

Multifacility, Real-Time Software

Online management options

By Kat Shenoy



Thousands of new facilities are added to the self-storage mix each year. The growth rate of new sites, year-to-year, has been 9.5 percent for the last 20 years and, as per estimates, approximately 3,000 new facilities were added alone in 2006. The guiding force behind this rapid growth is capital investments by new entrants and expansion through acquisitions by leading operators in the business.

To sustain growth, multifacility operators have placed emphasis on having professional management teams oversee facilities spread across multiple locations efficiently and bring all the facilities under a single umbrella of corporate governance. Managing multiple facilities has its share of challenges, including standardization of operations across all locations and setting up an enterprise-wide system for quick access to facility data at the corporate office. The best way to do this? Real-time management.

Keeping It Real

If standardization across all facilities is important and quick consolidation of facilities data for generating management summary reports is critical, then real-time management is absolutely essential.

Real-time management can be achieved through management software that utilizes a single centralized database at the corporate office, to which all facilities can connect online through the Internet, allowing all managers to conduct day-to-day transactions. This ensures that data is accessed in real time at all locations.

In this scenario, as soon as a rental operation takes place at an individual facility, the same information becomes available to the corporate-office personnel. The team then can quickly implement operational changes such as a rate change or new promotions to achieve higher occupancy or higher revenues. Real-time management software gives corporate total control over operations of all facilities, thereby allowing it to quickly react to market conditions.

Because real time relies totally on the availability of stable, high-speed Internet connections, a back-up system must be in place in case a facility loses its Internet connection. The back-up system should prevent any facility's operations from coming to a standstill in the event of a lost Internet connection.

The solution is to have a local database as a back-up. It must be constantly updated and in sync with the centralized database. The facilities can thus continue to operate in offline mode in the event of Internet failure; once the connectivity is restored, the offline transactions are automatically updated onto the central database.

Real-time management software requires proper infrastructure with database servers as well as high-speed Internet. Self-storage companies can avoid upfront capital expenditure and ongoing system administration costs by using a third-party hosting

service popularly known as Application Service Provider (ASP) instead of using their own server at the corporate office.

While the ASP model does cut down on initial hardware expenses and reduces ongoing system administration costs, it also raises concerns such as data security because data is hosted on a third-party server. Also, monthly hosting fees charged by the ASP in the long run might exceed the costs of hosting the application in house. Companies that have a good IT infrastructure and competent IT staff should consider hosting the real-time software at the corporate office.

Benefits

The benefits of implementing real-time management software are significant:

- Standardizes and streamlines business processes across all locations leading to highly efficient operations.
- Facilitates have better control of individual facility operations from corporate office.
- Enables quick and easy reconciliation and consolidation of information for all facilities on a daily, weekly and monthly basis.
- Individual facilities no longer need to create reports manually through Excel and send these to the corporate office, where accounting personnel must manually enter the information or generating consolidated management summary reports.
- Facilitates have quick access to latest information for analysis, decision making and plans for higher yield management.
- Leads to increased revenue, reduced costs and improved customer service.
- Allows management to spot trends and seasonal variations thereby allowing quick reactions to market conditions.
- Integration with third-party products/services such as certified mail-label creation, ACH, online credit card processing, insurance and call centers becomes easier.

A Case Study

Headquartered in Columbia, Md., ezStorage Corp. owns and operates 37 storage facilities in Maryland, Virginia and Washington, D.C. The company is expanding rapidly, adding four to five sites to its portfolio every year. It was previously running client/server management software at all locations, which required a manual transfer to corporate office and numerous hours consolidating data for summary reports.

Implementing decisions such as rate changes and introducing new promotions proved to be time consuming and cumbersome because they had to be implemented at individual facilities. To overcome these challenges, ezStorage implemented multifacility real-time management software and centralized the operational control of all locations, which led to real-time availability of facilities data at the corporate level.

In a private interview, Rafael Maldonado, director of technology at ezStorage, spoke on the company's decision to go for real-time management software. Below is an excerpt of his interview.

How relevant is it for a multifacility operator like ezStorage to go for real-time management software?

Maldonado: The self-storage industry is getting more and more competitive

with every passing year. For a multifacility player like ezStorage to stay ahead and remain competitive, agility has always been the underlying factor in the way we operate and manage business. At ezStorage, we believed this agility would only be possible by ensuring the availability of real- or near-real-time information to assist us in our decision making and react quickly to market conditions. Implementing a multifacility

real-time management software was the only way to make this a reality.

When should an operator consider implementing real-time management software?

Once he has more than one facility, he should start the process of evaluating real-time management software solutions. Having said that, a proper cost-benefit analysis must be performed before final selection and implementation. Factors like the number of stores, geography, store size etc., will become part of the equation. As the competition in the technology industry drives prices of hardware and software down and the features and functionality increases, it opens the possibility for smaller operators to implement solutions that were only available to national operators just a few years ago.

What aspects need to be considered by a multifacility operator prior to going for multi-facility real-time management software?

They should evaluate how frequently facilities' data is used at the corporate level and how critical it is to have quick access to consolidated reports, and push changes such as rate changes from the corporate to all the facilities. If the company is planning to offer online reservations, rentals and payments, they're easier to implement with a real-time management software with a centralized database. Availability of competent IT staff is also important, if the real-time management software will be hosted in house at the corporate office.

What sort of infrastructure backbone should a self-storage company online management?

Multifacility self-storage companies will need connectivity between their locations (DSL, VPN, etc.) and their headquarters or central office. They will also need a server(s) and server software, database software as well as security devices and/or software (firewalls, anti-virus, etc.) to ensure data security. For



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smaller operators that have limited or no IT staff, I recommend partnering with companies that provide managed services to implement the necessary architecture without the need of full-time IT staff.

Is it important to have local database capabilities at the facility level?

While the Internet connectivity has become faster and more reliable, we are at least four to five years away from having an Internet connection with a 99.99 percent uptime guarantee. Fluctuations in Internet speed and loss of connectivity happen frequently enough to warrant the need to have a local database as a back-up at the facility level whenever connection to the Internet is lost. For a company such as ezStorage, which is open seven days a week, we cannot afford to be down even for an hour during business hours.

What was involved in your decision to go for online management?

Having consolidated reports based on accurate, up-to-date information was very difficult, inefficient and time-consuming. As we considered our growth strategy, we quickly realized our existing processes would not scale to support our growth. Implementing online management provided us with the information we needed to streamline our business processes, gain higher levels of efficiency and meet our business goals.

Finally, how is ezStorage looking to leverage online management for the growth and success of business?

We are constantly looking for innovative ways to improve the services we provide our customers. We like to stay abreast of technology developments and have no reservations in embracing new technologies we believe will help to take us to the next level. Implementing online management is a step in this direction. Online management will enable us to make informed decisions and react in a timely manner to market situations, and help us grow and remain at the forefront of the very competitive self-storage landscape. **ISS**

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