



IREM® From the Front Lines Podcast

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Episode 5.13

7/9/24 Release
Proptech Update

Todd:

Welcome to another edition of From the Front Lines, where we discuss both the day-to-day, and one-of-a-kind issues facing real estate managers. In this episode, we talk about the latest in proptech with Maria Aiello with Clarity Building Controls, an AI IoT company, and Kimberly Vasseur, ARM®, with FCA Bonaventure. Welcome to the podcast, Maria and Kimberly.

Maria:

Thank you, Todd.

Kimberly:

Thank you.

Todd:

First, can each of you briefly introduce yourself? And Maria, why don't we start with you?

Maria:

Thank you, pleased to be on this podcast. I've been in real estate technology for 35 plus years as a CIO and head of IT for companies that include Manulife, PwC, and Morguard. I have actually worked with a lot of proptech organizations as well and serve in a number of industry boards. Looking forward to discussing this content.

Todd:

Kimberly?

Kimberly:

Hi, I'm Kimberly Vassar. And I've been in property management for just over 23 years. And I've done everything from lease-ups to tax credit, Section Eight to conventional. And it's been a really great opportunity all across the nation, with my husband being military, we've seen a lot of different markets, and a lot of different types of companies. I've worked for everything from equity residential to the US Air Force. And so it's very interesting the different technologies that are in between all of them. So it's been a really great experience so far.

Todd:

Now, as you both know, IREM does an annual Proptech Insight Survey that asked respondents about their company's technology practices. The latest survey showed that real estate managers are using AI in many ways. So what's next for AI and real estate management? Where do you see it headed? Maria, why don't we start with you?

Maria:

Yes, so AI is top of mind, but there's still a lot of fear out there with regards to how to use it and what it means for the industry and people in their roles. So although it's the tip of the iceberg, there's still so much more out there that I think we can look forward to, most especially in how AI will be used to scale, and certainly differentiate efficiencies. I think as we become more comfortable with what we're seeing in the tactical approaches that the proptech survey actually uncovered, you know, with regards to such things as accounting or work orders or even chatbots, I think that will only grow and certainly scale to include areas that are targeted towards preventative maintenance and inventory. And certainly being able to predict failures in advance as AI becomes more sophisticated with regards to our industry, and certainly also be used to differentiate our service approaches beyond what we're doing today to actually strengthen our relationships with tenants through knowing them and understanding their behaviors. And then let us leverage those learnings to use in the way in which we attract and retain. And certainly from a preventative maintenance perspective, I think this will also increase our efficiencies.

Todd:

How about you, Kimberly?

Kimberly:

I completely agree with everything that she just said, there's not much to build on there. I think from the boots on the ground perspective with people in everyday property management who are using technology, AI is pushing ahead and almost eliminating the need for call centers and things like that. So I think there's going to be a nice push for a more hybrid approach. And it's going to be a lot of getting people interested and getting people acclimated and comfortable with jumping online and answering questions and things like that. And if things are just too difficult, they'll get pushed over to a human person. But at the end of the day, we'll still be going back and modifying that. And so I think the future of AI, in proptech is all of the things that Maria just talked about. And then also eliminating some of those barriers between real time information and Q&A for prospects for residents, for owners, etc.

Maria:

So, you know, Kimberly, thank you for reinforcing and thank you for kind of augmenting, because I think that what you just did kind of augmenting what I said, you know from an industry perspective, I think is really what we should be, you know, kind of dealing with when we kind of look at AI and the opportunities with AI. I think it's only going to make us stronger as an organization to be able to kind of leverage the magic of what AI can bring to the table with our industry knowledge. And I don't think that the two are going to be worked in silo, I think that hybrid approach that we know that you mentioned, which is exactly the way I envision the industry is leveraging that technology to become stronger, to become more efficient, to scale, to be to become a better force with our tenants, to predict, you know, to take care of our buildings in a way that is certainly more efficient than the way we've done it in the past. Leveraging only kind of the knowledge of people certainly augmenting that knowledge with the insights that AI can bring.

Kimberly:

Absolutely.

Todd:

Now are we at a place with proptech where we have some established best practices on selecting and implementing good solutions? Kimberly?

Kimberly:

So I think this is a really great question. And I don't think it is just a yes or no, I think it's multifaceted. So not all companies are created equal, that's for sure. Some companies are doing a really great job at being very innovative and staying current. This really happens, I think, with more established companies, but not necessarily smaller companies, or even like third party management companies, whether they're small, medium, or large. And I think what I mean by that is that upfront costs for some technology will impact third party management, and especially smaller companies just a little bit differently than those larger, more established companies, or REITs. For the larger third-party management companies, typically, they answer to smaller cluster owners. And those smaller cluster owners have tight budgets typically, right. So for companies stay current and to implement proptech. I do think those that are staying current and they are moving forward, I think their decisions are generally based on that "work smarter, not harder" kind of philosophy. I think some of the amazing best practices that those companies utilize is consultants, internal training, systems, IT departments, maybe a combination of all of these things, but they take the time to bring those folks and bring in the stakeholders, so those boots on the ground folks that are actually using the products on a regular basis, they ask the questions, they determine what are the actual needs, and they do their research based on those fundamentals, right. And then the implementation consists of pilot programs, you know, using it before you go and make a full commitment for the whole company. And then once that's done, and it's viable, then they do a rollout campaign. And they do that to generate excitement from all of the team members, or all of the multiple different types of companies that can utilize it. And the campaign is in itself a best practice, because it includes the rollout training, the pilot teams themselves being able to attest to the viability of the product. And then, of course, all SOPs and trainings and FAQs, things like that would already be stored in a commonly accessible location prior to any kind of launch with the technology. So for companies that have a hard time implementing new technology due to cost, I think they often rely on band aid packages from multiple different tech sources, maybe it's a cheaper product for the now. But in the long term, they're really kind of using more money, because it's a constant approach of a band aid here and a band aid there. So they don't typically consult the stakeholders. And then there's also those companies that actually are using proptech. And maybe they are staying current, but they don't consult and find out those fundamentals, those needs for the actual company. So it can create frustration and burnout and things like that. So it's hard. You know, it's hard to say that it's a yes or no. But I do think that that the companies who are taking that right approach and using that some of those best practices I just mentioned, are really excelling. And the companies, even the companies that are having good proptech, and they are, you know, consulting, or they are trying to find out what is good. They're not necessarily keeping up with the changes. And that's a differentiating factor in itself. Because the technology is ever-changing. It has to be kept current, it has to be it has to be updated regularly, it has to be fed. Otherwise, it becomes antiquated, like super easily.

Todd:

Maria, what are your thoughts on selecting and implementing good solutions?

Maria:

Yeah, actually, Kimberly brought up some excellent points. And I think that what I feel is most important is more than ever today is collaboration with, you know, stakeholders in the business

and technology and external vendors and thought leaders on how to select the technologies that work best for your business. And each business, and I think Kimberly made reference to this, there is no cookie cutter approach to, to this, essentially, because every business is different in terms of size, demographic, geography and business model. But certainly, I think what we can say is that when you do actually undertake the evaluation technology, I think an annual process that is important is also rationalizing what you currently have, because a lot of things, you know, kind of tend to be layered on top of other things without deciding that, you know, there's a, you know, there's a need for technology for the right reason. So I think it's back to what is the value proposition? What is the problem you're trying to solve? What is your technology environment look like? And almost having a roadmap that you continuously revisit is important. And I don't, you know, it doesn't really matter whether you're small or large organization, technology is essential to longevity to brand, and to growth in this digital age. And so I believe that there needs to be more of a due diligence attached to the technology environment, to help the business grow and achieve its objectives. And I do believe that a lot of organizations get it right. And a lot of them don't get it right because of time. And also perceived value proposition of technology and cost. Cost is a big deal. What does that mean to our bottom line? Can we recover it from the properties? And if so, what's a reasonable amount to recover? I mean, all those questions need to be answered. And I'm going to leave you with this this one last thing. And I think it's important to have an innovation team, small or large, someone who is accountable to what I just described as activities, due diligence and technology, whether it's an IT team, whether it's a third party that can do it for you, it's just so important to keep that going. And keep that conversation going, keep technology alive in the hearts and minds of leadership and strategy.

Todd:

What about getting the most value out of those solutions? Do we know how to accomplish that yet? And Maria, why don't we start with you?

Maria:

Well, I think that that actually is a "it depends" question as well. Again, there's a lot of opportunities to get the value out of solutions. But we often treat technology as a very tactical investment, which we implement, and it's fine, and we leave it alone. And that really isn't the way to do it, we should actually treat it as an asset that needs to need regular improvements and possible upgrading similar to the you know, the tenant improvement process or building improvement process that we undertake with our actual building assets, I think the same approach needs to be attached to technology. And I do think that today, there's a mixed bag of realizing the value of our technology investments, if we have teams, typically, that tends to happen with more, you know, rationalization approaches that exist, if we don't have teams who tend to forget, and then tend to, you know, kind of decrease their investment or our due diligence with technology. So I think we need to get that right, in order to even realize the opportunities with emerging technologies such as AI, and everything else that surrounds it, we certainly need to attach more discipline to it where we don't, which kind of stands in the way sometimes of leveraging the value of the technology that we have in place or even possibly the prospective ones.

Todd:

Kimberly, any additional thoughts on value?

Kimberly:

Just that I completely agree with that as well. And especially with having a team of some sort that can continuously reevaluate because sometimes, like I was mentioning that band aid approach,

you have a technology and maybe it becomes antiquated in one area, but it's still resourceful and another so you just get another band aid package on top of it to take over what is lacking. And instead of just looking at a larger approach of like, "Okay, should we just go ahead and swap out this whole piece for this new piece and get all the bells and whistles under this new piece of technology?" And so I think having people who can have those real cost benefit analysis kind of conversations with leadership and things like that, owners, etc. will make it a lot easier regardless of the size of the company to really be able to know where your dollars are going to be well spent.

Maria:

You know, the other thing...thank you Kimberly, because you just made me think of something else, which I think is essential, is relationships with our vendors. You have technology, no matter how large or small your technology stack is, there is an essential relationship, you know, in the digital age that is understanding what our vendor roadmaps look like, where they're going, if they're being acquired. It changes everything about the way in which we leverage the value of our technology. But certainly understanding the roadmaps and baking that into business strategy, I think increases our chances of leveraging more value, but also achieving our business objectives with strength and success, certainly.

Todd:

One thing we talked about in the IREM Technology Advisory Council, and you're both members of that group, is the different approaches to AI versus human customer service agents in contact centers. What approaches are companies taking to provide good service and convert leads? Kimberly?

Kimberly:

Yeah, absolutely. I think that the hybrid approach is pretty common currently. And that starts with the AI chat bots, for example. And then as the bots go through the process, whatever inquiry is being made, it rolls over to a live person to answer specific questions that it's not equipped to fully answer. Maybe it's setting up a phone call, or texting or setting up an in-person tour, things like that, those will trigger the rollover to a live person. And I think AI in this capacity is amazing. It's really great, it's cost effective. It's time well spent, for the folks who are, you know, working at properties or working in different areas of property management. But there's a whole generation that just doesn't want to talk to anybody, right? So they don't want to be on the phone with anyone. They don't want to see anyone in person if they can get their answers online. And that's inquiry. So people looking into things or even current residents or current ownerships and things like that, that can just go in and find the information on their own. The only issue that I see is that you're only as good as your investment right? So if you're not taking the time to invest in the hybrid approach, that seems to be very common, you're going to fall behind. So the chat bots and things like that you can't just get an off the shelf version, right? It has to be fluid, it has to be adaptable, it has to be maintained on the back end by someone. So that when it comes across any of these questions that can't be answered, it can be adapted, it can be changed, it can be updated to give better responses. That perspective, whether it's, you know, ownerships or, or residents or whomever, they're not getting frustrated by dealing with the bot, right? So working with AI that allows customizations and continuous growth is the best way to go so that you don't get stagnant right? So to me, that's the hybrid approach is pretty common, but it has to be also very well maintained.

Todd:

Maria, does that ring true with you in contact centers?

Maria:

Yeah, absolutely. I believe that hybrid is definitely necessary. I call you know, a lot of what we do is human augmentation, leveraging AI. So I think that that is really what resonates with what Kimberly just stated. I think of things like experience, I think of things like brand and perception being something that we can basically strengthen through, you know, the technology bridge with our intervention or a refinement of the service model. And I do think that it'll be kind of a differentiation between those that survive, what we're going through and those that don't do so well. There's, there's really kind of the acceptance of modernizing what we do continuously. And I do believe that that is really going to separate the experience from being excellent to mediocre and it really just depends on what we aspire to. But there's just so many amazing opportunities with this, that I think that's the way we should kind of consider this is embracing the opportunities to achieve excellence with the technology and the people that we have in place.

Kimberly:

I completely agree with everything that you were just saying. I think that it made me think of the brand and how we set ourselves apart with AI by being the first to respond for inquiries that response time being able to have communications going out when people inquire immediately. It's becoming more and more common, so it's hard to set yourself apart. So the brand portion and the better the AI on the forefront for that first impression is so vital and so important. And if you can be as customized as possible to feel as much of that human element as possible, that's what's going to now start being the differentiating factor. Right? Does that make sense?

Maria:

I do believe a lot of companies have that opportunity, Kimberly, to take that approach. I don't know that a lot of them have. But I do think that that's certainly what companies should be doing is embracing the opportunity to differentiate. Exactly.

Todd:

Now can you talk about the intersection of sustainability and proptech and how technology can help properties become more resource efficient? Maria?

Maria:

Thanks, Todd, for this great question. I do think that sustainability is top of mind for leaders, owners, operators of real estate, and certainly I believe that there's a huge opportunity to tie sustainability outcomes to digital opportunities and essentially make those outcomes more achievable. We can look at something like energy consumption being managed and monitored and actioned through technology. There's so many solutions out there that are targeting both the monitoring and the actionable insights along with reporting, which would certainly help property management staff with understanding where energy consumption lies and what the issues are to resolve them. I think AI and proptech will play a huge role in achieving outcomes, and strategies in this regard. I believe things like air quality are also going to be something that you can manage through AI. And you know, a lot of organizations are already doing it. Of course, there are budget considerations that are attached to a lot of why we're not doing this today. But with so many proptech solutions out there, again, what I mentioned earlier about having a strategy for rationalizing technology and attaching it to business outcomes, I think that is the huge opportunity that we should take as leaders and owners of real estate, to help manage our properties more efficiently.

Kimberly:

And I agree with all of that. And I know that there is a huge correlation between proptech and sustainability and being able to improve productivity, obviously, save money by streamlining processes. We already have seen that on the AI front with the call centers versus chatbots, etc. But then there's a huge amount of data that can be stored because of technology that's monitoring like what you just said, especially for energy efficiency. Things like sprinkler systems, all of the things within a building that could cause devastating issues if something was to break or something was to go wrong, being able to monitor those things definitely can save the money. It can streamline processes for the onsite teams from when they have to do preventative maintenance and things like that. And then it also it's communication and transparency for not only just the vendors to the owners, but for the occupants, the investors, any stakeholder. So I think that it's super important to see that there is some sort of digital/technology correlation to being able to see good sustainability, and being able to prevent disasters before they happen and become a huge issue for each property.

Maria:

I'm just going to add one point to what you just said, Kimberly, because I think what you've just demonstrated is the importance of the partnership between technology and the business to move forward and achieve strategic goals and achieve sustainability outcomes. I feel that the most success that I've realized in the past is collaborating with stakeholders like yourself that have a clear vision of what's required at the property level, but also have a passion for aligning that with whatever technology solutions makes sense to achieve them.

Todd:

Thanks so much for joining us, Maria and Kimberly.

Maria:

Thanks for having us.

Kimberly:

Thank you!

Todd:

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