



Is housing really ready to go digital?

► A manifesto for change

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The UK housing sector is stuck in a technology rut. Ubiquitous connectivity, machine learning and automation are transforming businesses across the economy. But social landlords remain wedded to systems which in too many areas have failed to move on.

Despite endless digital conferences and events there is little evidence housing providers are capable of responding to the challenges and opportunities of a transformed technology landscape. At a time of rapidly falling budgets, tighter finances present the urgent need to reinvent business models, this represents a major unaddressed threat to the long term success of the sector.

Five big failure points

There are five big failure points in UK housing's approach to technology.

▶ **Too often technology is seen as a service to the business and an operating cost to be managed rather than a key element of any business transformation strategy.** As a consequence, core housing management systems have increasingly become commoditised, with little to differentiate them and a focus on lowest price rather than innovation. Businesses see IT as somehow separate from the business and Digital as largely to do with minor changes to sustain existing sub-optimal business processes – for instance channel shift and mobilisation of workforces – rather than a tool to enable more fundamental business reinvention.

▶ **Lack of competition and little significant pressure for business-focused innovation has led to an ecosystem defined by limited product differentiation, walled gardens and inaccessible APIs,** at a time when the wider digital economy is moving in the opposite direction, and at speed. Technology providers are not incentivised to innovate by clients who have little understanding of what might be achievable, and as a consequence understandably seek to protect their business interests in other ways. This brings its own risk as inertia and long term revenue decline in the supplier market stalls innovation and threatens business sustainability.



The barriers to change are too high and opportunities to innovate too few. There are limited examples of housing providers being willing to practically explore radical approaches to managing their stock outside of conventional housing management system-driven paradigms. Where change is attempted, the focus tends to be towards making existing systems work slightly better rather than reinventing them from scratch. In other words, the disruption becoming commonplace across the wider digital economy is entirely missing from the housing sector. Both Board and Exec teams are seeking safety in speeding up delivery of digital strategies that embed existing business models, when it is already clear that much more radical change is needed.



There is little or no understanding of current technology on most boards and senior executive teams. This can lead to a perception that technology is an area of risk and cost rather than opportunity; or alternatively, in the unquestioning acceptance of consultant-driven solutions that may not properly reflect long term business need. More generally, there is too often a lack of leadership expertise in either understanding or challenging the performance of existing technology investment; as well as a lack of appreciation of the potential of new solutions and approaches that might be out there.



Data ownership and governance are neglected issues across almost the entire housing sector. Poor data practices are endemic, with little understanding or ownership of data issues at strategic or working levels within many organisations. Lack of integration between systems, lack of access to effective analytic tools – and where they do exist, little opportunity to deploy them due to the poor quality of held data – stand in the way of any ambitions to turn UK housing providers into genuinely data driven businesses.

Three major barriers to change

There are three major barriers preventing the housing sector from addressing these issues:

There is inadequate visible leadership and accountability for the contribution technology makes to business success. Boards rarely have a board member or members recruited on the basis of tech-literacy or recent experience of technology in a business context. Few if any executive directors have clear and direct responsibility for the contribution of technology to business outcomes – there are very few CTOs, CDOs or CIOs on executive boards anywhere in the sector. As a consequence, where big technology-led decisions are made, it is rarely with a clear understanding of or accountability for what is being commissioned or delivered. And there is little clear accountability at the most senior level for the maximising contribution made by technology to driving business transformation.

To compensate for lack of internal strategic grip and understanding at Executive and Board levels, there is an over-reliance on external consultant-led change. At its best this can help identify areas where businesses need to build their digital maturity and address the key issue of digital leadership capacity. However, it can also lead to hugely costly and time consuming exercises in rationalising and integrating existing systems and processes, when agile innovation might be a more appropriate solution. This represents a fundamental weakness in how housing providers approach technology-led change and a major barrier to the adoption of effective approaches to digital transformation.

Finally, a lack of understanding of the value and use of data is a major issue at all levels in housing businesses. Housing holds a wealth of customer and customer-related data but has somehow failed to leverage this as an asset. Lack of common data standards impose costs and prevent easy integration of data that is held within organisations. And at a time when many organisations in other sectors are transforming themselves into data-driven businesses, housing still relies on crude benchmarking to validate its performance, despite a general acceptance that this offers little in the way of useable insight or value.

How far could digital housing providers go?

What is frustrating about the current state of housing technology is that the business models, understanding and tools already exist to radically rethink housing business delivery. The technology is already there. The question is not whether, but how far, truly digital housing providers could go in delivering radically better and more cost-effective services, should they choose to do so.

Could we create a housing provider with only a very few staff managing a platform for tenants to self-manage their own properties? Or a business driven by comprehensive, accurate real-time data informing resource deployment and business decisions? Do we need to be reliant on conventional housing management system-based infrastructure? A few years ago no-one could have imagined Giff-Gaff or Hive or Uber. Looking closer to home, British Gas' BoilerIQ and similar products stand ready to revolutionise housing and how boiler servicing and repairs are delivered.

As businesses start to preparing for the “post-app era” defined by intelligent agents, cloud based bots and learning algorithms, why are housing providers still focused on channel shift and mobilizing conventional workforces? With machine learning and AI now accessible to almost everyone who wants to explore and/or deploy it, it is hard to justify why some housing providers are still struggling to make sense of inadequate data, poorly managed across multiple systems, often supporting processes rooted in the 1980s and 90s.

Housing has the opportunity to radically reassess its relationship with data and technology. But it doesn't yet have the people or the tools, particularly at the top of its businesses. The starting point for addressing that gap is to ensure board and senior executive teams are equipped to lead housing into a new digital age.

Housing providers have successfully worked to secure financial and development expertise on their Boards, and increasing numbers of finance professionals taking on CEO positions in landlord businesses. This has driven rapid and exciting innovation in funding and finance across the sector and a step change in approaches to development.

Housing providers now need to recognise and invest in effective digital governance as a first step to delivering digital transformation across their businesses.

Turning UK housing digital

If UK Housing is to successfully transition to a new digital era, it needs to significantly increase its organisational digital maturity, focusing on:

- ▶ Digital literacy and leadership
- ▶ Attitudes to technology-led expenditure
- ▶ Approaches to innovation
- ▶ Awareness of and understanding of the latest technology trends and opportunities
- ▶ The use of data to drive business decisions and inform new and more relevant customer focused strategies.

Over the next five years the UK housing sector needs to in particular:

- ▶ Reframe housing technology as a core driver of business transformation
- ▶ Understand that the challenge is not just one of making existing systems marginally more efficient (whether through channel shift and mobilisation of workforces) but by more comprehensively reinvent how housing businesses are structured and delivered
- ▶ Move rapidly towards the development of CTO and/or CDO roles as a core part of every top-tier senior executive team
- ▶ Focus on recruiting Board members from technology-savvy businesses, with the UK e-commerce and technology sector industries increasingly broad and mature, there is a large potential pool of talent to be drawn on.



Starting to fix it: UK Housing's Digital on Board programme

HACT believes that change needs to start at Board level. Housing needs to recruit a new generation of digital leaders. That is why we are delighted to be partnering with technology industry body **techUK** and digital recruitment leaders **Hannington Tame** to launch a major initiative aimed at placing the UK's digital economy on every housing provider board, helping UK housing bridge its "digital governance gap".

The initiative will:

- ▶ Match digital leaders from across the UK technology sector with housing provider boards, delivering a significant increase in digital capability at governance level at a time when digital transformation is becoming an increasingly important issue for many landlords
- ▶ Provide full onboarding support, helping new board members understand the challenges and opportunities within the housing sector, and maximising their ability to succeed in their new housing roles
- ▶ Establish a network of tech-focused housing association board members to ensure that housing providers get the support they need to engage with the major digital transformation challenges that will face their businesses over the next 5 years.

For more information contact digital.leadership@hact.org.uk

Other HACT Digital initiatives for 2017

Digital maturity audit

In early 2017, HACT will be launching a full Digital Maturity Audit service to housing provider businesses, seeking to assess their existing digital capability and readiness to achieve digital change in the future.

For more information contact jay.saggar@hact.org.uk

HACT Launchpad

The HACT Launchpad provides a unique showcase for some of the most innovative and disruptive ideas, products and services on a path to entry into the UK housing sector.

From fresh ideas and innovations to beta projects and fully functional market ready products, the Launchpad enables housing providers to get involved with piloting and beta testing to define the direction of new technology in housing.

To find out more please visit www.innovationlaunchpad.org

Shared data standard for UK housing

To tackle UK Housings' data chaos, HACT is leading a project in partnership with CORAIUK to create a shared data standard and reference architecture for the UK Housing sector. The project brings together a vanguard of housing providers and draws on the successfully established Dutch data standard CORA.

The first version of the standard is due for release towards the middle of 2017. It will enable housing providers across the sector to start to transform the way they manage data from the bottom up.

To join the vanguard or to find out more contact jay.saggar@hact.org.uk