Update on the SAP Real Estate Management strategy, innovation, and roadmap

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Agenda

Strategy
Innovation
Roadmap
Customers cases
Summary
How can you mitigate globalization, sustainability and competition challenges in your real estate business?
Real Estate is an important part of Corporate Functions
These are the challenges of the Real Estate department we hear from our customers

- High manual effort to ensure legal compliance
- Lack of organizational scalability
- No transparent investment planning process in place
- Inconsistent procurement of construction and maintenance
- Projects and maintenance expenditures exceed budgets
- Missed lease and sales opportunities
- Inefficient process flows between involved departments
- Poor cooperation with external service providers and tenants
- Inconsistent reports due to multiple and inaccurate real estate data sources
Solving the issues for the Real Estate department with Real Estate Lifecycle Management with SAP

- Comprehensive legal compliance support
- Fully organizational scalability
- Fully transparent energy consumption
- Transparent investment planning
- Consistent construction and maintenance procurement
- Consistent view on prospects, landlords, tenants, and service providers
- High process efficiency and visibility
- Full control of operational spending
- Consistent property and leasing data
- Close monitoring of critical dates
Real Estate Lifecycle Management Overview

Real Estate Lifecycle Management provides the ability to:

Plan investments and monitor construction projects

Promote vacant space via campaigns, identify leads, and provide lease offers to prospective tenants

Manage leases including postings and rent escalations, sales-based rent and service charge settlement

Manage space including moves and room reservations

Handle work orders for maintenance and repair
Investment and construction provides the ability to:

Collect all investment ideas, approval steps, and decision criteria

Create projects and track budgets, milestones, deliverables, and delivery dates

Electronically invite bids from suppliers, award contracts, handle purchase orders, manage invoicing, and track all planned, committed, and actual costs

Manage all land and building acquisition agreements
Sales and Marketing Solution

Sales and marketing provides the ability to:

Plan campaigns for promoting vacant space
Track and qualify leads
Work on new sales opportunities
Match real estate demand and supply
Provide detailed lease abstract data to future tenants
Tender lease offers
Lease and Space Management

Lease and space management provides the ability to:

- Handle assigned rental space, automate calculation of rents, and provide payment details and reminders of critical lease dates
- Straight-line operational leases for accounting purposes and to handle local taxes
- Escalate rents based on price indexes
- Settle contingent rents and common area maintenance
- Track employee space assignments, plan moves, and manage room reservations
Maintenance and Repair Solution

**Maintenance and repair provides the ability to:**

- Monitor budgets via alerts and sophisticated reporting
- Create, process, and monitor maintenance and repair orders using standard processes that improve service levels
- Collaborate electronically with service providers
- Automatically process vendor invoices
- Report energy consumption and related costs for each facility
- Recover expenses for common-area maintenance from tenants
Real Estate Lifecycle Management connects processes across departments to make better use of your real estate portfolio.
Agenda

Strategy
Innovation
Roadmap
Customers cases
Summary
Real estate lifecycle management
Enhancements to sales-based rent adjustment

SAP ERP 6.0, EHP 6

Solution enhancements

- Automatic adjustment of sales grading within sales-based rent agreements

Key benefits

- Saved time and effort in the adaptation of sales grading
- Fewer miscalculations in sales rules adjustments

Solution today
Real estate lifecycle management
Enhancements to annual budget and adjustment

SAP ERP 6.0, EHP 6

Solution enhancements

- Annual budget supports individual changes by period and amount
- Seasonal planning of advance payments within third-party management
- Option to include complementary budgets

Key benefits

- More flexible budgeting procedure (monthly recording and change service)
- Support of linear and nonlinear advance payments
- Flexible definition of advance payments according to capital needs
Real estate lifecycle management
Enhancements to management accounting

SAP ERP 6.0, EHP 6

**Solution enhancements**

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<tr>
<td><strong>Transfers activity quantities planned for real estate objects to sender cost centers as a scheduled activity</strong></td>
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<tr>
<td><strong>Provides a complete picture of activity demand to cost center during plan reconciliation (balancing of activity supply and demand) and activity price calculation</strong></td>
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<td><strong>Ensures that planned activities are properly displayed in profit center accounting</strong></td>
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**Key benefits**

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<tr>
<td><strong>Plan internal activity usage by business entity, building, land, rental object, or contract</strong></td>
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<tr>
<td><strong>Remove need for internal order to represent real estate objects in planning process</strong></td>
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<td><strong>Remove need for custom reports to combine relevant objects for reporting and lower the total cost of ownership if interfaces change</strong></td>
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Real estate lifecycle management
SEPA-compliant lease accounting

SAP ERP 6.0, EHP 6

Solution enhancements

- Option to maintain a SEPA mandate in the real estate contract that relates to the bank account of the tenant
- Option to relate posting terms of the real estate contract to an existing SEPA mandate
- Payment program checks SEPA mandate for contract postings
- Option to relate in one-time posting to the SEPA mandate

Key benefits

- Compliance with SEPA

Solution today
Real estate lifecycle management
Improved lease administration

SAP ERP 6.0, EHP 6

Solution enhancements

- Proper planning of activity inputs on real estate objects against affected cost centers
- Assignment of the sales-based rent condition to an adjustment rule and adjustment via rent escalation
- Enhancement of one-time postings to handle net amounts and statistical account assignments
- Setting of the option rate on an object level
- Parallel processing of periodic posting and input tax distribution

Key benefits

- Improved management accounting for real estate
- Saved time in updating sales-based rent grading
- Enhanced end-user experience for one-time postings
- Compliance to input tax distribution regulations
- Better system performance
Solution enhancements

- Nonlinear annual budget planning in condominium ownership association
- Assessment-run-based versioning of annual budget in condominium ownership association
- Transfer of all amounts related to extraordinary operations to the appropriate account in service charge settlement

Key benefits

- Improved budget planning
- Enhanced assessment adjustment options
- Improved service charge settlement handling
Real estate lifecycle management
SAP Common Area Maintenance Expense Recovery

SAP Common Area Maintenance Expense Recovery 1.0

Solution enhancements

• Common area master data setup
• Common area maintenance expense recovery

Key benefits

• Full support of business practice in an office and retail environment in the United States
Real estate lifecycle management
SAP Real Estate Management rapid-deployment solution (RDS)

Solution enhancements
- Coverage of real estate core processes
- Easier matching of business requirements and related solution by comprehensive documentation
- Reduced implementation effort by default configuration

Key benefits
- Faster implementation
- Leveraging best practices

**Solution Today**
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Strategy
Innovation
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Roadmap for real estate lifecycle management

Dear participant,

In order to see the roadmap details please refer to SAP Service Market Place (https://service.sap.com/GetTheDetails) and navigate to the “Discover SAP road maps by attending a live session.” area.

The real estate lifecycle management relevant information is part of the “SAP Road Map for Enterprise Asset Management” that you will find under “Line of Business” and “Enterprise Asset Management”.

Best,

Christian Krämer
Agenda

Strategy
Innovation
Roadmap
**Customers cases**
Summary
## Proven customer value through SAP Real Estate Management

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<tr>
<th>Customer</th>
<th>Benefits</th>
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<tr>
<td>Caltex</td>
<td>Mitigated risk of noncompliance with lease contracts, with possibly major repercussions. Made cash flow predictions reliable, eliminating need for buffers for the unexpected. Number of people required to manage real estate portfolio -10%.</td>
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<tr>
<td>Deutsche Anninton</td>
<td>360-degree view of customer documents and contact history. aster working procedures thanks to an integrated ticket system and all-around process support. Improvised first-call access to appropriate processors. Cost savings in the customer care center.</td>
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<tr>
<td>Luxottica</td>
<td>Improved visibility into real estate portfolio. Minimized rent increases. Reduced risk of profitable sites. Gained better control of costs associated with site fit outs. Improved ability to negotiate lease agreements more effectively.</td>
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<tr>
<td>SAP</td>
<td>Automatic compliance with legal requirements. Ease of planning company-wide budgets with globally standardized software. Lower total cost of ownership due to an integrated application. More freedom for core activities thanks to automated processes.</td>
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<td>RPG Real Estate</td>
<td>40% time savings due to data consolidation. More efficient top-down planning, thanks to consolidated data. Faster decision making based on reliable information. Time savings and elimination of errors.</td>
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1. End-to-end support of the real estate lifecycle from investment planning, via construction monitoring, sales and marketing of vacant space, lease administration, and maintenance and repair, to energy reporting.

2. Business process integration into the core business and to other corporate functions including sustainability and accounting and to external parties including service providers and tenants.

3. Safeguarding of legal compliance in the area of financial reporting standards and tenant law, full property portfolio transparency, process automation and organizational scalability.
Visit [www.sap.com/realestate](http://www.sap.com/realestate) for more

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