

Software Innovators From A to Z Series: The First Edition

by Bruce Richardson

Two weeks ago in [“The Shrinking Software Middle Class,”](#) I asked, “Where will future innovation come from?” The question was prompted by my belief that we will continue to see dramatic consolidation in the software landscape.

The truth is there are still hundreds or thousands of companies looking to provide software to the enterprise—and they don’t have an easy task. In these challenging times, many buyers are even more adamant about centralizing on products from their large, safe ERP vendors. This means smaller firms will need to carefully navigate through an elongated maze of nervous buyers while keeping both eyes on costs and cash.

I have some thoughts on who has a good shot. In this, the first edition of our Software Innovators From A to Z series, we have selected companies based on three criteria: 1) the vendor had to offer a product and/or service that I thought would be of interest to readers, 2) the story had to tell itself, and 3) admission to the list was only open to companies I had not previously covered. Space limitations confines us to three for this piece.

Accruent: Locations, locations, locations

Do you have an effective program for managing your company’s real estate portfolio? How do you track all of the terms and conditions for all the properties you lease? Would you be shocked to learn that real estate ranks as the second- or third-largest expense on your income statement?

Mark Friedman, Accruent’s CEO and founder, stopped by our offices to talk about the business case for real estate performance management. He opened by citing figures, saying that most companies average 18% of their total spend on real estate and 14% on facilities. His goal is to help companies optimize this spending and cut costs by 2% to 5%. That works out to about \$20M to \$50M annually on every \$1B of spending. That more than covers the cost of the software and services and is a magnet for organizations looking for cost savings in a distressed economy.

Mr. Friedman described one actual scenario of a customer, a well-known wireless provider, operating 1,506 retail stores, 93 offices, 63 warehouses/storage sites, 82 switches, 21 call centers, and 40,846 cell sites. To amass this real estate, the customer had collected 52,962 documents, including 6,097 lease documents. There are another 73,128 work orders for facilities management and an estimated 2,000 headquarters moves-adds-changes per year.

Accruent’s lifecycle includes software for strategic planning, capital planning and budgeting, project management, lease and location administration, and facilities management. It uses an offshore data-entry operation in the Philippines to capture all of the lease details.

As you might expect, retail was an early target for Accruent. For more on its work in that industry as well as how it plays surprisingly well in a host of others, see below

Accruent

In retail, real estate performance management vendor Accruent's customers include brand names in department stores, quick serve restaurants, drug stores, office supplies, shoes, electronics and appliances, apparel, and home supplies. But to my surprise, the company has expanded far beyond retail. Most of its 400-plus customers are drawn from healthcare, financial services, manufacturing, energy, insurance, airlines, communications, higher education, and public sector. Recently one of Accruent's customers was in the news for trying to get out of some of its leases. While this occurred after our meeting with CEO and founder Mark Friedman, we would bet that his customer had used his software to figure out his exposure to the penny.

Ironically, while this was my first Accruent briefing, the company has been around since 1995 when Mr. Friedman left the world of commercial real estate. He had realized that the market needed a system to help manage some of the subtleties of leasing, such as whether the landlord can pass through tax increases or make you pay for janitorial services or insurance increases. When he didn't find anything, he started Accruent.