

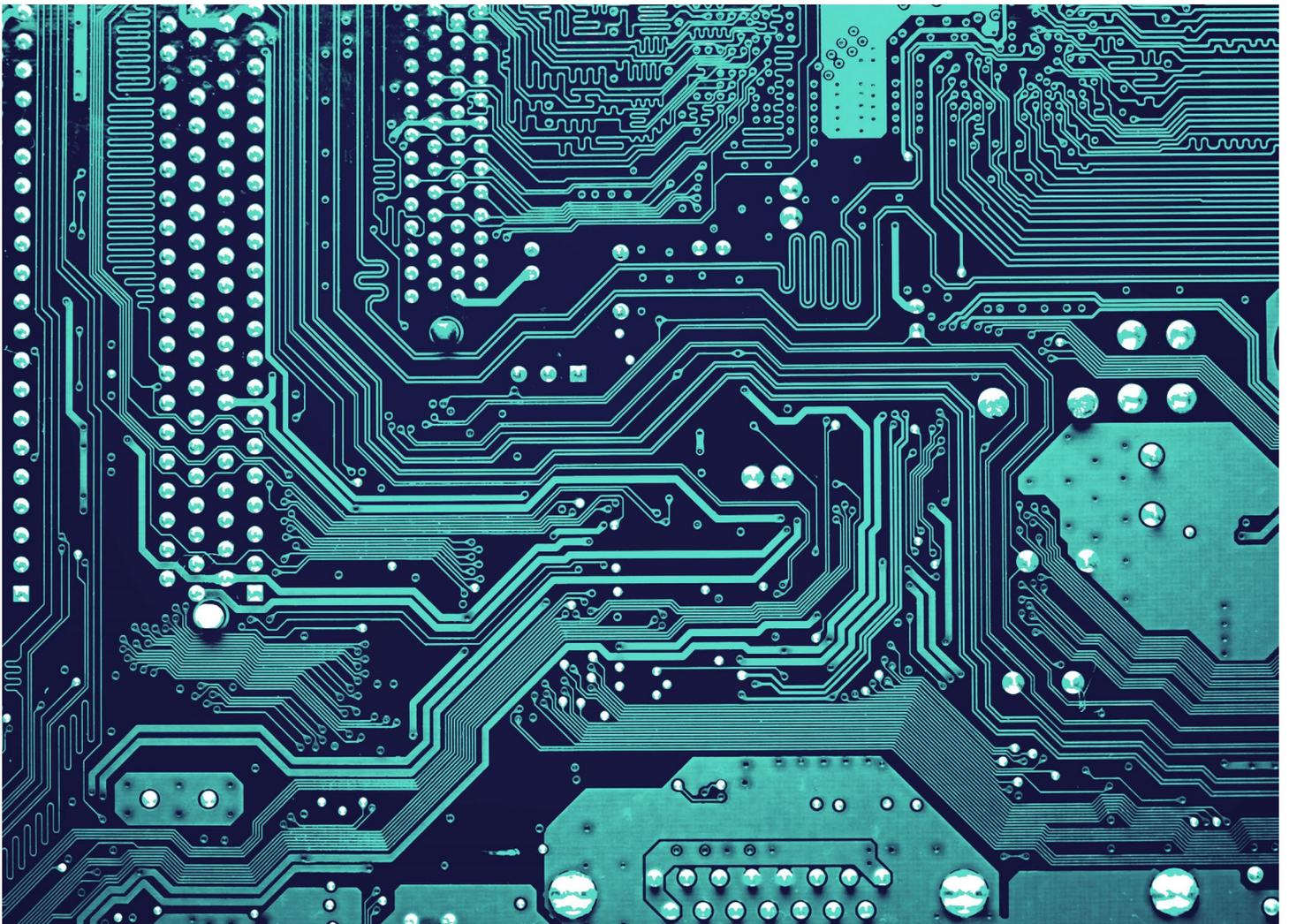
Evolving Workforces

# Digitalisation: the glue in the portfolio blueprint for financial services occupiers

## VIEWPOINT

Well-thought-out digitalisation strategies are no longer an optional luxury for financial sector companies. For those with complex multi-market and multi-asset portfolios, the need for connected digitalised platforms is especially acute.

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## Introduction

Digitalisation is a key ingredient for financial institutions in producing a portfolio blueprint. It not only facilitates other aims such as portfolio optimisation, people and talent, and sustainability, but it also stands as an objective on its own that requires strong governance and prioritisation.

The COVID pandemic accelerated the shift in thinking about excellence in technology towards 'must have' status. This shift is partly a response to navigating the complexities of multi-location work patterns, but it also indicates an acknowledgement of some of the shortcomings of previous strategies.

- In the short-term, there is a recognised need to invest in building technologies that support strategic aims. There is also a widespread perception among senior decision-makers in the financial sector that disruptors such as machine learning and AI could affect the longer-term competitive position, structure, and profitability of this sector more than others.
- So, digitalisation is no longer seen as an optional luxury, but as a core necessity. This is particularly true for financial organisations with complex multi-market and multi-asset portfolios, where the need for connected digitised platforms is especially acute.



Defining core aims and measurable business outcomes is a vital first step – but this is unlikely to be enough on its own. Robust digitalisation programmes also need a clear and rigorous process, governance, and data structure.



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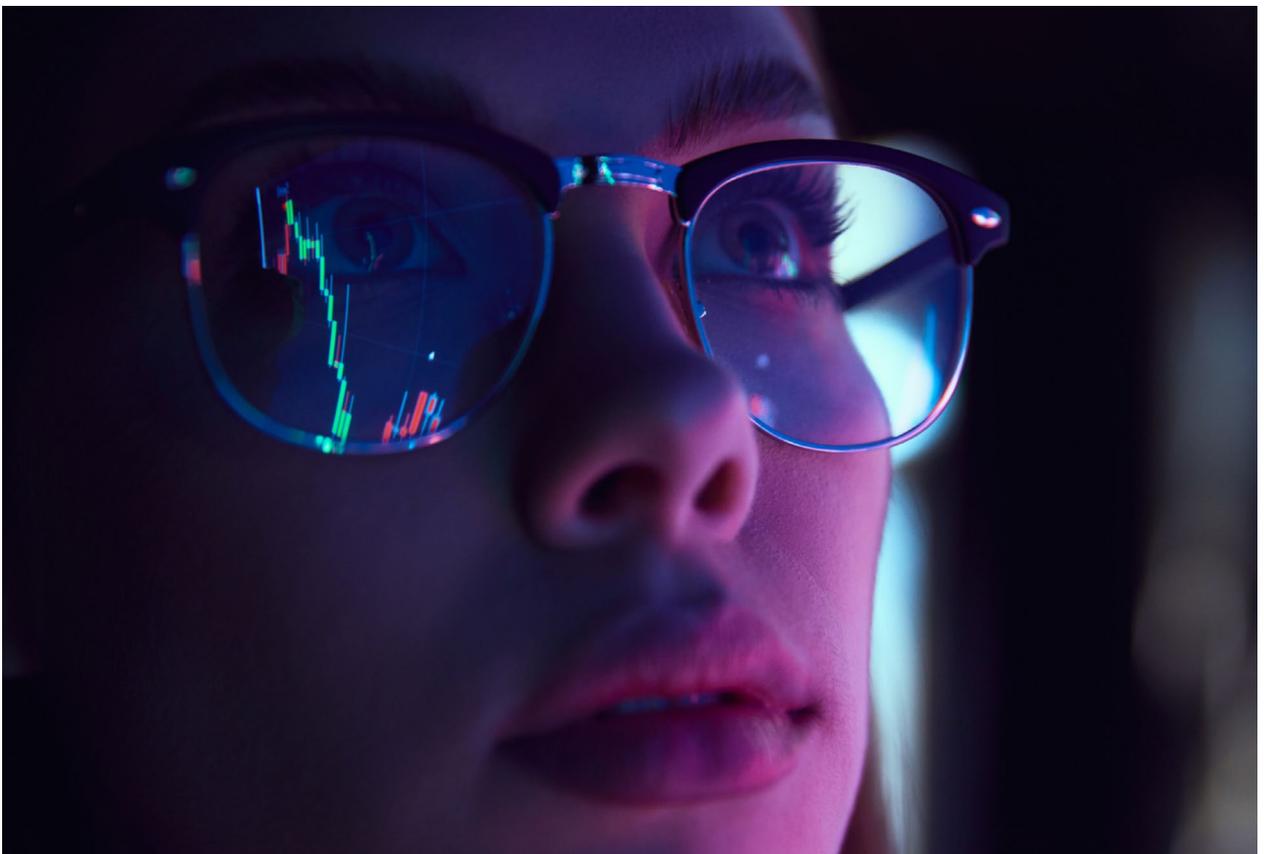
## Why is digitalisation a priority for financial services?

While the drive towards improved digital solutions is not unique to the financial sector, there are some external disruptors that heighten the urgency for banks.

One is the emergence and growth of the fintech sector, which uses technology to streamline or automate financial services. This extends to making and tracking transactions, managing accounts and investments, mobile payments and other activities, thus blurring the lines between finance and technology as numerous previously manual activities shift to online platforms. In several European economies, fintech companies rank among some of the largest banking institutions. Europe accounts for over 25% of the global value of the fintech industry; and the sector [receives a higher percentage of VC capital \(20%\) in Europe than elsewhere](#).

The use of fintech services is particularly high in western and northern Europe, with [mobile banking penetration above 65% in Sweden, The Netherlands, Spain, Poland, and the UK](#). These trends not only pose a competitive threat from emerging online-only entrants such as Monzo, but also intensify the need for financial institutions to accelerate innovation in their core product delivery.

Disruption in the competitive landscape for financial products, the process of delivering those products, and patterns of consumption, are all combining to raise the focus on digitalisation and the application of technology across the sector – including in real estate.



## The anatomy of digitalisation

There are five objectives, either separately or in combination, that most digital strategies aim to meet (See Figure 1):

- Sustainability and carbon reduction targets
- Space optimisation targets
- Improvements in workforce performance and productivity
- Enhancements in user experience for employees and customers
- Improvement in the security (both physical and cyber) and resilience of working environments

People and talent, followed by sustainability, are emerging as the key focus areas among these objectives.

An increasing number of financial institutions are also looking to benchmark their digital offerings with their competitors.

Figure 1: Focus areas for digitalisation strategies



Source: CBRE Digital Advisory

While it is clearly important to establish delivery points for a digital strategy, this is unlikely to be sufficient on its own. Many companies struggle to link digital investments to **measurable value** and, as a result, experience difficulty getting buy-in and from customers and employees. This is one reason why many are shifting towards a ‘business-led’ approach that emphasises outcomes and strategic value, rather than individual point solutions or specific technologies. In turn, this involves organising stakeholders around a common goal, and having a clear roadmap supported by use cases and initiatives. Therefore, devising a robust long-term digital strategy and roadmap requires a clear and rigorous process.

## Designing the process

### Establish a vision

Having a clear vision aligned to measurable business goals and objectives is key for any digitalisation initiative. This may range from digitalisation of day-to-day corporate real estate services, to raising building standards to ‘smart’ level, or benchmarking technology offerings against those of competitors. Whatever the objectives, they need to be clearly articulated and linked to a set of measurable outcomes. This establishes a core business case, and a foundation for engaging and informing stakeholders.

### Recognise the challenges

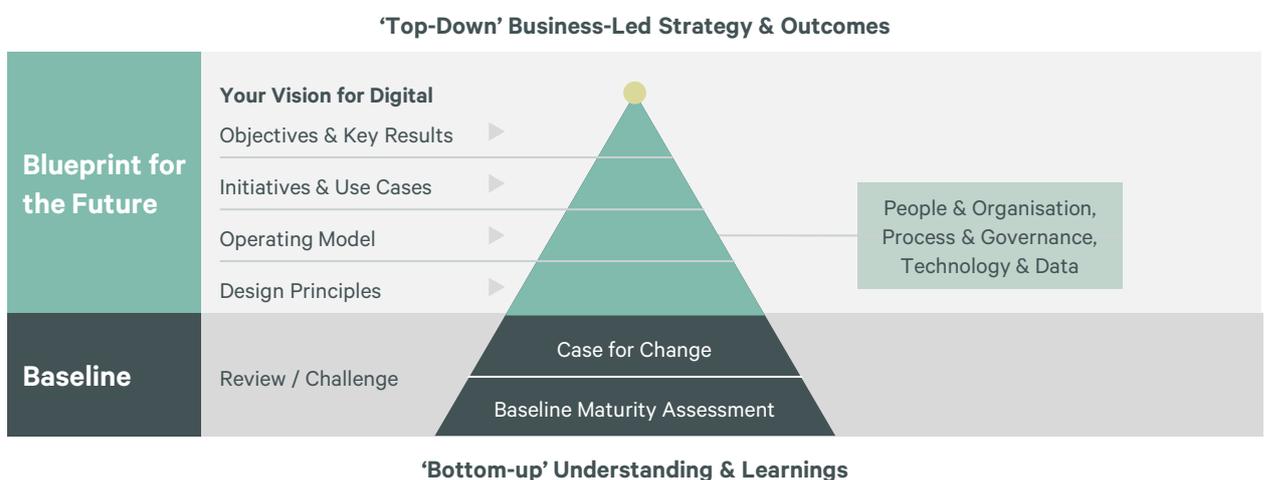
The precise starting point for a digitalisation programme, as well as the specific reasons for embarking on one, vary in every case. However, it is possible to identify some commonly faced obstacles.

- Limited governance and prioritisation process
- Poor cross-departmental integration of occupancy and other data, resulting in significant manual analysis
- Lack of trust in data and outputs, and frustration among colleagues and stakeholders
- Difficulty in evidencing the benefits of technology and therefore in prioritising investment decisions, often leading to under-investment
- A clear and objective assessment of the starting point position, including strategy and value proposition, people and governance, and technology is vital.

### Blueprint for the future

The combination of a clear vision and an understanding of the starting position lays the foundation for outlining and sequencing key stages in the project, forming a blueprint for the future. This typically involves assembling use cases for the key project elements; defining an operating model with clear accountabilities and governance (including specialist third party input where required); data mapping; and identifying key milestones (See Figure 2).

**Figure 2: An organisational framework for digitalisation strategies**



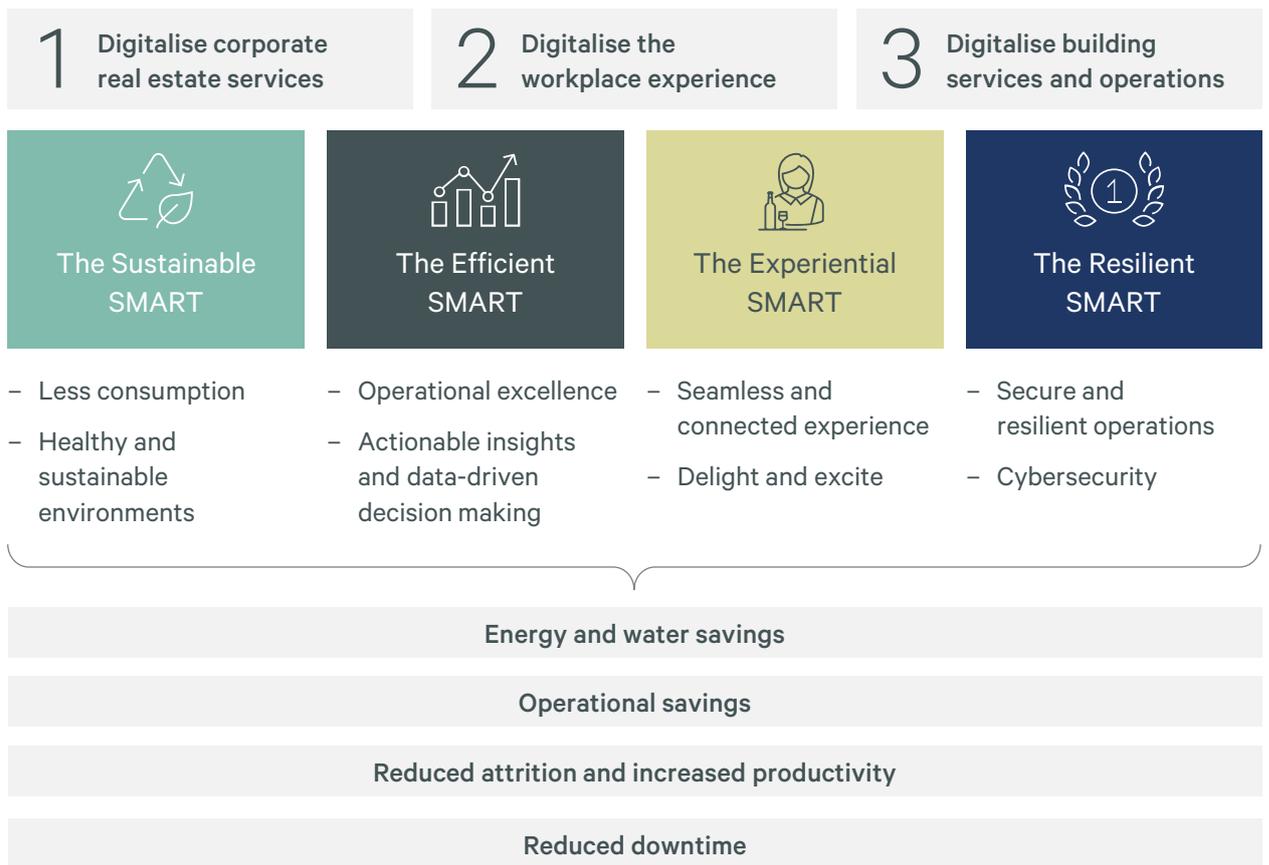
Source: CBRE Digital Advisory

## The drive for smart buildings

As mentioned earlier, digitalisation strategies may have many objectives. However, in most cases, the physical building is the mechanism for achieving these objectives. The resulting drive towards smart buildings, and the integration of building data with other data, is accelerating.

But what exactly is a smart building? The common factor is integrated technology and data, but a building is only deemed truly smart if it supports the objectives set for it. These may span corporate real estate services, workplace experience and building operations – or a combination of these. The key is to identify pre-defined targets and areas of benefit.

**Figure 3: Illustrative smart building typology: aims and outcomes**



Source: CBRE Digital Advisory

## Operations and data

Having a clear strategy and direction at the outset is essential, but the process of selecting specific tools and technologies, and linking them together, is just as important. These may cover:

01	Smart building solutions	04	Experience apps
02	Base build requirements	05	Integration platforms
03	Digital workplace	06	Emerging technology, such as Blockchain, Metaverse, IoT

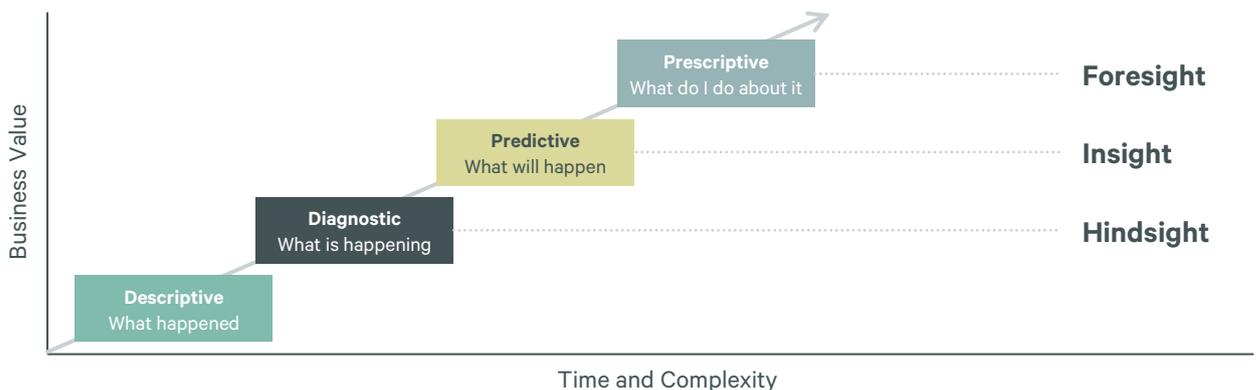
Whatever the specifics, the common factor is the central role of data. Most financial institutions are not short of data, but levels of data maturity and integration vary widely. Often it is confined to retrospective or descriptive operational data. The challenge lies in evolving from mere data collection towards a state of data maturity where integration, analysis, and strategic application become embedded.

As companies tackle issues of data value, we are seeing accelerated investment in technologies to capture, combine, and analyse data for predictive purposes and to inform strategic decision-making. The initial step in this evolution is moving beyond descriptive analytics, which merely outlines what has happened, to a more dynamic approach that anticipates key events. This shift marks a change in mindset enabling financial institutions to not just understand but also forecast service demands, trends, customer needs, and potential risks.

This transition needs accelerated investment in cutting-edge technologies that allow diverse data sets to be captured and combined. Machine learning, AI, and advanced data analytics platforms are at the forefront of this transformation, providing the tools necessary to sift through large-volume data and extract meaningful insights.

With predictive analytics, financial institutions can make informed decisions that are not just based on historical data but are forward-looking and strategically aligned with long-term goals. This level of strategic decision-making is powered by data that is not only integrated across departments but also analysed in real-time.

**Figure 4: Data maturity model: The journey to transformational data**



Source: CBRE Digital Advisory

## Case studies

### 1. Digitalising CRE: Global Bank

Our Digital Transformation team was tasked by a global banking client to develop a digital strategy for their Corporate Real Estate Services (CRES). Our client's CRES lacked a cohesive digital strategy, resulting in reliance on inconsistent data and manual processes, with siloed service lines and outdated systems hindering the achievement of corporate goals. The project involved:

- A comprehensive review, the creation of 14 digitisation use cases, and the development of a prioritisation framework aligned with the bank's strategic objectives.

This led to a five-year roadmap for achieving digital maturity, and a long-term strategy for a best-in-class CRE function. The outcomes included strategic alignment, a framework for evaluating and funding digitisation initiatives, and recommendations for a new digital governance and prioritisation model.

### 2. Digitalising Workplace Experience: Global Bank

Delivering an enhanced workplace experience for clients and colleagues was a core objective for a global bank and identified as a focus area for digitalisation as part of a wider PropTech strategy. Our Digital Transformation team interviewed stakeholders to understand the needs of clients and colleagues across the bank and created a PropTech toolkit for workplace experience. This included:

- Establishing the technology needs that underpin the moments that matter in the workplace
- Articulating what a foundational, aspirational, and transformational technology enablement would look like for each moment

### 3. Digital Transformation of CRE Organisational Design: Global Bank

Following a digital strategy for a global bank, it became clear that the current setup of the CRE function did not enable effective implementation of the digital strategy. Our Digital Transformation team worked with the bank to help them identify the right target operating model for operationalising the digital strategy.

#### This included:

- Establishing a new property technology division within the CRE team that had matrix reporting between CRE and IT
- Introducing new roles and responsibilities, including a product owner role into each area of CRE. This new role is a business owner who deeply understands the needs of their function and works closely with the property technology team

We also established a business case for the technology book of work, and a headcount model to identify the expected time and resources required to deliver against this. This was supported by introducing a new technology value framework that sets the business case and approvals process for technology, by focusing on identifying the value from technology first.

### 4. Enabling Hybrid Working: Major Financial Institution

This financial services institution had established a future of work programme to set out the company's vision for long-term hybrid working. The framework that covered physical, human and digital elements, and a combination of surveys and workshops, was used to establish the digital needs of the workforce to support the programme. This in turn led to a technology blueprint that could be used as a reference point for future developments and to identify where additional investment may be needed.

## Key takeaways

# 1

### **Develop a clear framework for aligning digitalisation initiatives**

with strategic business aims, alongside example use cases and desired outcome targets.

# 2

**Conduct a clear and open assessment of** existing process and governance for digital projects, including any blockers.

# 3

Ensure a robust framework of measurable outcomes, timings and governance that includes **clear identification of roles and accountabilities.**

# 4

Review and, where necessary, adapt data structure with **the aim of enhancing ‘prescriptive analytics’ capability.**





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