Housing Management Systems: Best-of-breed Vs HMS

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About The Author

Kieran Sullivan is a technical author and software engineer. He holds a Post-Graduate Diploma in Technical Communication and a Masters Degree in Computer Science. As well as writing freelance articles and whitepapers for a number of renowned publications, he also works on EU research projects combining the fields of data science, telecoms and information security. Kieran has previously worked as a journalist in the print media and as an instructional designer. He believes education and training are critical aspects of technological change.

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Mobysoft would like to extend their gratitude to the contributors to this whitepaper:

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1. Executive Summary

This whitepaper examines whether there is a trend by social landlords to move away from using their Housing Management Systems and instead plugging in more best-of-breed applications, whereby the HMS becomes more of a data repository tool. It goes on to further examine the pros and cons of both approaches, whilst also using insight from IT professionals within social landlords, to evaluate which each model delivers. Moreover, it also outlines how social landlords can evaluate which approach best suits their individual organisation.

2. Introduction

Computers have revolutionised the world and, to a greater or lesser degree, all modern organisations depend on a functioning computer/network system. Organisations that manage social housing are no different and they have two main options when it comes to management software:

1. All-in-one systems which host the entire suite of applications that the organisation needs; this is an Enterprise Resource Planning (ERP) approach, with all core business processes integrated onto a single platform and sourced from a single vendor, which for the purpose of this paper will be referred to as Housing Management Systems (HMS)

2. Plug in systems which allow organisations to purchase software from different vendors to obtain the best-of-breed solution for a particular application area; organisations often have more choice and flexibility via best-of-breed but this modular approach means additional integration work may be required

Historically, HMS software is viewed as a heavyweight, all-encompassing solution, whereas best-of-breed concentrates on particular functions and is more lightweight and agile as a result.

Whereas an ERP approach was traditionally at the core of many organisations, a trend in recent years has been to use the main Housing Management System (HMS) more as a repository for data; and in parallel, organisations link best of breed applications to this repository to provide more specific functionality, such as tenant-facing online services.

NOTE: When we talk about HMS versus best-of-breed, we typically mean choosing between a standalone HMS system or a combination of HMS and best-of-breed. If best-of-breed plays a large role in the system, we consider it a best-of-breed system; if the HMS performs the majority of the functions, then we consider the HMS an ERP system. Rather than there being a binary choice between the two, it is more accurate to say there is a spectrum of choices available – you can lean towards HMS or towards best-of-breed, or place yourself somewhere in-between.
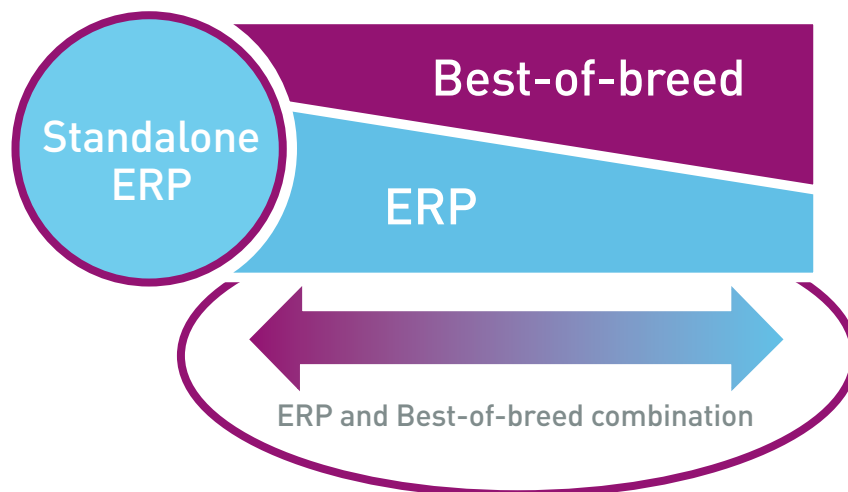
An Internet search will result in countless pros and cons for both ERP and best-of-breed software; these will be in general terms but most also apply to the specific domain of software for managing social housing. Only when individual requirements are available can a decision be made as to where to place your HMS on the above spectrum. Hence, rather than second-guess what is an appropriate approach for any particular social HMS, several general traits are listed below. Later in this document, we present specific questions to ask when trying to decide which approach is best for your organization.

3. ERP Housing Management Systems

Most standalone HMS software vendors offer fully integrated HMSs that incorporate key business processes, including CRM, workflow, repairs & asset management, finance and human resources. All vendors promise a consistent look and feel across the different modules to help staff feel comfortable no matter what section of the system they are working in.

3.1. Overall Traits

- Streamlined processes: operations and services are automated across departments, making inter-personnel engagement and workflow easier

- Data collection: a single point-of-collection means data is easily accessible, via consistent data sets and fewer data silos

- Reporting: an integrated system can respond quickly to often complex data requests; tailored reports for different levels of users are also easy to generate

- Security: larger-scale systems facilitate well-resourced, centralised security processes with more overall control available to IT personnel

- Budgeting: sourcing software products from a single vendor allows full costs of implementation to be considered up-front; additional paid-for features can also be verified at the point purchase

- Regulatory compliance: ERP software ties in well with industrial regulations across several sectors, making compliance audits easier to manage

This whitepaper examines whether there is a trend by social landlords to move away from using their Housing Management Systems and instead plugging in more best-of-breed applications, whereby the HMS becomes more of a data repository tool. It goes on to further examine the pros and cons of both approaches, whilst also using insight from IT professionals within social landlords, to evaluate which each model delivers. Moreover, it also outlines how social landlords can evaluate which approach best suits their individual organisation.

3.2. Sample Vendors and Products

Vendor	Product
Northgate	Housing management solution: "...get proactive, improving tenant support and giving you the insight you need to make better decisions"
Aareon	Integrated Housing Management Solution: "...manage all key process for a modern housing organisation including CRM, Workflow, Housing Management, Repairs & Asset Management, Finance and Human Resources"
Civica	Cx: "...focuses on people as well as assets, and empowers you to work anytime, anywhere, from any device"
Capita	OPENHousing: "...help local authorities and landlords deliver a better service to residents, and gain a clearer view of their business."
Orchard	Housing Management: "...developed through working with a broad spectrum of social housing providers since 1979. We have an enviable track record within the sector of supporting housing operations..."

4. Best-of-breed Solutions

When organisations require a function from their HMS that is either not available or the version is not suitable in its core system, it will plug in a best-of-breed solution to meet that need. As the name suggest, best-of-breed software is one of the leading product in its field. It connects to the organisation's existing database(s), accesses the various data therein, and provides the organisation with previously unavailable capabilities.

4.1. Overall Traits

- Fast implementation: weeks rather than months (or years) to implement due to specific focus of solution and less disruption to existing technology

- Latest industry knowledge: best-of-breed vendors are often more aware of and quicker to react to external technology and social drivers

- Spread risk: if several best-of-breed solutions are in place, the chance of complete system breakdown is reduced since individual failures/attacks are isolated

- Business flexibility: agile applications, especially if Cloud based, align with the nature of customer-facing businesses who may require scale on-demand

- Reliability: maintenance windows will be relatively short for any particular solution meaning lower downtime and higher system reliability

- Competitive advantage: modular design and open APIs allow organisations to quickly add new capabilities for specific groups

4.2. Sample Vendors and Products

Vendor	Product
Mobysoft	RentSense: "…produces a list of tenants, in priority order, that need contacting that week regarding their rent."
HMS Software	TimeControl: "…web-based timesheet designed to serve both Finance and Project Management.
PayProp	PayProp: "…automated payment and reconciliation platform specific to the lettings industry."
AccuServ	Housing Repairs Management Solution: "…plan, manage and report on repairs in order to control costs, drive productivity and deliver effective services."
Curo	CuroApp: "…housing management software application purpose-built for use within the social housing sector."

5. External Trends and Drivers

Housing Associations and local authorities continuously seek to increase efficiencies with respect to the social housing stock they manage. Such accommodation is let at low rents to people most in need or struggling with their housing costs. Management items to be tracked include collection of rent, maintenance and repair needs, and tenant-related information (e.g. accessibility needs, prior addresses, history of payments, etc.).

Software systems in the housing management sector must handle these different types of information. Further, the software must increase efficiency on the managers' side while enhancing services on the tenants' side; these requirements are related, for example, where software allows tenants to pay their rent online, meaning less overhead costs on the managers' side. Savings here can be significant: the cost of processing payments in a call centre are around in person is £20, by phone it's £12, and 12p when done online.

5.1. Welfare Reform and Rent Cut

Social landlords have been impacted in recent years by welfare reform and government policy. When the coalition Government took office and began an austerity drive, welfare reform was high on their agenda and many benefits were either reduced or capped, and a new means tested Universal Credit benefit was proposed to replace six existing means tested benefits – including Housing Benefit.

Typically, a tenant receiving full or partial Housing Benefit does not receive the payment directly – it is paid by the local authority to the social landlord. As Universal Credit (UC) is introduced however, tenants receive the payment themselves and they are subsequently responsible for forwarding the rent to their landlord. This change is rife with difficulties and rent arrears are already rising: the National Federation of Arm's Length Management Organisations (ALMO), who manage housing stock for local authorities, estimate that 89% of UC tenants are in arrears. This compares with 31% of social tenants.

It would be reasonable for social landlords to expect more difficulties with rent arrears in line with the introduction of the Universal Credit benefit (full roll-out expected by March-2022).

The UK Government also committed to reduce social housing rents by 1% per annum from April-2016. The Scottish Parliament vetoed this reduction, and the cut was delayed in Wales, meaning only English social landlords have thus far experienced the reduction.

While the social housing sector faces many challenges, it is arguable that welfare reform and the 1% rent cut are its largest. Savings and efficiencies brought on by software solutions are, therefore, more relevant than ever.

5.2. Digital Transformation and Technology Change

While some tenants will be tech-savvy and others will not, all will have experience of digital transformation – the application of digital technology to all aspects of our society. In terms of the business dimension, digital transformation offers organisations the chance to be more agile, innovative, and client-focussed. It may also lead to opportunities to change the status quo and tap into new information- and service-driven revenues.

Technologies leading the digital transformation include: .

- Cloud – computing resources offered as a utility via the Internet, often replacing on-premises hardware/software

- Big data – large sets of data with the potential to be analysed and mined for information and trends

- Internet-of-Things (IoT) – physical devices, such as home appliances, with embedded sensors all connected and generating/exchanging data

- Artificial Intelligence (AI) – using software to mimic cognitive human functions such as "learning" and "problem solving"

"Digital transformation is happening, but integrating sector-specific products can be difficult. It is common that accessing addition open APIs from the vendor is at additional cost."

Michael Bruton, Sovereign

5.3. Big Data and Predictive Analysis

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Technologies leading the digital transformation include: .

- Healthcare providers analysing data sets to predict possible outbreaks of the flu and then starting an awareness campaign in high-risk areas

- Retailers using historic purchases to target customers likely to abandon a service or product, thereby reducing 'customer churn'

- Motor insurance companies gathering data to build profiles of clients and the likelihood they'll have an accident during a policy's lifetime

"IP and data ownership issues can arise if best-of-breed applications are online, especially with GDPR and answering the simple question, Where is our data?"

Darren Ryland, Longhurst

5.4. Costs

Disparities exist between larger and smaller housing associations when it comes to cash-flow and investments in software solutions. Larger associations tend not to be cash-poor in relative terms and, therefore, they are often more willing than smaller associations to purchase additional functionality if required.

In parallel, smaller associations usually have relatively low IT budgets and smaller numbers of dedicated IT staff. Hence, they veer towards low-maintenance management software that fulfils their specific requirements; often, this means purchasing a best-of-breed solution rather than a higher-cost ERP system.

Budget holders, be they centralised or not, must consider IT staff when deciding to purchase any new software. Those who will be tasked with implementing and maintaining such new solutions must be consulted and help inform the decision-making process. While operations' staff and managers will be aware of required functionality within the management system, in particular with non-performing aspects, IT staff must advise on cost-benefit analysis and the potential impact of deploying additional software.

6. Criterion to Compare ERP with best-of-breed

6.1. Pros and Cons

ERP	Best of breed
Streamlined processes	Fast implementation
Data collection	Latest industry knowledge
Reporting	Spread risk
Security	Business flexibility
Budgeting	Reliability
Regulatory compliance	Competitive advantage

6.2. Nine Questions to Help Decision-Making

With the above summary table in mind, the following questions will inform discussions on ERP-vs-best-of-breed management software:

1. If you need additional functionality or new services, can your existing ERP system be upgraded? Would it be easier or faster to buy a best-of-breed product to meet the additional requirement?

2. Is cost or functionality higher up your agenda? What are the likely impacts of not investing in new software? Will new investment enhance your current HMS, or extend it to offer tenant-facing services?

3. Can you continue to balance ERP and best-of-breed? If you want a more holistic view of your HMS but must also maintain services available only via best-of-breed software, how much integration work will be required?

4. How much IT resources are available? Do you have a permanent, in-house IT team? Are they involved in decisions on purchasing new software? Could they support operational staff if multiple applications, with different interfaces, were in place?

"The best-of-breed software we use doesn't require lots of integration. Our internal IT resources manage any config changes needed."

Darren Ryland, Longhurst

5. If you were to increase the number of housing units you manage or merge with another housing association, could your existing HMS cope? What is the upper limit of your current system? Would it be difficult to migrate data to a new HMS, or import new data into your own?

6. Is workflow streamlined in your existing HMS? Do you need to enter data in several different applications/ interfaces? Are best-of-breed solutions impeding overall workflow?

7. Is your HMS Cloud-friendly? If current trends continue and Cloud use becomes more ubiquitous, can you migrate to the Cloud? Are you aware of GDPR and related regulatory issues around data protection?

8. How do your vendors compare? Can smaller, best-of-breed vendors offer more personalised support? If vendors merge, as is a regular feature in the enterprise software sector, will support services suffer during the transition?

9. Which approach will be more cost-effective in the long-term? Will an ERP system end up costing more if additional functionality is required downstream?

7.   Use Cases

7.1. Balancing HMS and best-of-breed

West Kent Housing Association use an ERP-based system (CRM and EDRM from Castleton) with additional best-of-breed solutions providing extra functionality where required. Integration from feeder systems manages best-of-breed plug-ins to their CRM. Both aspects of their system are required to provide the services they offer. In their experience, best-of-breed software does not require high levels of integration/development, with many configuration changes managed by internal IT staff. The general business view is that risk management is better served by using several vendors. They find that best-of-breed solutions are updated regularly with vendors aware of upcoming trends in the field; e.g. GDPR now being addressed.

7.2. Migrating to a Holistic HMS

Sovereign Housing Association were already out-growing their HMS, comprising many best-of-breed solutions, before they merged with Spectrum. The latter were satisfied with their single-view, HMS system, and the merged entity is now moving towards a more holistic HMS. Best-of-breed will only be used if particular functions are not available within the ERP. The migration to full HMS will be somewhat complex; it will take time to merge various data sets and different individual applications.

7.3. Cloud Integration and Well-Specified SLAs

Cloud integration may be an issue for some software solutions within Longhurst Housing Association. They offer a large amount of services and the IT requirements of each has evolved organically over time, leading to many best-of-breed solutions supporting frontline services. A more integrated system is now desired, and this may prove difficult for best-of-breed vendors whose products have historically been desktop-based. A balance between HMS and best-of-breed will have to be found and compromises will be required. Longhurst use Mobysoft's RentSense product and are very satisfied with how it allows data analysis to drive decisions. All relevant aspects, including Cloud integration and support, are covered in the Service Level Agreement (SLA).

8. Conclusion

8.1. Likely Future Technology Trends

Contributors from housing associations to this white paper all identified General Data Protection Regulation (GDPR) as an emerging issue they must address. GDPR becomes enforceable on 25th of May, 2018, and is intended to "harmonize data privacy laws across Europe, to protect and empower all EU citizens data privacy and to reshape the way organizations across the region approach data privacy." Housing associations hold large amounts of personal identifiable information (PII) about their tenants and data protection is becoming an increasingly relevant issue. All software solutions, both HMS and best-of-breed, must address concerns surrounding data privacy, including the likely impact of a data breach caused by adversarial hackers or human error caused by untrained personnel.

Related to data protection and maintaining tenant privacy are the security issues around Cloud computing. The Cloud offers opportunities for organisations to make efficiency gains by reducing on-site hardware and allowing personnel to access HMSs while on field calls. However, questions regarding storage of data off-site and not under the complete control of the housing association must be addressed. Similarly, while moving to the Cloud is attractive on a number of levels, the migration of data and applications may not be straightforward. It is not simply a technological move either, as people and processes must also change.

Overall, technology will continue to become more personalised. Both housing association personnel and tenants can expect their digital devices to ingrain themselves more into their interactions. This means more intuitive navigation of HMSs, with access expected 'anytime, anywhere'.

8.2. Main take-away messages

- Cloud integration and digital transformation can enable agile workforces and mobile/field access to HMSs

- Government reforms and policy are impacting social landlord budgets which in turn are putting pressure on social landlords to find efficiencies and engage with residents digitally and drive

- The advent of mobile and cloud solutions are driving adoption of best-of-breed solutions across the sector because of their flexibility and short lead times to deployment.

- GDPR is a potential threat to best-of-breed applications primarily because of the location of the data. GDPR will also mean landlords procedures need to comply with the guidelines and the HMS will need to align to the procedures.

- At times landlords may have no choice but to use best-of-breed as the latest technologies are often developed by niche software houses prior to them being delivered within their HMS