

# Harness the power of true integration in real estate management solutions

*IBM TRIRIGA enables faster, more informed real estate decisions to reduce occupancy costs*



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## Highlights

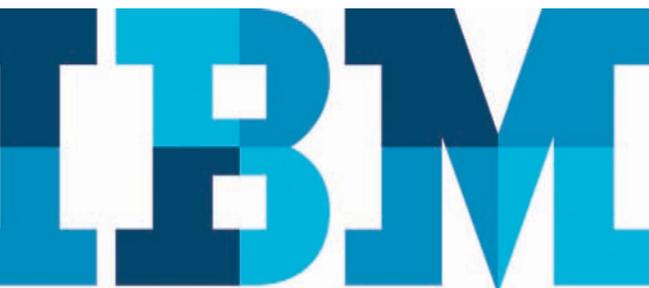
- Make smart real estate decisions faster by identifying high-return transactions and using pre-built lease accounting controls
  - Accelerate compliance with new IASB and FASB lease accounting standards
  - Generate significant financial gains through real-time visibility of current performance and modeling of different future scenarios
  - Streamline the lease payment processes and avoid erroneous overpayments
  - Increase the effectiveness of all types of facilities planning—strategic, master and tactical
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Chief financial officers (CFOs) and financial executives continue to place increased emphasis on real estate as a key strategic asset. Senior executives use real estate to reduce expenses by consolidating or disposing of under-performing locations; to generate top-line improvement in their financial performance by opening new locations; or as a source of capital to fund revenue growth.

In addition, the upcoming changes to lease accounting rules, which will place operating leases on the balance sheets of public companies in Europe as well as in the US and many other countries, will increase the impact of real estate on key financial performance metrics such as return on assets (ROA) and debt-to-equity.<sup>1</sup>

With IBM® TRIRIGA® real estate management solutions, finance and real estate executives can make faster, more informed decisions that bring increased value to their organizations through identification of high-return real estate transactions, consistent pre-built lease accounting controls and automated lease payment reconciliation.

IBM TRIRIGA solutions feature integrated processes and analytics that open up new opportunities for improved real estate lifecycle management in four key areas: strategic facility planning, transaction management, lease administration and lease accounting.



## Strategic facility planning

In today’s economic climate, an organization’s real estate portfolio needs to align with its core business strategy to perform at its best. To achieve high-yield, strategic real estate plans that provide support for core business strategies, many leading organizations utilize a complex decision-support process known as strategic facility planning to understand core business goals and the needs of individual business units—and their occupancy consequences. To help organizations increase the effectiveness of all types of facilities planning—strategic, master and tactical—IBM TRIRIGA delivers unique features that reveal gaps between business demands and space availability; analyze, rank and recommend best-fit planning scenarios; and automate manual and time-consuming processes.

## Transaction management

The greater the rigor of the transaction management decision-support process, the higher the return on real estate assets. IBM TRIRIGA provides the decision support organizations need in order to manage acquiring or disposing of real property more effectively. Through real-time visibility of current performance and modeling of different buy-build-lease scenarios, IBM TRIRIGA can generate significant financial gains.

## Lease administration

Real estate costs represent a top-four cost for most organizations, and rent costs typically constitute the greatest portion of these. In many instances, however, landlords fail to comply with lease terms and overcharge for maintenance, utilities and other expenses. Through automated tracking and notification of significant dates and the validation of invoices against contract terms, IBM TRIRIGA streamlines lease renewals and helps organizations avoid erroneous overpayments to unlock significant cost reductions and increase the effectiveness of lease administration.



Figure 1: Financial analysis within IBM TRIRIGA identifies the balance sheet and income statement impact of leases that results from new lease accounting rules.

## Lease accounting

Although today’s organizations account for operating leases on their income statements, upcoming changes to global accounting regulations will require large companies to account for thousands of real estate property and equipment leases as new assets and liabilities on their balance sheets. This will require companies to deliver new lease accounting and financial reports with a higher degree of accuracy or risk the need for financial restatements. Through its advanced compliance and modeling capabilities, IBM TRIRIGA helps real estate and finance executives manage and audit the thousands of financial assumptions, approvals and data changes they make, ultimately making sure that the balance sheet best reflects both commercial obligations and strategic direction.

IBM TRIRIGA solutions provide organizations with the alerts and information they need to identify high-performing locations, avoid overpayment and comply with new financial reporting requirements.

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### A Global 100 company transforms its real estate operations

A Global 100 company found that it had redundant, underutilized real estate assets in key metropolitan areas with duplicate IT, telecom and reception areas and excess support space such as conference and training rooms. The company had no centralized, systematic means with which to identify these inefficiencies or opportunities to significantly reduce costs.

By implementing an IBM TRIRIGA solution, the company transformed its large real estate portfolio into a highly efficient, high-return operation that generated more than USD925 million in real cost savings over a four-year period. The savings were achieved by the culmination of process improvements, workflow standardization, space reductions, a constant focus on cost and the adoption of cross-divisional portfolio strategies that resulted in facilities consolidations.

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## Improving operational and financial performance

IBM TRIRIGA real estate management software delivers critical features that include:

- Pre-built business analytics to identify under-performing real estate assets, leases and resources
- Pre-built financial analytics to determine balance sheet and income statement impact of the new lease accounting standard, including straight-line and front-loaded expense methodologies
- Simple-to-use decision support to generate the highest returns from real estate transactions
- Automated lease administration processes to reduce payment penalties and overpayments
- Automated critical date alerts and notifications to secure advantageous early termination and lease-renewal options
- Integration framework to streamline the secure data exchange between IBM TRIRIGA and other critical financial accounting systems
- Lease accounting controls and financial analysis to accelerate compliance with new US-based Financial Accounting Standards Board (FASB) and European-based International Accounting Standards Board (IASB) lease accounting rules

## Why IBM?

Part of the IBM Smarter Buildings solutions portfolio, IBM TRIRIGA real estate management offerings are built on a combination of IBM technology innovation, real-world experience in business analytics and optimization, and our extensive IBM Business Partner ecosystem. IBM Global Business Services delivers consulting expertise to bring together business and operational requirements, and IBM Global Technology Services delivers operational and integration best practices. The result is the greater effectiveness and productivity that site-specific real estate and facilities management issues require.

## For more information

To learn more about IBM TRIRIGA, please contact your IBM representative or IBM Business Partner, or visit: [ibm.com/tivoli/tririga](http://ibm.com/tivoli/tririga)

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Software Group  
Route 100  
Somers, NY 10589

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<sup>1</sup> CFO Research Services, "Beyond the Balance Sheet: Assessing the Impact of the New Lease Accounting Standard," January 2012. [ibm.com/tivoli/beyond](http://ibm.com/tivoli/beyond)



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