



Long Voyage.
(Possibly a very)
good end.

When the wind sets the course, the journey can still end well.

T.H. Scheer

PUBLISHED: 27 FEBRUARY 2026

I.

The peculiar position

“The identity of a product is not always defined by its architects. Sometimes the market decides — and the architects only discover what they have built after the fact.”

SAP RE-FX has never been a failed product. It has survived, adapted, and remained quietly indispensable to a significant user base. What it has never managed is to answer, with conviction, the question of what it actually is.

That is not an accident of poor design. SAP has always excelled at linear processes — procurement, production, sales — domains where goods are moved, invoices posted, and transactions closed. Real estate does not behave like an industrial product. It is not manufactured, consumed, and replaced. It is an asset that generates value in its own right — indefinitely, if properly maintained. The underlying logic is closer to that of a bank or an investment house than to anything found on a factory floor.

That RE-FX exists at all is therefore an achievement — and one owed more to the quality of its engineering than to the clarity of its mandate. It performs its job very well — at least, that is what we can say as consultants, since no one outside SAP has ever seen the program code. Rumour has it that after fifty years of uninterrupted service you receive a golden card bearing the transaction code that reveals it. No one has qualified yet — although some, on both sides of the consulting divide, must be close.

SAP’s first real estate module — Classic RE, introduced around 1990 — had the advantage of a narrow focus: German residential property management. Base rent, service charges, service-charge settlements, one contract per unit. The move to RE-FX in the early 2000s replaced that specificity with flexibility — the suffix says it all. Multiple units per contract, lease-in as a first-class scenario, elastic enough for divergent legal regimes. But flexibility is a capability, not a direction. The question Classic RE never had to ask — flexible for whom? — was now open and would remain so for a remarkably long time.

SAP’s first attempt at an answer was to extend RE-FX toward the physical reality of buildings — room booking, floor-plan integration via Visual Enterprise, rudimentary space management. The room-booking function travelled a considerable distance across several release cycles without ever really arriving anywhere useful — an Odysseus who never found his Ithaca. These were attempts to find identity through functional expansion. The expansion produced none.

That this question was eventually answered not by SAP but by the circumstances surrounding it is perhaps the more instructive observation. Within that pattern there is a notable exception. It requires a discussion of its own.

II.

The identity problem

Specialised real estate software usually knows what it is. Yardi, the global market leader in property management, serves landlords — and everything in its architecture reflects that singular focus. At national level the picture is sharper still. In Switzerland, specialised providers cover residential management with a depth that includes the legally mandated indexation mechanisms required by Swiss tenancy law — processes that must be built from scratch in RE-FX. It is an old problem in software: open the product to everyone, and you risk losing home markets to those who never left.

But this is only the landlord side — companies whose core process is to hold real estate and profit from it. On the other side of the equation sit the corporates — organisations for whom real estate is, after payroll, often the second-largest line on the balance sheet, yet never the core business. The same company can own production sites with untapped letting potential while simultaneously leasing hundreds of branches simply to function. Substantial exposure on both sides — and one that, for much of its history, was not recognised at board level for what it represented. One might note that this particular blind spot was not limited to customers.

Two audiences, then. Real estate companies for whom letting is the business. Corporates for whom real estate is a cost to be managed. RE-FX was able to serve both, in configurations so different they barely resembled each other. And a question SAP never answered with a deliberate strategic choice: who is RE-FX actually for?

The answer, when it finally came, would not come from SAP.

III.

IFRS 16 and the compliance that shaped RE-FX

International Financial Reporting Standard 16, mandatory from 2019, changed the balance-sheet treatment of leases in a way that was transformative for RE-FX. Where operating leases had previously been recognised as periodic expenses in the income statement — a monthly outflow and little more — IFRS 16 required their capitalisation on the balance sheet: right-of-use assets, corresponding liabilities, depreciation schedules. What had been invisible to investors and analysts became visible overnight.

For RE-FX, the consequence was immediate. Companies that had never thought of themselves as real estate actors were forced to behave like one. Fleet operators, retailers, logistics firms, professional services, manufacturers, banks, insurers — all suddenly needed a system to model, calculate, and report lease obligations at scale. RE-FX, already embedded in the SAP ecosystem, was the available answer.

It should be said clearly: IFRS 16 did not validate RE-FX as a product. It rescued it as a platform. The identity question — lessee or lessor, real estate company or corporate, or even a chimera of both — was not resolved. It simply became less urgent. The compliance use case displaced the strategic one, and RE-FX became, for a large part of its user base, a lease-accounting engine with a great deal of unused capability sitting quietly alongside.

The conclusion is hard to avoid: RE-FX's current position was arrived at more than it was chosen.

IV.

Planon — The right decision

SAP's announcement of a global partnership with Planon in 2023 was, for many in the industry, a strategic surprise. It need not have been.

The underlying logic is right — perhaps overdue. Facility management, space optimisation, maintenance workflows, CAFM, IWMS: these are operationally intensive, spatially granular domains that require interfaces built for operators on the ground, not back-office administrators. The decision to delegate this to a specialist rather than keep developing it in-house is, on its merits, the right one.

Both parties keep what they do best: SAP keeps contracts, postings, valuations, and compliance logic. Planon keeps operational granularity. The bet is asymmetric — and it is a good bet.

The more interesting question is what SAP does with what remains.

V.

LUM — The diamond in the drawer

If the Planon partnership represents SAP's most visible recent decision in the RE-FX landscape, the Land Use Module represents its most conspicuous non-decision — and, on closer inspection, the more consequential one.

LUM records that a parcel of land exists, what sits on it, and who is responsible for it. Administrative history is maintained down to the *Liegenschaftsbestandsverzeichnisfortschreibungsbeleg*.

The need it addresses is not German. It is universal: road authorities, railway companies, utilities, telecom operators, former state monopolies, national infrastructure portfolios — on every continent.

A modular, country-adaptable system is not a vision. It is an engineering task. And not a particularly large one.

VI.

What remains

The remaining question is whether SAP can invest in what it can do with the same resolve with which it has delegated what it cannot. These are not the same skills. The first is risk management. The second is vision.

LUM is not a problem to be managed. It is a product to be built — modular, adaptable to each country, and aimed at a global market that currently has no comparable offering within any of the major ERP ecosystems. The engineering effort is modest. The addressable audience is not. The diamond is in the drawer.

Legal notice

This article does not constitute legal, tax, or investment advice. The content is for general information only and reflects the author's personal professional assessment. Metaneering S.à r.l. accepts no liability for the accuracy, completeness, or currency of the information provided.

T.H. Scheer

The views expressed in this article are solely those of the author. The author is not affiliated with, employed by, or formally associated with SAP SE. This is not an official SAP publication. All product names mentioned are trademarks of their respective owners.

© Metaneering S.à r.l., Luxembourg. All rights reserved.