

Setting the Standard Straight

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What is OSCRE (or PISCES, if you're British) and how will it help the CRE executive? Rodney Timm reports.

As world economies continue to globalise and CRE executives are expected to operate across continents, one of the most challenging aspects of portfolio optimisation is the monitoring and reporting of portfolio performance based on the wide range and complexity of standards that exist across the globe.

With the increased use of sophisticated information systems by businesses, global performance benchmarks and reporting are expected in real time. This has led to the arrival of the Digital Dashboard for portfolio performance monitoring by key executives. However the ability to map and relate portfolio information across different standards is currently a daunting task.

Across the property development and built environment life-cycle, the different professions have tended to evolve different measurement and reporting standards that are aligned with their own key performance objectives. For example, builders and quantity surveyors focus on gross building area as the basis of cost; developers and investors focus on maximizing rentable area efficiency ratios as the basis of their return calculations; and the users and tenants of buildings focus on maximising their useable area as a function of their total rent as one of their key efficiency measures.

However the relationship and linkages between these measures are not always clearly understood and can vary significantly from one region or country to the next, depending on how the industry professions have evolved. So attempting to create global efficiency benchmarks across a portfolio becomes a real challenge, particularly if data for a digital reporting system is sourced off a variety of lease protocols, construction drawings and other documentation using a wide range of measurement and reporting standards.

Similarly, total occupancy costs have never been well defined and different companies and industries all tend to develop their own interpretations. This is further complicated by various information systems vendors all developing their own variations on the theme.

Linking these into charts of accounting standards from various regimes exacerbates the problem. So in creating global performance benchmarks for total occupancy costs, the real challenge is how to map rental costs, outgoings, tenancy costs, depreciation, ownership costs, IT costs and the like, across standards and methods of measurement and capture all of these into information systems that provide meaningful comparisons.

To be able to report to executives globally in real time in the form of the emerging Digital Dashboards, standards had to be developed. Thus Open Standards Consortium for Real Estate (OSCRE) was born in America and Property Information Systems Common Exchange Standard (PISCES) was born in the UK. At the various stages of the evolution of both of these groups, they were sponsored and supported by most of the leading property and building associations such as RICS, BOMA, NAIOP, Appraisal Institute and IFMA, in America and the UK, as well as various information systems developers and vendors and major corporate real estate users.

Although these two groups were originally operating independently, they are now collaborating in the development of standards across different work groups that each have prioritised. It is important to note that the current thinking by OSCRE/PISCES is not to attempt to enforce the adoption of standards of measurement and metrics globally, but to create mapping processes so that existing standards across a variety of data fields can be equated on a consistent basis.

The OSCRE/PISCES strategic intent is to expand their efforts to encompass Asia Pacific, including Australia. A number of initiatives are taking place to facilitate this process.

OSCRE currently has five workgroups:

- Commercial information exchange, focused on transactions
- Strategy and planning metrics, looking at the primary data elements and required metrics of major users
- Accelerated depreciation
- Capital project handoff, related to the delivery of project and construction related information

- Facility management, covering building operations and management.

In the UK, PISCES has a number of different workgroups:

- Conveyancing and legal services
- Commercial asset management and valuation
- Commercial and residential transactions
- Commercial occupancy cost benchmarks
- Work orders processing
- Investment benchmarking
- Funds management reporting.

Most of these workgroups are still in their infancy, but having reviewed some of the initial concepts, preliminary standards and mapping processes, these initiatives will undoubtedly be of great benefit to all construction, development, and property industry participants.

For information systems developers and vendors, these standards will obviously facilitate the interface between systems and the ability to manage data sourced from a range of standards and applications to be able to report on performance consistently across a portfolio in real time. For the tenants and users of properties, the CRE executive should, in the short- to medium-term, be able to develop performance measures that are meaningful, manageable and consistent, despite the plethora of existing standards, across global, national and regional portfolios.

CRE executives should now start thinking of OSCRE/PISCES, particularly when selecting and evaluating information systems for managing portfolio performance.

In Australia, industry participants and related associations should embrace these initiatives and ensure the necessary input is provided into the existing workgroups, so that we are not overwhelmed by the thinking of others in America and the UK when these standards start being used.

In particular, when information systems from these countries are considered for implementation across Australian portfolios, it is probable that they will be OSCRE/PISCES-compliant in the near future. As an industry we need to assess what other workgroups should be prioritised for this region so that we can take the lead in the development of these global standards and mapping systems.

The whole spectrum of property and construction, including development and investment as well as all the support professions, will ultimately benefit and all should become involved in this dialogue. The drivers of the Australian OSCRE/PISCES initiatives should not become the domain of only a small select group representing the property users and information systems vendors.

To find out more about OSCRE/PISCES go to www.oscre.org or www.pisc.es.co.uk

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