless applications, integrated messaging services, home networking and community websites. To "future proof" their portfolio, it is essential that multifamily owners and managers develop a strategy that integrates in a fully functional manner all of the forms of voice, video and data services residents desire with the multiple devices that are and will become available for service delivery, including computers, personal digital assistants, cell phones, televisions and telephones.

A master technology plan enables owners and managers to formulate a unified approach for the selection, implementation, deployment and management of separate technologies and technical advances and an organized framework to accommodate ongoing, compatible, cost-effective technology upgrades to sustain the viability of the company and its portfolio. Through the development and use of a master technology plan, owners and managers will be best positioned to:

- Standardize the selection of hardware and software systems and the processes and procedures pertaining to technology implementation.
- Allow a unified, portfolio-wide approach to achieve the priorities of reliability, redundancy, and security of technology investment and service delivery.
- Provide an enterprise-wide perspective based upon which all of the technology efforts undertaken on behalf of a portfolio will be identified, specified, procured, implemented, deployed and managed.
- Foster a common understanding of technology needs and goals and the alignment by all participating employees with one plan that best advances the organization and protects the portfolio assets for the long term.
- Safeguard against duplication of resources.
- Formulate an organized approach to assessing the need for properly trained technical specialists to support the technology investments and most effectively implement technology applications.
- Permit, where possible, the achievement of economies of scale in technology investments and the realization of the full potential of all technology investments.
- Gain a more meaningful understanding of how to align the company's overall budget with the funds required to sustain the technological viability of the portfolio.
- Foster efficiencies and ease of management of technology investments.
- Minimize distractions from and dilutions of the focus on the core business activities and goals of the owner and manager.

Before an owner or manager can identify and implement a master technology plan, the current state of technology at each project within a portfolio and at the headquarters and other offices of the owner or manager must be assessed. In addition, the owner or manager must document its short and long term goals for serving its resident constituency and running its core business operations. The starting point to complete these preliminary steps is to conduct an audit that focuses on, among other things, the following items:

- Location: Identification of the geographic locations of each project within the portfolio and the existing providers for each type of desired telecom service operating in each of those markets.

- **Product:** Creation of a formal record of the type of buildings comprising each project within the portfolio (i.e., high rise, mid rise, garden style), as well as the headquarters and other offices of the owner and manager, and the existing technologies and facilities serving those buildings. This assessment is needed to determine the required technology solutions that will bring the highest and best telecom services to each portfolio building and office location.
- **Personnel:** Assessment of the existing technology personnel within the organization and other outside technology consultants serving the owner or manager; and their areas of expertise. This assessment will permit the owner and manager to better understand its existing technology resources and those areas of expertise that will be needed to implement the plan, as well as the need for retraining existing personnel or retaining other advisors.
- **Contracts:** Assessment of existing contractual relationships with telecom providers, rooftop licensees, and technology consultants for each building within the portfolio to determine, among other things, the term of each contract, the scope of services to be provided pursuant to the contract, any applicable exclusivity provisions and the possible exit strategy from the contract.

**Business Requirements:** Assessment of the “core business operations” from a technological standpoint, the determination of current needs and likely future needs and goals and the evaluation of existing technology solutions to address those needs.

The master planning process enables owners and managers to gain a detailed and macro level understanding of the integrated technology needs of their business operations and their entire portfolio. A plan will position owners to leverage their entire portfolio, allowing for stronger negotiating strategies and better pricing and revenue sharing with providers. And, if incumbent providers are not stepping up to the plate with a competitive proposal, based upon the master technology plan, the owner will be able to more clearly articulate the needs of each property to a private provider, thus creating a more competitive environment for the incumbents.

Once the master technology plan is in place, owners can invest in technology solutions more wisely and thoughtfully with a global objective in mind, thereby avoiding a patchwork of inefficient and diverse community by community technology investments.

It is generally accepted that the real estate industry lags behind most other industries when it comes to technology implementation and is generally under committing when it comes to technology investments. In addition to being slow to participate in the “new economy,” the real estate industry, until the recent past, was one of the only industries looking to get telecom services for free. Bringing broadband and other telecom services to portfolios for free is not much of an option any more and the time is fast approaching (if not already here) where owners and managers will be required to make significant financial investments to achieve that objective.

Before devoting substantial financial or personnel resources to address these issues, it is vital that owners and managers develop and implement a master plan for the integration and implementation of technology solutions. Such a plan is essential for owners and managers to reach their goals of sustaining the competitive position of their assets, streamlining and creating efficiencies in their business operations and, most importantly, increasing their return on investment for each community in their portfolio.

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***Pamela V. Rothenberg, Esq., is a member of the Real Estate Technology Practice at Womble Carlyle Sandridge & Rice and advises real estate clients on the legal issues involved in developing and managing technology to maximize portfolio value. Her clients include owners, managers, developers and leasing agents, as well as lenders and other sources of funding for high-value real estate technology transactions.***

***Kelly Treesh, [ktreesh@multifamilyconsulting.com](mailto:ktreesh@multifamilyconsulting.com), is President of Multifamily Consulting, LLC, a consulting firm specializing in ancillary service solutions for the multifamily industry, with a particular emphasis on technology issues. Her clients include owners, developers and managers of multifamily assets.***