

# Becoming a data-led business

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**As data becomes a vital and valuable asset, what can real estate businesses do to understand and make the most of theirs? Dan Hughes, Simon Hughes and Linda Chandler respond**

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Data is being discussed more and more frequently in all aspects of everyday life, whether in stories of its misuse by social media, on the use of data for targeting voters, or about the introduction of regulations for the way personal data is processed. Data is also becoming ever more important to the success of real estate businesses. So every company in the sector should care about the data they hold and know what to do about it.

Data is simply a record of something. It could be a size, a value or a shape, but it is only a representation of something else. This may sound obvious, but it is an important point to clarify. It is also essential to know things about the data, such as:

- who created it;
- how; and
- when.

## Example

We can compare 2 data sets that record the height of houses in a street. On the face of it, these appear to be pretty much the same; but if one measurement was taken by a surveyor using the latest data capture technology last week and the other 5 years ago by someone walking along the road and counting the number of floors, we can see that the 2 sets are very different. Both may be useful, but for distinct purposes. Knowing as much is essential in informing how we can use either set.

## Change in use

Of course, data and indices have been widely used across the property sector for many years, from Investment Property Databank (IPD) indices in the investment markets to [BCIS in construction](#) . But why are we talking about it so much now? There are a few key reasons. The first is the volume of data now being created; an often-quoted estimate is that 90 per cent of all the data in the world has been created in the past 2 years alone. The second is the ever-growing processing power to do things with it, as we can increasingly collect data in new and cheap ways that until recently haven't been possible. More importantly, we can then understand it, and often extrapolate other data sets to give us even more insight.

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The use of data is beginning to change the way we plan, create and use buildings. Things that have not been possible in the past will become so in the future because of our ability to gain new insights from better use of data. For any company to thrive, they will need to understand clearly what data they have, what data they need, and the role that this plays in their offering.

At [LIQUID REI](#) , we believe that there are some initial steps that all property companies should be taking.

1. Understand what is happening in the market, have a structured process to identify the challenges that your business is facing, and then innovate. We take a look at what such innovation means below.
2. It is then essential that data is thought about as part of the wider proposition. A fully formed data strategy, considering how a business uses data and the roles that data will play, will be essential to the successful companies of tomorrow. Assuming that data you have relied on in the past will continue to remain a competitive advantage may not be the right thing to do.
3. We also need to look at the value of data itself. Using it can add value ? for example, by informing better decision-making or increasing efficiency ? but we also need to consider the actual value of the data as well. Again, we will go on to look at the value that can be placed on data.

## **Innovation in real estate**

Discussions are happening now in boardrooms across the real estate sector about digital disruption, technology, innovation and data strategies. Some of the questions that have been asked over the past 12 months are about how best to respond to threats from existing competitors and new market entrants.

How do we do so without affecting short-term performance? What are the right investments to make? Should we invest in proptech? Should we digitalise our business first? The answer is simpler than you might think, and nearly always the same regardless of the question: start by unlocking innovation in your own organisation, while at the same time addressing specific problems that your clients or the market have.

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It's easy to be distracted by the bigger picture of digital disruption, innovative technologies and transforming your business to become properly digital. The organisations that have successfully embarked on this journey have realised that changing the way they provide services is relatively easy, and has more of an impact in the short term. They realise that this is crucial before they commit to investing millions in long-term plans for major change that transform what the organisation provides ? its products and services.

[Amazon](#) , which is less than 25 years old, is a great example. While it is a very different business to most of those in real estate, and much younger and more agile, its culture of continuous, incremental innovation is something that many real estate boardrooms can learn from. To become innovative and agile, firms need to develop an innovative culture and use that to transform the conversations they have with clients.

## **Six steps to innovation**

The LIQUID approach to innovation comprises the 6 steps set out below. These will improve short-term business, cut costs and make efficiencies, while building momentum, engaging staff and proving the value of innovation. Crucially, they foster a culture of innovation and can transform the engagement that businesses have with their clients.

1. **Light the fire:** create space in the day-to-day business to allow staff to generate ideas, provide inspiration on market challenges using design sprints and ideation programmes to innovate.
2. **Establish the impact:** create a series of quick-win, prototype ideas that can be developed as investment projects towards minimum viable products (MVPs) to achieve a quick impact.
3. **Optimise the culture:** start to engage with the markets beyond what is necessary to service your clients. Ensure space is identified in the business to enable people to be agile and innovative.
4. **Create the voice:** let the market know about the changes that are happening ? share prototypes, innovation initiatives and MVPs with your clients, and ensure your innovations can help them overcome their key challenges.
5. **Diversify solutions:** encourage diverse thinking and engagement in the markets. You need to embrace what is different rather than simply talking about it, fostering an environment for agile and innovative thinking.
6. **Lead the market:** be seen by your clients and chosen markets as leaders ? as a credible voice on current and future challenges, offering successful responses.

Transforming the way an organisation provides its services and increases revenues and market share makes it easier to invest in larger-scale transformation of those services themselves. Too many innovation programmes fail because the expectation is that game-changing products or services will be created quickly with minimal impact on day-to-day operations and within the financial constraints of the annual budget.

Making certain that everyone is clear on the business objective of innovation is key to its success, as is the ability to implement the ideas it generates. Ensuring that day-to-day operations are resilient and transforming the way that the business provides its services, although not game-changing, are needed to foster confidence in the boardroom that your programme can achieve the desired results.

## The value of data

In almost every meeting these days, data is the elephant in the room. Amid headlines such as ?Data is the new oil?, businesses are starting to understand that it has an intrinsic worth.

The unarticulated problem in interconnected societies and cities is that everyone needs everyone else?s data. The data your organisation owns or has access to is undoubtedly a limited subset of what you may need to develop or improve services. However, each organisation keeps its data in silos with very limited flows between companies. Once you have identified the gaps, there are further challenges along the way.

1. **Discoverability:** how do I even know what data is out there?
2. **Quality of data:** is it good enough for my purposes, such as measurements of the building heights?
3. **Provenance:** can I trust the source? Only much further down the line do we even think about how much the data might cost to access.

There have been numerous attempts to solve these problems; one is the open data movement, the idea that some data should be freely available to everyone. This

represents an acknowledgement that there is value in data, although it doesn't take into account the cost for an organisation in curating and publishing that data. The concept of open data is behind initiatives such as the [London Data Store](#), through which popular feeds such as [Transport for London's](#) can be accessed to provide apps and services such as [CityMapper](#) with up-to-date information, for example.

However, open data is just one category. Others such as shared and closed data are more problematic because there can be circumstances under which incentives could be provided for sharing data, for instance where the data owner is receiving payment for it from a non-competing organisation.

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In this case, how much is the data worth? Attempts at putting an upfront price on static data sets have also not been particularly successful. Valuing intangibles such as data is difficult since there is no marketplace comparison. However, there are many emerging decentralisation and encryption technologies that show promise in resolving issues of integrity, privacy and apportioning value. These are bringing decentralised data marketplaces into being meaning that applying value to data may happen sooner than we think.

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## **Further information**

- Related competencies include: [Data management](#)
- This feature is taken from the [RICS Property journal](#) (January/February 2019)
- Related categories include: [Document management](#) and [Partnering and supply chain management](#)