**Is Housing Really Ready to Go Digital? – a manifesto for change**

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 and approaches which have successfully computerised the business practices of the 1960s and 1970s, but in too many areas have failed to move on.

There is little evidence housing providers are capable of responding to the challenges and opportunities of a transformed digital world. At a time of rapidly falling budgets and 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 best value for money. 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 – largely focused around channel shift and mobilisation of workforces – rather than a tool for more fundamental business reinvention.

- **lack of competition and any 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 bring 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 few examples of housing providers being willing to practically explore radical approaches to managing their stock outside of conventional “housing management system-driven” paradigms, and where change is attempted, the focus tends to be towards making existing systems work slightly better (often by layering on yet more sub-optimal solutions), 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. Housing 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 more radical change is needed.

- **there is little or no understanding of technology issues on boards and senior teams** – driving the perception that technology is an area of risk and cost rather than opportunity. Lack of internal knowledge leads to a inadequate understanding of opportunities and problems; an over-reliance on expensive consultant-driven solutions, often pushing major change or integration programmes that business are unable either to fully understand or risk assess; a lack oforganisational ambition or confidence in internally assessing the performance of existing technology investment; and 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**  - with poor data practices endemic, a lack of integration between systems, little understanding or ownership of data issues at strategic or working levels within organisations, 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), those housing staff struggling to move their businesses forward find it hard to gain traction and achieve significant results.

**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 of technology to business success.** Boards rarely have a board member or members recruited on the basis of tech-literacy or business and technology experience. Few if any executive directors have clear and direct responsibility for the contribution of technology to business outcomes – there are almost no CTOs, CDOs or CIOs on executive boards anywhere in the sector. That is an anomaly and reflects poorly on a sector that says it wants to change but fails to see what the commercial world has already embraced: that IT and/or data management is overdue a role at the Executive level to help drive business change and transformation. As a consequence where decisions are made, it is rarely with a clear understanding of or accountability for what is being commissioned or delivered.

- **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 their 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 and iterative transformation might be a more appropriate solution. This can be a fundamental weakness in how housing providers do tech and a major barrier to the adoption of effective approaches to digital transformation.

**- finally, the lack of understanding of the value and use of data is a major issue at all levels in housing businesses.** Housing has a wealth of customer and customer related data and an unrivalled opportunity to connect it to other data available to the sector. But somehow the sector has failed to leverage this asset. Tales of poor quality customer data abound the sector and all too often we hear tales of not knowing how many properties or having a complete record of customer information, at a level that is inconceivable in any comparable customer-focused business. The key to providing value and services is an intelligence-led business where marketing and sales is a high focus and businesses are transforming themselves by data-driven strategies based on the accurate, real-time information: this is a gap where the sector needs to change its approach rapidly and radically.

**How far could digital housing providers go?**

What is frustrating about the current state of housing technology is that – outside of housing – the business models, understanding and tools exist to radically rethink how housing businesses might be delivered. The opportunity is there to radically transform business models using existing technology. The question is not whether but how far the more effective deployment of technology could allow housing providers to go in delivering radically better services in a much more challenging resource environment.

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 information driving resource deployment and business decisions? Do we need to be reliant on conventional housing management system-based IT infrastructure? A few years ago no-one could have imagined Giff-Gaff or Hive or Uber. Looking closer to home, British Gas’ BoilerIQ product stands ready to revolutionise housing how boiler servicing and repairs are delivered.

As business starts to preparing for the “post-app era" defined by intelligent agents, cloud based bots and learning algorithms, why are housing providers are 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, why are housing providers still struggling to make sense of inadequate data poorly managed across multiple systems, some of them rooted in the 1980s and 90s?

Housing has the opportunity to radically reassess its relationship with data and technology. But it doesn’t have the people or the tools, particularly at the top of its businesses. The starting point for addressing that gap is to ensure technology and data are owned across board tables and on senior executive teams.

For the last 15 years we have seen housing providers pushed to get 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 raising across the sector and a step change in approaches to development.

The challenge the sector now faces is to recognise and invest in effective digital leadership and governance as a first step to delivering digital transformation across their businesses.

**How do we start to fix it?**

HACT believes that change needs to start at Board level. That is why we are delighted to be partnering with technology industry body TechUK and leading digital recruitment specialists Hannington Tame to launched a major initiative aimed at placing leading players from the UK’s digital economy on every housing provider board, committing to 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 of a network of tech-focused housing association board members to ensure that housing provider boards are equipt to engage with the major digital transformation challenges that will face all housing businesses now and in the future.

For more information contact XXXXXXXXXXx

**Longer term**

Longer term, there is a need for UK housing to significantly increase its digital maturity, focusing in particular on

* digital literacy and leadership
* attitudes to technology-led expenditure
* approach to tech innovation
* awareness of and/or 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

Housing providers need to:

* reframe housing technology as a core driver of the radical business transformation landlords will need to deliver over the next 3-4 years
* understand that the challenge is not just one of making existing systems marginally more efficient through channel shift and mobilisation of workforces but more comprehensively reinvent how business is delivered
* move rapidly towards consideration of the case for CTO and/or CDO roles as a core part of every senior executive team
* continue to recruit 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.

In early 2017, HACT will be launching a full Digital Maturity Audit of housing provider businesses, seeking to benchmark housing providers’ existing digital capability and their readiness to deliver digital change in the future.

For more information contact xxxxxxx