

TRIRIGA Success Story: General Electric



General Electric transformed one of the world’s largest real estate portfolios into a highly efficient, high-return operation with TRIRIGA’s Integrated Workplace Management System (IWMS)

GENERAL ELECTRIC

A diversified, \$172B technology, media and financial services company

Industry ▶ Conglomerate	Headquarters ▶ Fairfield, Connecticut
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Highlights:

- General Electric’s businesses include consumer and industrial products, aircraft engines, power generation, water processing, security technology, medical imaging, business and consumer financing, and media content.
- GE serves customers in more than 100 countries and employs more than 300,000 people worldwide.
- GE’s revenues exceeded \$172 billion in 2007, with earnings of \$22.5 billion.
- GE’s facilities and real estate asset portfolio includes more than 6,300 locations with 340 million square feet around the globe.
- GE’s annual lease expenses exceed \$2 billion.
- In 2007, GE’s Real Estate Services Operation (RESO) completed more than 1,200 active transactions throughout the company’s global operations.

“GE is constantly seeking ways to improve our processes, and to change when necessary to meet critical objectives for success. TRIRIGA allows us to be flexible when we need to be, so we can easily address any requirements imposed by any change resulting from our quest for continuous improvement.”

- David Kontra, Manager, GE Real Estate Operations

General Electric is a Fortune 5 company and as a result has one of the largest real estate portfolios around the globe. GE dramatically transformed its global real estate delivery through centralization of the corporate real estate (CRE) function and has placed a large emphasis on data and data management. Throughout the process, GE pushed for an increased focus on controllership, governance and measurements while placing a major strategic focus on real estate asset performance. The company has made great strides toward its objectives, and has laid a solid foundation that will enable it to address challenges of today and those well in the future with its operational requirements, environmental imperatives, and financial results.

To put GE’s real estate services transformation into context, it is helpful to look back on what the company had been doing to manage its vast property and building asset portfolio. In 2002, GE’s real estate organization was completely decentralized and performed independently within each business unit. Each business unit would develop its own portfolio strategy, and execute real estate and lease transactions against that strategy. GE had a limited global view of the real estate portfolio across the business units and the overall utilization rate of assets within the portfolio. This made it difficult for GE to identify inefficient and high-cost properties, and to easily eliminate unnecessary duplication and redundancy in its portfolio in the major market cities it had assets in throughout the world. As a result, GE found that it had redundant, underutilized real estate assets in key metropolitan areas with duplicate IT, telecom, reception areas, and excess support space such as conference and training rooms. The company had no centralized and systematic means to identify these inefficiencies and opportunities to significantly reduce costs.



In 2003, GE began to centralize its real estate operations at the corporate level. The company sought to ensure a consistent, cross-divisional approach to real estate portfolio strategy and transaction support. Today there are now three workplace organizations at the corporate level. Real Estate Services Operation (RESO) supports portfolio planning, real estate transactions, and property data management. Property Services oversees the corporate facilities portfolio, which exceeds more than 300 properties worldwide, from a facilities management, space management and maintenance perspective. The third group, Project Services, has responsibility for management of construction and tenant improvement projects. All transaction activity is handled through RESO. The business units continue to operate their respective facilities relative to maintenance and space management on their own, but turn to Project Services for construction project support as needed.

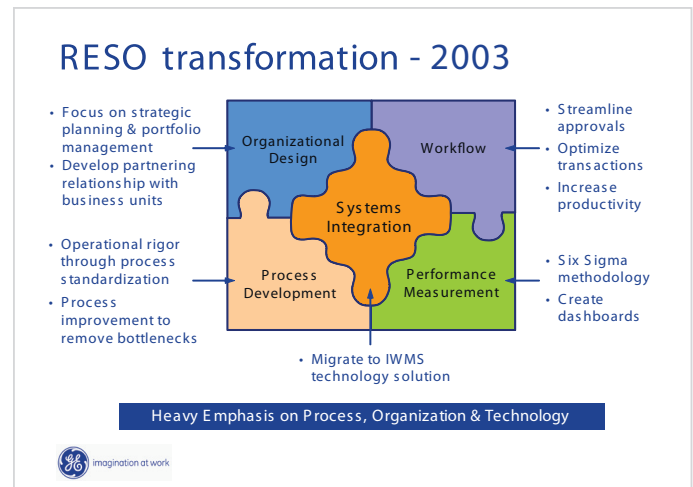
As GE moved forward with this transformation in the areas of organizational design, process development, and performance measurement, GE understood it needed a technology platform to support its real estate delivery around the world. The company sought a technology that could initially provide capabilities in the areas of transaction management, lease administration, and portfolio management while providing the ability to grow into facilities management in the future. The goal was to obtain an end-to-end solution that could be used on a global level while being flexible enough to adapt to a constantly-changing business environment. GE had the following drivers:

- **Reduce costs:** identify and consolidate inefficient and high cost properties and to continue to improve utilization and drive cost savings across the GE real estate portfolio and workplace operations.
- **Improve operational effectiveness:** identify and reduce real estate transaction times from the time of the initial real estate request to the final approval and to collaborate and share best practices for real estate strategies across business units.
- **Consistency:** to create and codify real estate processes, procedure, forms, and reporting across business units to ensure consistent and reliable outcomes for real estate transactions and real estate analysis and reporting.
- **Risk Reduction:** to have a single source of information, system and process to execute and real estate transactions with systematic checks controls to ensure compliance and to provide a single set of robust financial models to analyze and compare real estate performance.
- **Governance:** to have key visibility and oversight to measure and manage the real estate processes and performance and ensure real estate operations and practices aligned with GE policies and objectives.
- **Data Transparency:** single source of real estate information across business units to provide accurate and timely data and uniform and standardized reporting on utilization, real estate costs and real estate returns.

This combination of these drivers led GE to seek a technology to wrap around the company’s real estate delivery process and to transform how real estate services are delivered in the company.

RESO’s Transformation (2003-2006)

The foundation of GE’s real estate services and operations transformation strategy is built upon five key components, as follows (see Fig. 1).



“Workplace Performance and Green Initiatives,” David Kontra, Manager, Real Estate Operations, Real Estate Services Operation, General Electric Company, November 15, 2007

Figure 1.

1. **Organizational design.** The RESO organization has a tight focus on portfolio planning and lease transaction support. There are two key roles within the organization. First, the portfolio managers interface with the business units in the development of portfolio strategy such as consolidations, collocations, and other cross divisional opportunities. Second, the transaction managers report to the portfolio managers and assist in executing individual transactions stipulated by the strategy. In the United States, portfolio and transaction managers support the business units irrespective of geography. Outside the US, RESO is deployed on a regional basis. A key to the organization’s strategy is proactive development of partnerships with the business units: partnerships in which the portfolio managers assume the role of relationship managers or liaisons with senior leadership within the business units.
2. **Process Development.** The second element in the transformation strategy was the development and standardization of critical planning, approval, and operational processes. The driving principles behind process development were twofold: simplification and the removal of bottlenecks. GE’s core competence in Six Sigma techniques and tools was applied in ways that vastly improved and reduced the cycle time required to execute its transaction and financial approvals.

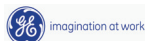
RE reporting & metrics



Reporting Limited to Critical Needs

- Project Executive Summary
- Transaction Tracking Report
- Lease Tracking Report
- Property Spend Report
- Lease Expiration Report
- Lease Abstract Report
- Sigma Analysis

Need for Robust Reporting and More Focus on Metrics



“Workplace Performance and Green Initiatives,” David Kontra, Manager, Real Estate Operations, Real Estate Services Operation, General Electric Company, November 15, 2007
Figure 2.

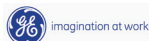
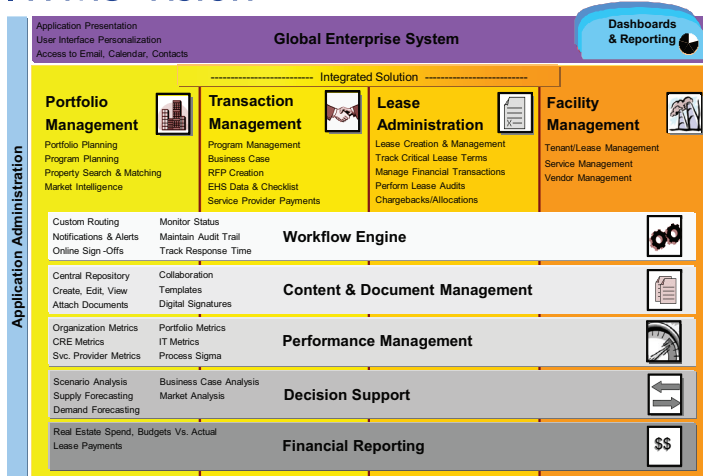
3. **Workflow.** GE’s standardization of workflows brought clarity and focus to the process re-design. By using the workflow tools of the TRIRIGA IWMS solution set, the RESO organization took disjointed, paper-based work documents and redesigned them in digital formats to flow electronically, an improvement that not only recorded critical “tollgate” events and increased visibility of approvals, it improved information transparency and, in turn, productivity.
4. **Performance Management.** GE took advantage of the performance management capabilities of the TRIRIGA solution set to build a series of performance metrics that provide insight to specific aspects of GE’s portfolio operations. Metrics were created for financial performance, cycle time, and even RESO organizational performance. Figure 2 shows an example of the type of performance metrics made possible by TRIRIGA’s IWMS.

Each of the metrics was organized by role and executive level. Senior RESO managers can see portfolio and operational performance at a worldwide level, while portfolio and transaction managers see performance as it relates specifically to their respective portfolio responsibilities (or individual project performance).

A similar performance management capability was created for facilities management operations. Here the focus was on space utilization, maintenance operations including service-level performance, user satisfaction, and various quality measurements associated with Six Sigma indicators.

5. **Systems Integration.** The final component in the transformation story, and perhaps the most significant, is the adoption of TRIRIGA’s Integrated Workplace Management System platform and solutions set. The solution provided the capabilities GE needed to execute and integrate the other four elements of the strategy noted above. In essence, the system fully supports the system strategy, or vision, as depicted in Figure 3.

IWMS vision



“Workplace Performance and Green Initiatives,” David Kontra, Manager, Real Estate Operations, Real Estate Services Operation, General Electric Company, November 15, 2007
Figure 3.

GE's Vision: Centralized Integrated Workplace Management System

GE understood the value of implementing a global system that handled the entire real estate life-cycle within its portfolio. GE required a system that could provide a global view of GE's real estate portfolio across geographies, organizations and locations.

In addition, the system needed to provide intuitive user interfaces and integrate easily with other GE systems such as treasury, billing, email, calendars, and contact management applications.

The system had to include all of the key business functionality to manage the real estate lifecycle—i.e., portfolio management, transaction management and lease administration, lease accounting and facilities management—particularly as they relate to both service and vendor management. And finally, GE wanted a single, integrated data repository that could be shared by all organizations involved and to achieve a 360 degree view of its real estate assets. Given the size and scale of GE's portfolio, the system required enterprise-class workflow tools, content and document management, performance management, decision support (e.g., scenario analysis, market analysis, business case analysis) and financial reporting (i.e., real estate expenditures, lease payments, and budget variance analysis).

TRIRIGA's IWMS application modules address each of GE's specified requirements. The solution's portfolio, transaction and lease management fulfilled each of these initial requirements of GE, followed by additional facilities and project management modules that addressed subsequent requirements. GE plans to upgrade to the TRIRIGA 9 platform with additional plans for installation of TRIRIGA's reserve, facility assessment, and workplace performance management modules. Other enhancements are being considered to improve lease administration, off-line capability, and lease payment functionality, all of which will significantly expand RESO's performance metrics and reporting capability.

GE's Environmental Leadership and the Role of RESO

GE has made no secret of the fact it has adopted environmental sustainability as a major corporate strategy. The company's "Ecomagination" strategy includes more than 45 different products and services related to environmental innovations, including solar, biogas and gas turbines, water reuse and desalination, and energy efficient transportation (i.e., aviation, rail, automotive, marine, and fleet). GE is also developing energy-efficient industrial products such as lighting, appliances, and motors. Even the company's financing products have environmental aspects the company can legitimately include among its growing stable of Ecomagination-driven products. In 2007, GE generated \$14 billion in revenues specifically derived from its Ecomagination strategy, and the company expects to exceed \$20 billion in such revenues in the year 2009.

RESO itself is aggressively implementing a green strategy associated with its portfolio management responsibility. The strategy's initiatives include the adoption of a number of industry standards including the U.S. Green Building Council's Leadership in Energy and Environmental Design (USGBC LEED) certification process for green

building design. GE also adopted the U.S. Environmental Protection Agency's Energy Star standards as deployed by the EPA and the U.S. Department of Energy. RESO has so far executed LEED certification with real estate projects in a number of countries including the United Kingdom, China and Canada, and has LEED-driven projects in Norwalk, Connecticut, and Ontario, California. A particularly innovative initiative RESO engaged in is the development of a "green lease" document that would specify a number of terms and conditions that are more environmentally compliant.

GE's Results with TRIRIGA

GE's real estate transformation has generated more than \$925 million in real cost savings since its inception in 2003. This is the culmination of process improvements, standardization of workflows, reductions in overall space needs, a constant focus on cost, and the adoption of cross-divisional portfolio strategies that resulted in facilities consolidations. RESO's performance gains and the ability to deliver services have clearly been enhanced by the adoption of an integrated workplace management system. TRIRIGA's IWMS platform and solution set provide the uniform database, workflow tools, user interfaces, functional modules, and performance metrics that enable the necessary actionable insight into GE's portfolio management process and performance. RESO management is committed to the IWMS solution and has relied heavily on Tririga to provide substantial improvement in user satisfaction, cycle time and staff productivity.

Critical Success Factors for GE

RESO's Manager of Real Estate Operations, David Kontra, reported a number of key lessons learned from the transformation journey.

- **"Don't boil the ocean."** Kontra explained that it was critical that companies implement an IWMS system over a thoughtful period of time using a phased approach. This deliberate approach ensures that each module is fully installed and tested before moving on to the next phase.
- **"Strive for simplicity."** Kontra stressed the need to streamline processes and the use of this same principle in the design of workflows, performance metrics and usability. He compared his vision for system simplicity to Amazon.com's excellence in intuitive interfaces, such as single-click functionality.
- **"Ensure availability of critical data."** The system must be viewed by users as complete, trustworthy, and accurate, with the ability to retrieve critical information easily, promptly, and seamlessly.
- **"It's all about reporting."** Kontra stressed the need for a comprehensive set of performance metrics and basic reporting that could be generated in a multitude of different views. Don't make reporting an afterthought, as it should be a primary focus.
- **"Change management is crucial."** Kontra emphasized the need to institute best-in-class change management techniques, including top-to-bottom communication, user buy-in, training, system testing, and consistent, persistent leadership at all levels in the organization.



The Global IWMS Leader

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