



## Technology Assessments are critical to business-focused success

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### Introduction

Although the oil and gas industry commands a vast real estate and facilities global portfolio, when compared to annual gross revenue and E&P spending the industry's physical presence often only represents a rounding error on companies' balance sheets. Yet that does not mitigate the impact of these vast holdings on the success of people, processes and equipment that drive core operations - and, as with all aspects of the oil and gas industry, it can only truly meet its mission if supported by clearly aligned technology solutions.

Many companies are recognizing the critical nature of the workplace and investing in integrated workplace management solutions (IWMS) to help streamline services and control operating costs. However, many oil and gas companies still have not. Let's explore why, how they can turn their situation around and the benefits they will derive for the corporate bottom line.

### Organic growth with disconnected results

In most oil and gas companies, real estate technology has grown organically within the individual operating units and, thus, displays a lack of consistency in approach and process standardization. Technology selection has often been left to the end-user since there has been no enterprise-level assessment as to its role or importance in supporting the overall corporate mission. Thus, there may be standalone applications or multiple applications for a single service function scattered across the globe with some work almost exclusively performed in User Developed Applications (UDA) within tools such as Excel or Microsoft Access. Downsides are that these UDAs are not typically supported by internal information technology (IT) organizations, do not have a consistent management approach or data management model and create significant risk of data loss or worse.

On the other extreme, companies that have implemented large ERP systems evidently think that if this technology can handle unified financial management and human resources, it can surely handle real estate. All too often, however, companies taking this approach find themselves saddled with a cumbersome and ineffective platform that will not address core operational needs of the real estate and facilities services organization. As a result, most companies can benefit greatly from a Technology Assessment to determine where they are, whether they have a solid technical platform to support their real estate and facilities investment and whether their technology is aligned with the business requirements.

### **Technology Assessment to achieve the turnaround**

A Technology Assessment must align with the organization's strategic direction i.e., which real estate or facilities management services are offered, the organization's role and how it is measured. If the organization has a strategic direction in place, the assessment will build on that foundation. If not, a multi-year strategy should be developed incorporating goals and objectives, required actions and necessary measurements. In this process, the current business services offered by the organization are evaluated against the strategic plan's goals and a gap analysis is performed to fully understand which business requirements the technology will support. This entails working with senior management to understand their vision, see what they need to report to management and what they need to hear from direct reports so that the strategic goals can be accomplished. Drilling down into the organization by conducting interviews with Subject Matter Experts (SMEs) and/or conducting workshops to see how they handle service delivery is also a component of building a strong strategic direction and thus a solid Technology Assessment.

To this point all the assessment activities are business-focused and product-agnostic. The goal is to fully understand what the real estate and facilities organization needs to do, and if necessary, to define standard business practices, guidelines or Service Level Agreements (SLAs) to support those needs. In concert with this business assessment, a thorough review of currently deployed systems and the integrity of operational data must be conducted. This assessment must include the capabilities of the tool currently in use as well as management of the controls supporting data integrity and operational alignment.

Once the business model and current state of technology are understood, the next step is to define functional requirements of an "optimum" technical solution that addresses gaps noted previously. An assessment of current systems must include an honest review of which ones are adequate but possibly used inappropriately or incompletely, and which tools should be phased out and replaced. In shifting the assessment from the business side to IT the focus moves to defining exactly what data is required, how it must be maintained and managed, what will be supported and what will not.

Next, the assessment turns to determining risks with the current technology deployment. Subsequently, options to remedy certain shortcomings may include redeploying some technology, jettisoning high-risk or old/obsolete technology or looking at full replacement with an integrated solution. These options are derived from the SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, bringing into play how to best address shortcomings and ranking viable alternatives.

### **Road Map for deploying successful solution**

Developing a Technology Assessment requires an understanding of what is and is not possible within a corporation's technology infrastructure. What may appear initially to be a tool ideally aligned with the business needs may in fact not work, or more likely not be allowed, within the controlled IT environment found within the corporation. Therefore, it is critical in any assessment to understand the corporation's IT guidelines, platform restrictions and current enterprise solutions. Creation of a successful Technology Assessment will depend on striking a balance between IT and business needs in order to walk the fine line between restrictions and meeting functional needs to achieve the best business model.

Once the business requirements and technology ground rules are understood, a Road Map can be developed. This Road Map may include enhancements to existing software products, enhancements to hardware platforms, or it may drive the creation of a RFI to select a new solution. A key component of the final assessment, however, is the Total Cost of Ownership (TCO) calculation. This calculation takes into account the total cost of investment (technology, process alignment, training, etc.) and the hard benefits (reductions in operating budgets, efficiencies gained, old system laydowns, etc). Of critical importance in this assessment is the scale of benefits to be realized, directly addressing the old saying "Cheaper is not necessarily better." For example, one proposed solution may cost twice the other but the cheaper Option A may only deliver 40% of the benefits while the more expensive Option B delivers an eye-opening 85% of the benefits. Therefore, in a TCO analysis, Option B will prove to be more economical over the solution's lifecycle.

### **Benefits for companies**

All benefits are actually true for any part of a company and not limited to their real estate/facilities operations. With a business-focused solution and technology implemented or aligned to support the business, costs go down and the opportunity for customer satisfaction goes up. The company becomes a streamlined organization not wasting time or excess personnel chasing data. Information is available when it is needed for making informed business decisions. The staff can now focus more exclusively on doing their job well, which is what real estate management/ transaction management should be all about. Synergism works wonders.

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