



# Spend Management Automation Saves REIT More Than \$1 Million

**Company:** UDR, Inc.

**Units:** 150 Properties with 45,000 Units

**Location:** Headquartered in Denver, CO.

**Web site:** [www.udr.com](http://www.udr.com)



## **Business Challenges.**

UDR, a leading multifamily real estate investment trust in the U.S., owns and operates more than 150 apartment communities nationwide, representing more than 45,000 units. The company publicly committed to increasing net operating income through greater efficiencies and economies of scale. Therefore, it needed a system to improve efficiencies, reduce costs and save money by better managing the relationships between its property personnel and their suppliers.

## **Solution.**

UDR adopted OpsTechnology to manage and standardize its procurement, purchasing and payables functions.

OpsTechnology allows UDR to:

- Create and approve purchase orders online
- Receive and process invoices online
- Track and manage purchases online

## **Why OpsTechnology?**

- Only fully-integrated solution
- Web-based, so processes and reports are all real time
- Provides complete transparency into site level purchasing activity
- Allows for online purchasing and payment with suppliers

## **Results.**

As a result of using OpsTechnology, UDR has generated:

- Internal Rate of Return (IRR) of 655%
- Accounts Payable savings of \$1.1 million
- Annual cash savings of 2.65% of annual total spend on deliverables
- Total steps from placement to payment reduced from 14 to one
- Payment time cut from 28 days to nine days
- Invoice errors reduced from 12% to 0%
- Payback period of less than three months



# OpsTechnology Delivers Efficiencies that Result in Rapid NOI Boost

**W**hen UDR committed publicly to increasing net operating income through greater efficiencies and economies of scale, it recognized the immediate need for a solution that would automate its paper-laden processes. It needed a system to improve efficiencies, reduce costs and save money by better managing the relationships between its property personnel and their suppliers. According to David Houghton, VP of Purchasing and Corporate Services at the time of the implementation, the company “couldn’t physically pay its vendors in less than 20 days” under the old system, in which it uploaded RentRoll data into PeopleSoft and mailed invoices to accounting to be verified.

UDR now uploads purchasing data and batch payments from all properties to a vendor and transmits one payment electronically to the vendor every few days.

- This process reduces payment time from 28 days to just nine days.
- In addition to saving over at least 500 man-hours annually in accounts payable, UDR is now able to take advantage of prompt-payment discounts by paying in fewer than 10 days from invoicing.
- In addition, electronic bill presentment, order placement and supplier payment requires data to be entered only once, leading to greater accuracy and a decrease in the overall error rate.
- The company’s chief accounting officer estimates that the efficiency of the OpsTechnology solution saves 15 hours of a community director’s time monthly, or 180 hours per site annually. This represents soft savings of about \$4,300 per site - or \$1.1 million in company-wide soft benefits annually.
- In addition to creating dramatic improvements in UDR’s business processes, OpsTechnology has generated major savings by reducing “maverick spending” with non-contract or non-preferred suppliers.
- Other functions, such as spend analysis and improved contract pricing through product standardization, have generated an Internal Rate of Return (IRR) of 655% and savings of more than \$1 million annually.



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