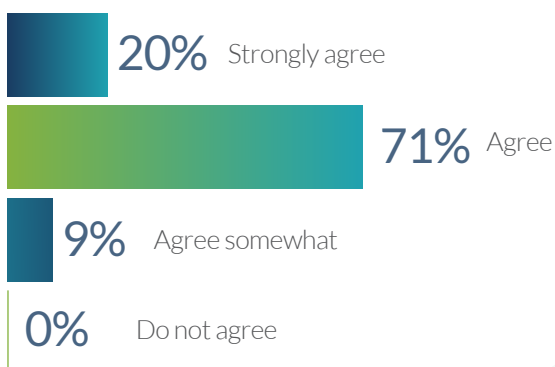




EXECUTIVE BRIEFING

Five Reasons for Digitalizing Payments in Real Estate

According to a study conducted by EY in 2020², the business model of most asset management companies dealing in the real estate sector is already affected by digitalization:



¹ PWC: Real Estate 2020. Building the future.
<https://www.pwc.com/sg/en/real-estate/assets/pwc-real-estate-2020-building-the-future.pdf>

² EY Real Estate Asset-Management-Studie 2020
https://assets.ey.com/content/dam/ey-sites/ey-com/de_de/news/2020/05/ey-asset-management-2020.pdf?download

Digitalization of business-critical processes may be a key differentiator in the real estate market which is becoming more competitive. Especially in growing markets in Asian and African countries, local and regional companies have an advantage. According to PwC, it is likely that some of them will acquire established asset companies with business in the real estate sector from Europe and North America, and, as a result, might become global players themselves.¹ The companies who want to stay need to act now.

Digitalizing finance and treasury processes is important for multiple reasons. Streamlined, automated processes are less resource-intensive and more efficient. Standardized procedures ensure transparency and increase security, as irregularities, accompanying fraud for example, can be more easily detected. Breaking up silos within companies by using cloud-based applications and seamless data flow between different solutions via API facilitates collaboration and makes the collection of data possible.

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Quality data thus gathered is the foundation for disruptive technologies such as Robotic Process Automation (RPA) and Artificial Intelligence (AI) which will most likely shape the markets of the future and are opening up new business opportunities even today.

1. REDUCING COMPLEXITIES

In the real estate sector, the system landscape, especially for property management and control, is usually very heterogeneous. This is almost inevitable because different disciplines with different needs are working closely together. The large number of systems that need to be provided with data, be it for reporting, accounting, receivables management or tenant support, can sometimes also be a burden, as the **complexity makes collaboration across departments** difficult.

The treasury sector can be harmonized easily with a unified payments solution that can integrate with different ERP, HR- and other payment generating systems. This way treasury processes can be simplified. Redundant or inefficient processes that are a result of different interpretations of the same task across departments can be standardized, **increasing transparency and data quality** enormously even after only a short time.

2. INCREASING SECURITY

A central collection point for all payment files generated within the company also helps to **strengthen the overall payment security**. When all people involved in the approval process are working on the same system, it is easier to **enforce segregation of duties**, for example in invoice release and payment release, which should be strictly separated to prevent fraud.

3. STREAMLINING REGULATORY PROCESSES

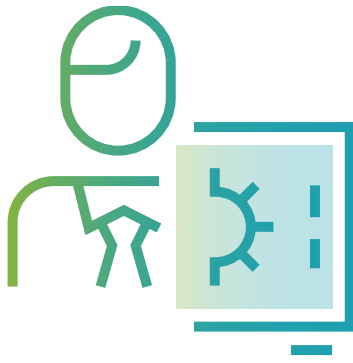
Payments within the scope of property purchases, distributions to investors or unit redemptions may not be made by the fund company alone. It requires approval by the depositary, who is responsible for the securities held in the fund's assets and the operational processing of all transactions with the fund. For the approval process, the **Electronic Distributed Signature (EDS)** is extremely important. Typically, a bank serves as an intermediary for the EDS. A solution that allows **secure exchange of payment files** with the depositary bank before they are executed would make this process much simpler.

Most asset management companies are still in the early stages of their digitalization process and not all of them have a clear roadmap:³



³ EY Real Estate Asset-Management-Studie 2020

https://assets.ey.com/content/dam/ey-sites/ey-com/de_de/news/2020/05/ey-asset-management-2020.pdf?download



4. SIMPLIFYING USER MANAGEMENT

More than half of real estate companies find the collaboration between asset and property management challenging, according to the study by EY.⁴ Any change of property manager (be it a change of personnel or even just a name change) can result in an enormous effort for asset management, who is typically administering the bank accounts, user rights and powers of attorney of the property managers. Without a unified payments solution, property managers all need separate bank access via EBICS. Typically, property managers are working with regular e-banking tools, which means that for each bank there is a separate tool.

With a unified payments solution, users can access all bank accounts centrally. Individual EBICS for property managers are no longer needed. **Signatory rights can be granted and revoked directly on the platform**, which means that it is no longer necessary to draft new contracts with the bank each time something changes.



5. LEVERAGING BEST-OF-BREED

Payments, of course, is only one area of the treasury process that can be optimized through digitalization. Cash and liquidity management, payment transactions, inter-company relationships within the investment structures and bank financing of property companies – is there a solution that can cover all? While there are treasury solutions that promise a wide range of services, setting up a system that can work with the intricate network of responsibilities often found in companies in the real estate sector is often time-consuming. The resulting system colossus is difficult to maneuver, and system innovations cannot be met in a speedy and flexible manner. In the end, all-in-one solutions often tie up more capacities than they streamline and facilitate processes. Especially for expanding companies, this stands in the way of connecting new investment structures and properties.

The best-of-breed approach poses an alternative: Instead of an all-in-one solution, companies can leverage the expertise of specialist vendors. **Best-of-breed solutions are highly customizable and can be tailored to the exact needs of a company.** By focusing on one area at a time, each vendor has in-depth expertise and can offer cutting-edge innovation. Thanks to API and the cloud, seamless data flow is possible. Although the customer is working with multiple solutions, a best-of-breed solution does not necessarily add to the complexity of the real estate sector's systems' landscape. In many cases, different vendors offer joint service frameworks or can help the client find the right vendors for a successful partnership.

⁴ EY Real Estate Asset-Management-Studie 2020

https://assets.ey.com/content/dam/ey-sites/ey-com/de_de/news/2020/05/ey-asset-management-2020.pdf?download

ABOUT THE AUTHOR: TIS

TIS is reimagining the world of enterprise payments through a cloud-based platform uniquely designed to help global organizations optimize outbound payments. Corporations, banks and business vendors leverage TIS to transform how they connect global accounts, collaborate on payment processes, execute outbound payments, analyze cash flow and compliance data, and improve critical outbound payment functions. The TIS corporate payments technology platform helps businesses improve operational efficiency, lower risk, manage liquidity, gain strategic advantage – and ultimately achieve enterprise payment optimization. Visit tis.biz to reimagine your approach to payment

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