P&C GLOBAL

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Growth:

Top 3 US Residential REIT Embraces Digital to Reduce Complexity & Advance Growth

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Summary

REITCo*, one of the largest multi-family REITs with over 120 luxury apartment communities throughout the U.S., had a stellar reputation with its customers and investors. Its competitors had grown rapidly via acquisitions and were now extending their reach into REITCo's key markets. The company sought P&C Global's guidance to transform its business, internally, to better serve its customers and prepare for substantial growth via acquisitions.

At a Glance

9%

Increase in Same Stores Sales Year 1

12%

Increase in Same Stores Net Income Year 1

15

Months Project Duration

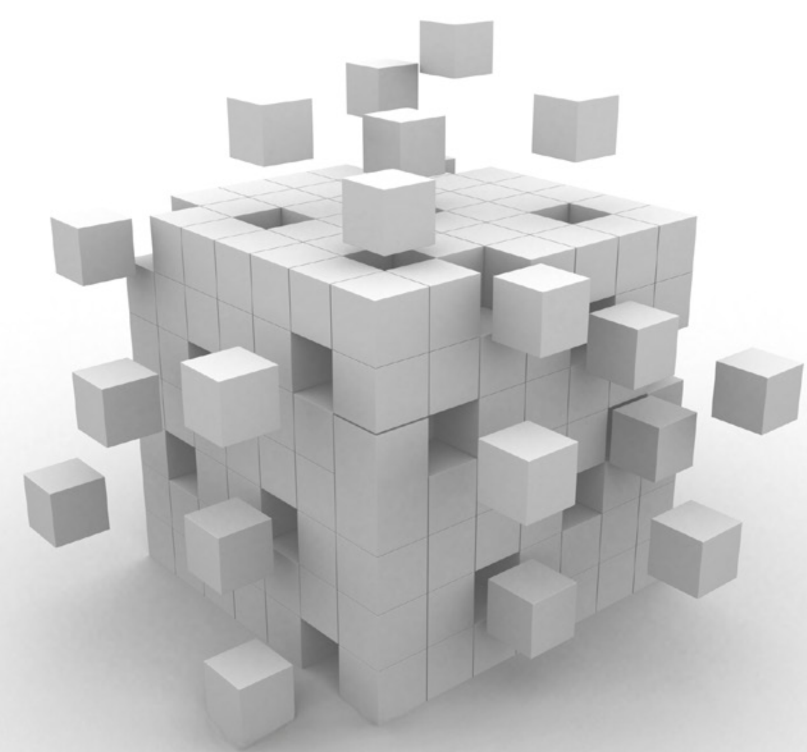
* Per the client's request, any identifying information has been excluded.

The Situation

Although the multi-family REIT industry, as a whole, was not known for its innovative use of enterprise technologies including application software, customer-facing mobile and web solutions, and adoption of IoT/Smart building technology, senior leaders at REITCo had a larger vision in mind.

The company's C-level leaders asked P&C Global for guidance on the following topics:

- How do we effectively harness technology to both streamline our business AND differentiate ourselves from our top competitors?
- How can we use technology to better engage our prospective and existing customers–both of whom are mostly higher-income, college-educated Millennials and GenX'ers with no children?
- Can we make the investments we need to make–in technology, process innovation, and elsewhere–to create "acquisition bandwidth" (the ability to integrate acquired entities faster and more effectively)?
- Can we successfully do all that we have identified in 2 years?



Our Approach

P&C Global created a 4-step approach to address the opportunity and overall business objectives.

1

Diagnosis on Point of Departure (POD):

- Benchmarking management interviews
- Analysis of systems spend and capacity
- Business process review and benchmarking
- Organization's Technical architecture and critical exposures
- IoT/Smart Building Systems capacity and opportunity
- Prospective and existing customer interviews, socioeconomic insights, and unspoken needs

2

2-Year Point of Arrival (POA):

- IT Deliverables in line with business objectives
- Process transformation in line with business objectives
- Organizational Structure changes to align with business objectives
- Management interviews and workshop to gain awareness and buy-in
- Digital strategy in-line with customer expectations and emerging trends
- Benchmarking POA development

3

Gap Assessment:

- Enterprise Systems: ERP, HRMS, LMS, Budget & Forecasting, BI & Analytics, Compliance, Risk, Prospective and Existing Customer functionality
- Evaluate existing customer-facing technologies and benchmark to industry and other consumer best practices
- Create business case for process and digital transformation

4

High-level Roadmap:

- Identification of initiatives required to bridge the gaps
- Workshop with senior leaders to review business case, resources and timeline
- ROI analysis prioritization of initiatives
- Develop governance mechanism
- Develop overall milestones

Digital Reinvention Program

Digital Reinvention Program Design

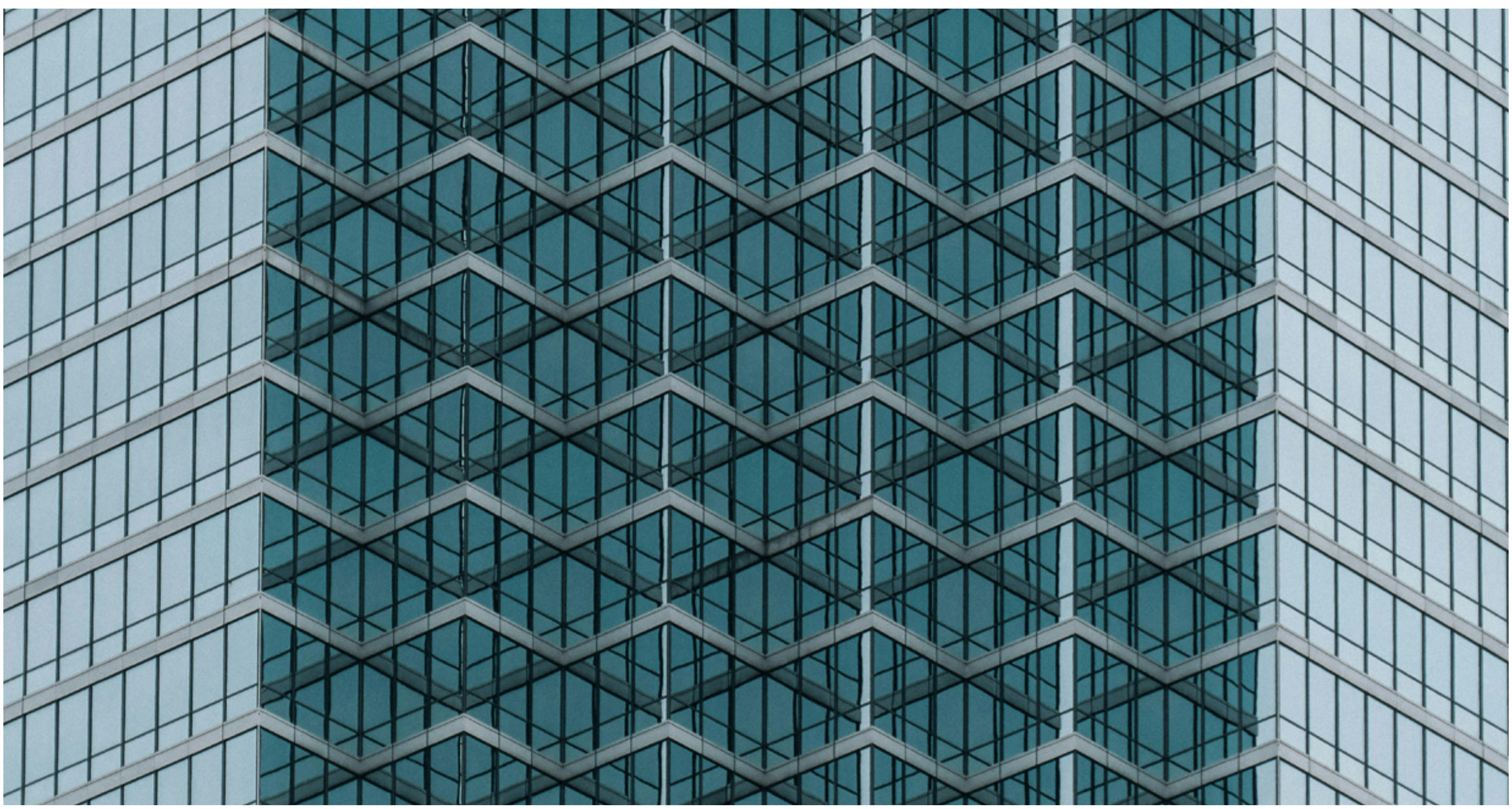
Program Management & Implementation

Our Recommendations

P&C Global recommended 5 major components vital to meeting REITCo's objectives:

Replace the existing and costly collection of 14+ disintegrated legacy enterprise applications with a single product suite from one vendor.

- The accounting application was purchased and implemented 18 years earlier.
  - To compensate for its lack of modern capabilities, 7 other applications were purchased and bolted on over time to enable document scanning for accounts payable, electronic workflow, expense reporting, CapEx, vendor portal, risk management, and budget & forecasting.
  - Combined, these applications had created a company-wide epidemic of process complexity which often required both manual and semi-manual processes to reconcile and complete.
- The prospective and current customer-facing applications were comprised of a compilation of various other third-party solutions which did not integrate to the back-office systems nor provided mobile solutions to the company's sales professionals, service staff, or customers.



Revamp the existing company website and add the current set of functionality that prospective and existing customers expect.

- The existing company website and resident portals were dated and they did not provide an appealing aesthetic to REITCo's target customers. In addition, the existing website functionality lacked the full suite of online apartment home shopping, qualification, and move-in/move-out automation capabilities that their target market consumers expected (e.g. rental application, real-time decisioning, apartment unit reservation, digital tours and floor plans, move-in scheduling, deposit payment, etc.).

Develop and implement a social media strategy to recruit, engage, and retain prospective and existing customers and employees.

- Like many companies, REITCo had taken a cautious and gradual approach toward social media. Recruiting and retaining new employees and customers could benefit substantially from an active, focused, and engaged multi-channel social media presence.
  - Build a corporate presence on Facebook, LinkedIn, and Instagram
  - Harness Facebook and Instagram to build and nurture a sense of community for customers at each of the properties and company-wide. Use Facebook's powerful marketing capabilities to target and engage prospective customers.
  - Use LinkedIn Recruiter to precisely source talent–reducing the reliance and cost associated with external recruiters while gaining visibility and mindshare on the platform that likely hosts many existing and prospective customers.
  - Create and implement a social media policy to guide employees' engagement online across the company's new social media properties.

Add the talented resources needed in IT for the success of the Digital Reinvention Program.

- The IT team was highly dedicated and talented, but the team was understaffed and stretched thin. Additional talented resources were needed to give key existing resources the bandwidth necessary for the new initiatives.

Implement a change management program and governance process to guide the entire organization through the Digital Reinvention Program.

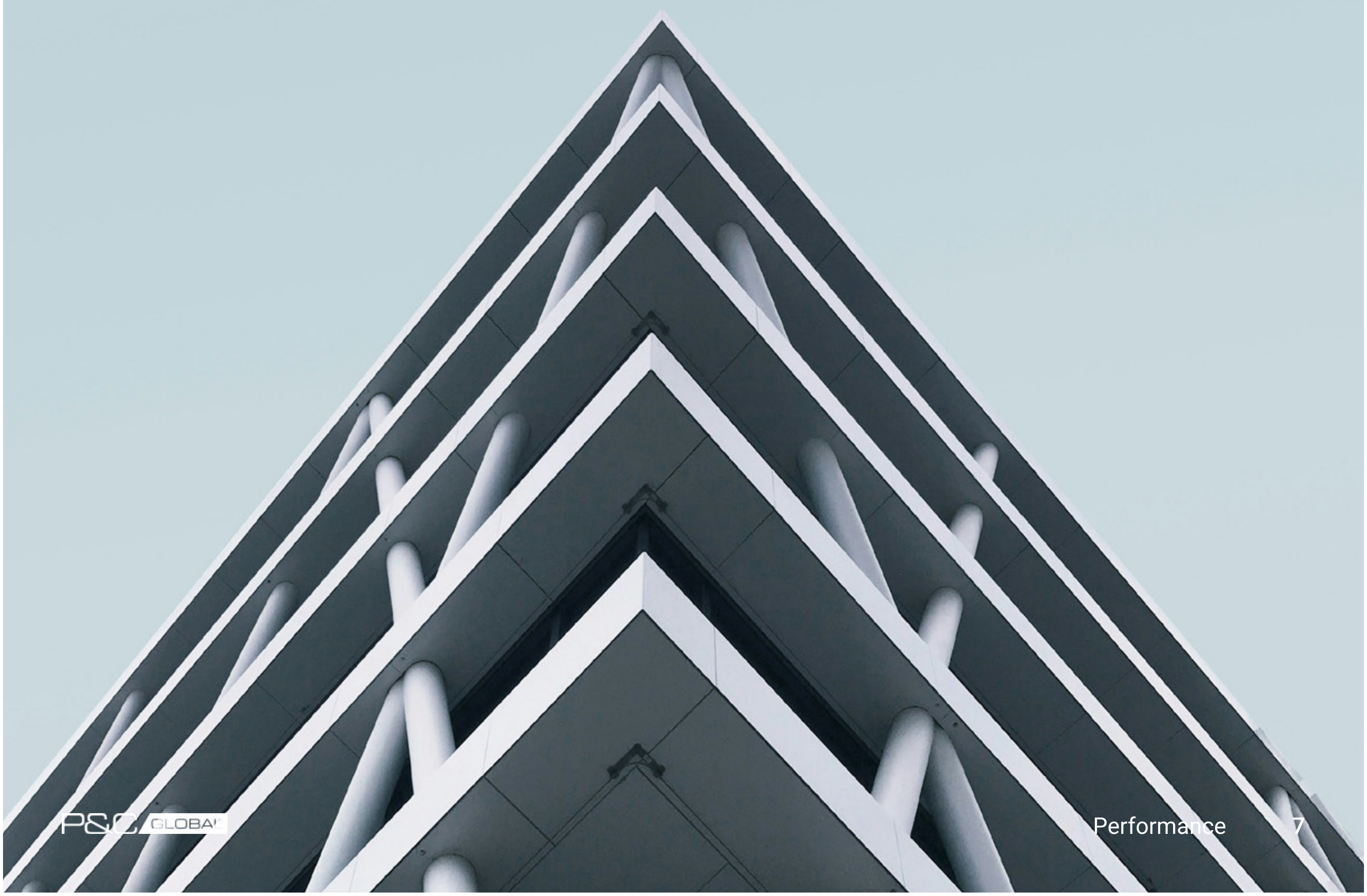
The Results

REITCo’s incredibly fast-paced deployment of its Digital Reinvention Program was a tremendous success. The legacy enterprise systems were replaced with a world-class product suite from one vendor. Concurrently, the new company website and its expansive prospective and existing customer portals were designed, developed, and launched. The unified corporate social media presence on Facebook, LinkedIn, and Instagram were also designed, developed, and launched.

P&C Global led the vendor selection process for the company’s new enterprise application suite– using its partner ecosystem to engage C-level executives at each of the global software companies evaluated. This was to ensure REITCo had the highest level access to secure the most effective pricing and contractual negotiation outcomes.

P&C Global also led the design, development, and launch of REITCo’s new website, digital customer portals, and social media platforms.

REITCo’s Digital Reinvention program delivered impressive results on the three key measures the company’s leaders chose for the initiative: Same Store Sales (9% higher), Same Store Net Operating Income (12% higher), and total company revenues (11% higher excluding asset sales).



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