SAP Flexible Real Estate Management

Jayant Daithankar

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Guide for Implementing and Optimizing SAP Flexible Real Estate Management Solution

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I dedicate this book to Krishnan Ramanujam,
who is an inspiration to me and many of us,
and to all my wonderful colleagues in SAP Practice for the support they provided.

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About the Author

Jayant Daithankar has more than 26 years of industry and SAP experience with multiple implementations, upgrades, and consultancy engagements for global clients. He is a certified SAP consultant for finance and controlling with strong domain experience in the financial arena; he has multiple professional qualifications at his credit. He has senior-level industry experience in finance, business process re-engineering (BPR), and in the delivery of BPR in large ERP projects. Experiences include domestic and international business development, system integration, change management, strategic planning, RFPs, proof-of-concept management, governance process and system analysis, and application design of SAP processes for customer-specific requirements. He had done multiple implementations of SAP REFX for Fortune 500 oil companies, international airports, and retail companies. He is currently working as SAP Centre of Excellence head for business applications in global IT major.

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Introduction

To succeed in today's global and highly competitive economy, asset optimization in real estate management has become a strategic task. Organizations need to ensure full visibility into their property portfolio, make informed decisions, improve portfolio performance, and reduce compliance costs. Increased global competition has elevated the need for sophisticated solutions for handling changing consumer demands, global workforce management, information management, compliance adherence, leasing management, and property management more effectively. SAP Flexible Real Estate Management (SAP REFX) is a full-featured and integrated solution enabling the effective management of real estate and greater insight into one's real estate portfolio. The application addresses all phases of the real estate life cycle, including real estate acquisition or disposal, portfolio management, and property and technical management.

This book provides insights intended to make the SAP REFX journey more relevant and fruitful. Furthermore, it can help decision makers, such as chief intelligence officers (CIOs) and chief experience officers (CXOs), with the important tasks of creating a business case for management approval and designing a roadmap for the organization. It also provides a comprehensive understanding of what SAP REFX is and is useful for ensuring the preparedness of teams involved in REFX implementation and rollouts. The book explains end-to-end real estate configurations, functional system landscapes, implementation challenges, and post go-live precautions important for optimizing one's investment in SAP REFX.

This book is structured as follows:

Overview of the Real Estate Industry: Evolution and Trends
Master Data Objects
Real Estate Contracts
Accounting
Business Integration
Service Charge Settlement
Sales-Based Contracts
Industry Best Practices
Transformation Impact of SAP REFX Implementation
Step-by-Step Guide for Configuring and Implementing SAP REFX

CHAPTER 1

Overview of the Real Estate Industry: Evolution and Trends

This chapter will provide an overview of the real estate business, its information technology (IT) challenges, and the need for a strong and integrated business solution. The chapter will further provide details on why a real estate business needs a comprehensive IT solution, and on the benefits of implementing Real Estate Flexible Management (REFX). The chapter is divided into the following topics:

- Overview and evolution of the real estate industry
- Need for IT solutions
- Challenges with existing available solutions
- Need for an integrated Enterprise Resource Planning (ERP) solution

Overview and Evolution of the Real Estate Industry

Real estate is defined as "property consisting of land and the buildings on it, along with its natural resources such as crops, minerals, or water." The business of real estate includes the buying, selling, or renting of land or buildings.

The real estate sector assumed greater prominence with the liberalization of the global economy, and the increase in business opportunities and labor migration led to a greater need for commercial and housing space. Demand for real estate is driven by population growth, employment opportunities, income levels, interest rates, and access to capital. The real estate landscape is changing because of urbanization, demographic changes, sustainability, technological changes, and the changed financial system. These changes have major implications for the real estate industry, increasing the size of the real estate asset base via huge investments. The profitability of individual companies depends on property values and demand, which are both impacted by general economic conditions.

The real estate industry has been instrumental in the overall growth of core infrastructure in last few years, and the trend shows a continuance of development globally in all geographies. The conventionally residential housing sector was first to grow, but now development in retail, hospitality, and commercial sectors is occurring at a much faster speed. The growth in the hospitality and retail sector (hotels, resorts, shopping malls, and so on) is also the result of the growing middle class, the changing habits of society, and rapid urbanization. Governments worldwide are focusing more on the development of tourism, resulting in more investment in the construction of hotels, malls, multiplexes, and so forth. Cross-country travel to obtain cheaper medical services has grown medical tourism and has resulted in the construction of hospitals and medical centers. Educational institutions are established to attract students from global markets. The information technology boom and outsourcing to provide low-cost services resulted in a huge investment in call centers.

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