

KEYNOTE INTERVIEW

Taking data seriously



Crafting the right digital data strategy offers the potential to deliver competitive advantages that no serious organization can ignore, say RBC Investor & Treasury Services' Robert Munday and Ashley Payn

Data is transforming every industry, and real estate is no exception. Where investors, developers and tenants may have once followed their instincts, today they are more likely to rely on concrete statistics before opening themselves up to any sort of risk.

New technologies and data-driven business models are helping sellers, buyers, renters and investors navigate a complex market, minimizing losses and facilitating more accurate property valuations. Robert Munday, director of private capital services product, and Ashley Payn, director of data management, analytics and innovation, at RBC Investor & Treasury Services, discuss the growing importance of data to the industry, as well as its accompanying risks and opportunities.

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Q How can businesses craft the right digital data strategy for their needs?

Ashley Payn: Today, nobody working in the digital space can seriously operate without a data strategy. The objectives for this strategy must be threefold: your data is organized, useful and accessible. If this can be achieved, companies will be able to scale in a cost-effective manner.

The pace of digital transformation that we are currently witnessing means organizations can no longer rely on legacy approaches. So much data is

being created and businesses need to possess a strategy that enables them to manage it in a way that is feasible financially.

Businesses also need resilience and robust security to be core parts of their data strategy. You have to employ fine-grained “permissioning” around your data to ensure that only the right people can access it. You need to get your architectural layer right. Once that is in order, you’ll gain the ability to create appropriate data services for your client base.

Robert Munday: Our clients include asset managers and asset owners, and both are expecting more data, greater levels of transparency and faster speed of delivery. The type of investor is

changing, too. The private capital market is evolving with the emergence of hybrid funds where you see more retail investors, in addition to the traditional institutional investors.

Expectations are also shifting as the increasing number of retail investors looks for ease-of-access to their data, including fund performance – similar to what they are used to with their other investments. This is certainly something that managers need to consider when creating their digital data strategies.

Q What functions can and should be automated and how?

AP: Having an architectural foundation in place enables you to look at the processes that are carried out manually and the ways that automation can be applied to these processes. One example would be the use of conversational AI within chatbots to respond to questions that were previously answered by a human agent. You need a developed architecture to understand which questions to focus on.

With automation, you target the questions that are asked most often. By having a digital strategy in place – one that typically employs an application programming interface (API) – you can create a chatbot to field questions from the end user. The chatbot interacts with an API to answer the question and your end user gets the response they want.

This is something that we are currently piloting at RBC Investor & Treasury Services. Our API infrastructure is in place. We have a team within the data management group that has taken two or three of the most regularly asked questions, built a chatbot to field those questions and then tested its efficacy.

Generally, our staff have been very accepting of the increasing role played by automation. Of course, getting people to change their behavior can be challenging. However, if you use



Data and decision-making

AI and data are giving environmental ambitions a boost

A key focus area of RBC's Tech for Nature initiative – the bank's multi-year program to help protect the world's ecosystem – specifically concerns the creation of better organized environmental data to improve sustainable decision-making. One of the partner organizations supported by RBC Tech for Nature is Island Nature Trust, a not-for-profit company dedicated to the protection and management of Canada's Prince Edward Island.

The trust is deploying a new scientific conservation platform that equips community-led natural infrastructure projects with artificial intelligence and mobile technology to ensure scientists, conservationists and policy makers have the data they need to support biodiversity and climate resilience.

technology to ensure that your workers no longer have to field mundane questions, this is going to be welcomed.

Q How can the industry move towards an integrated ecosystem?

AP: We are regularly finding that clients want access to our data. However, they may have their own data strategies and stores, and we could be one of many providers. It is incumbent on us to know what tools we can give clients that enable them to access our data.

Our preference is to be API-led as this is a great way of exchanging system-to-system information. However, API can still be quite a new technology for some of our clients. Their level of digital maturity may be such that APIs aren't something they are ready to use,

so we need alternative tools to give clients self-service access to data.

It is all about data connectivity. From our side, this means making sure clients can access the right data and the tools that match their level of digital maturity.

RM: In terms of the systems available today, ideally you want to be able to present data in a standardized format. But this does not necessarily align with what asset managers are expecting. For example, they may want to offer bespoke reporting as a competitive advantage. So, as Ashley mentioned, we need to be very adaptable to provide the data our clients need and in the format they request it. Meeting self-service requirements is very important for our clients.

“If the industry is to move forward, it needs to adopt more integrated workflows”

ROBERT MUNDAY

And while there are numerous digital solutions available, we must also be aware of the constantly evolving regulatory environment facing our clients and the need to operate within the industry’s regulatory boundaries. For example, AML/KYC obligations are continually increasing.

Software may be available to automate certain aspects of this process. However, we, as the fund administrator, cannot delegate this service. We must satisfy the regulatory requirements that govern the service, including system output reviews, the receipt of original copies of documents and various other activities.

Q What are some of the key trends you are currently seeing in real estate technology?

RM: The fund industry has historically been heavily reliant on software like Excel and Outlook. However, there is generally an acceptance that, if the industry is to move forward, it needs to adopt more integrated workflows and provide stakeholders with ease of access to the data. Again, transparency of data will be key here.

There is also a requirement from clients and investors to have a more timely and detailed view of operational workflows. They don’t want to know where you were a week ago, but where you are this very minute. They need real-time visibility into bottlenecks. They can’t be sorting through extensive

email chains to discover a potential issue. And as long as access rights are set appropriately to safeguard privacy, data can be made available to multiple stakeholders, both internal and external.

AP: We keep mentioning this but self-service access to data is definitely a major trend. Today, there are lots of stakeholders that require access to lots of data.

As we look at data points around client requests, the ability to grant self-service access is essential. It is important that you treat your data assets with respect. You need to properly define your data, create detailed data dictionaries and offer clear service levels.

Q Data is key to unlocking a host of benefits for organizations. What kind of data is generally being collected?

RM: Of course, the collection of raw fund data that details fund performance is really important. Another key area for us is the need to collect data around the due diligence process. When we are opening a new investor’s account, for example, there is a lot of associated documentation that must be collected and, likewise, when we are performing due diligence on new clients.

There are solutions to automate the account-opening and due diligence processes but, as mentioned previously, this is a highly regulated area, so we need to maintain ultimate accountability. This is one of the areas where we can introduce automation, but it is also a question of how it is employed to ensure regulatory compliance.

Q Real estate has traditionally been concerned with reporting and analyzing what has happened, but AI tools are increasingly forward-looking. What impact may this have on the industry?

RM: Certainly, the use of predictive tools is rapidly increasing. The group

that is probably employing these tools the most on the real estate side is developers. They are using predictive analytics for the entire A-Z of their development cycle – from planning all the way through to construction. Developers are factoring in demographics, weather trends and many other metrics derived from predictive tools to gain a clearer look into likely future outcomes.

During the pandemic, real estate developers gained a better view of the limitations of their predictions. These limitations have recently undergone extensive analysis and, as a result, the predictions have greatly improved, providing the capability to more accurately predict cost inefficiencies and other important factors.

A key objective for developers will always be to limit budget overruns, and any way to mitigate such overruns is going to be useful. There are automated valuation tools for this purpose and, as the industry starts to adopt some of the new predictive tools, valuations are becoming more advanced and reliable.

Q Looking ahead, what are some of the opportunities that are presenting themselves in terms of technology use in real estate?

RM: One opportunity that is already visible but is accelerating relates to the residential sales and rental markets. Historically, if you wanted to buy or rent, you would go through a broker or book a physical viewing. This is now moving towards online site viewing, 3D walk-arounds and online valuations.

Landlords and developers are now able to showcase their properties in even more detail through the use of online tools, allowing prospective buyers and renters of both commercial and residential space to be far more efficient when making their decisions.

This is another area where the use of chatbots is becoming increasingly utilized, including the ability to answer basic questions about the property 24/7. ■