WAV Group

2016 State of Data Sharing

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The Current State of Data Sharing

The world we operate in is getting smaller and more connected every day. Now that the real estate market is solid again, brokerages are reaching out and expanding into new markets. Consumers are getting more sophisticated and expect their agents to be able to provide them access to all listings in their region. Homebuyers don't care that there may be more than one MLS in the region where they live. They just want ALL of the listings available in their area from their agent.

WAV Group thought it would be interesting to take a look at the state of data sharing today. Due to increased focus on consolidation opportunities, data sharing has not gotten as much press recently as it has in the past, but there are many regions where it is alive and well and solving important business challenges. Many of our MLS/Association clients are considering data sharing initiatives so we thought it might be helpful to interview those that are already involved in data shares to help future data sharing programs.

What Are the Reasons to Enter into a Data Share?

Before considering a data sharing initiative, Associations/MLSs need to take a look at their market and see if there are strong reasons to consider data sharing. There are few markets today that do not have a need for some sort of data sharing effort.

Broker Data Challenges

Some brokers operate in multiple MLS regions. It becomes quite cumbersome to aggregate information from multiple MLS regions to use data for internal purposes or for display on a broker website. The process of data collection and display becomes even more complicated when neighboring MLSs have inconsistent IDX display rules.   Brokers are forced to go to the lowest common denominator, giving us valuable opportunities to make their website valuable to potential homebuyers.

To make matters worse, some MLSs are not yet in compliance with approved IDX rules like solds, pendings and co-mingling of data from multiple MLSs. In these cases a broker has to spend time challenging out of date IDX rules instead of focusing on delivering the best online experience they can.

Brokers just want to provide the same level of data available via third parties in their region. Without a data share in place, this process can be quite time-consuming, cumbersome and costly.

In markets where large brokers represent a large percentage of the listings the need for data sharing can become quite significant. We work with one brokerage, for example, that operates in 58 MLS areas. They need an entire staff dedicated to data aggregation and normalization just to operate their website. Data sharing would greatly simplify their technology infrastructure.

Duplicate Fees

In some markets, agents must pay to be a member of multiple MLSs to display their listings throughout the region. In the worst examples, as many as 80% of the agents are paying for dues in more than one MLS region to get access to the information relevant to their local businesses. If even 15% of your members need to pay duplicate fees to operate effectively, it's time to look at a data share.

More Powerful Regional Consumer Marketing

Many brokers today are committed to providing the same scope of information on their websites that a consumer can find on third party sites. Consumers don't care that one MLS operates on one side of the "river" and another operates on the other side. Consumers regularly commute into the city from the suburbs and want to be able to look at homes in the city and the suburbs from one location. In these situations, many agents have to join more than one MLS and then

roll-up the information from several MLSs just to provide a full data set to their clients and customers. If one MLS does not cover the entire "natural market area" data sharing may be way to help a consumer get access to all of the relevant information.

Overlapping Market Disorder

In some markets, agents enter their listing into more than one MLS to address some of the issues outlined above. In these cases, sometimes the timing of price updates or status updates are not in alignment from one MLS to another. Duplicate listings can appear on websites or consumers will see different information about the same property on two different sites. That does nothing but create confusion and concern about the professionalism of the real estate industry. In situations like this, the industry is encouraging a consumer to go to a third party that has de-duped the multiple feeds they have received instead of going to a broker website or MLS website.

Specialty Real Estate Access Needs

There are some cases when a real estate professional that specializes in a specific type of property may need broader data access that they can get from their home MLS. We worked with a group in California, for example, that was looking for a way to access Vineyards and Wine Estates throughout the state. They did not want to have to join multiple MLSs to look at the wine properties available in every MLS across the state. They wanted access to a broader range of geographic territory than their local MLS provided to them AND that they could provide to their clients.

Consolidation That Isn't Happening

In some regions of the country, there have been unsuccessful efforts to regionalize and consolidate MLSs for many years. Many data sharing efforts have been borne out of the need for broader data access, often due to the unwillingness of the local organizations to create a regional MLS operation, based upon legacy issues such as politics, and differences in pricing.

Encouraging Referrals and Better Client Service

Many MLSs across the country see the opportunity to open up business opportunities with data sharing. For example, if an agent has a client that is moving from Northern California to Southern California or even from Silicon Valley to San Francisco, agents want to be able to serve their client with a warm hand-off to a local agent they can refer business to. Agents also want to be able to help their clients and customers conduct research in a new area and provide them the same scope of real estate listing information they can find on third party sites.

The naysayers believe that broader data access will not only curtail consolidation efforts, but also encourage an agent to go sell in an area they are not familiar with. The NAR Code of Ethics does not

allow for that, however. In markets with broad data shares in place this fear has not been borne out. Agents sell in the areas they know. They use data shares to expand their market knowledge and service they can provide to their clients, not to start selling in areas where they are not experts.

If your region experiences any of the factors listed above, then you may want to take a serious look at how data sharing might address the issues your members face.

What Types of Data Shares Are Available?

In preparation for writing this guide we reached out to several MLSs and Associations that are currently engaged in varying types of data sharing programs. Their perspectives and logic for why they chose the path they chose is included. All data sharing programs are not created equal and do not provide the same services. We have built a quick data-sharing guide to help provide an overview of the data sharing approaches available today.

Reciprocal Access

This is the oldest method that has been used in the industry for providing access to the listings database of another MLS via a link. The user clicks on the link and then gets "VIEW ONLY" access to properties. The guest user of

a reciprocal access link can view listings, but cannot use auto notifications or save searches like they can in their home MLS system. Users of a reciprocal access link cannot enter listings. A user can send emails to themselves and then forward links to the client, but users cannot set up direct access for their clients.

This somewhat rudimentary system is still offered by some MLSs, but many have moved away from it and have opted for more interactive and comprehensive approaches. Those that I interviewed told me that the usage was pretty minimal for these types of systems so they evolved to an approach that allowed the agent to interact more completely with the information.

Even though it is not as fundamental an option as other approaches, there are still many MLSs that offer this approach today. Some use it as a way to test the waters for the potential need and usage of a more fundamental data sharing approach.

This type of reciprocal linking approach is available from most MLS system providers today.

Shared MLS System

Many MLSs started with a reciprocal link and then evolved into another approach like using a Shared MLS system. NORMLS and CRIS MLS in Ohio share a Matrix MLS system, for example. Subscribers of both organizations enter their listings into one system. Users of the system can view all listings from both MLSs seamlessly in one place. Access to the NEOHREX data share programs covers 36 counties. The database contains over

one million listings dating back to 1991.

In the first stage of the NEOHREX data share, the group first chose an MLS system that was offered by just one of the two MLS organizations.

While the combined data was appreciated, the program worked better once the group moved to a new MLS system that was chosen by both groups. Members of NORMLS and CRIS MLS can now view listings from both MLSs within their own home MLS system. The two organizations co-exist nicely, but the shared MLS system provides a much richer data set for their members making both of their organizations more relevant and valuable. Consumers benefit from a much larger region of data when looking for real estate insights and property search.

Today, the NEOHREX organization collaborates well to create a more productive real estate region.

Shared Database

Many Data Sharing Initiatives have moved to the Shared Database approach. Several groups that I interviewed started with Reciprocal links have moved to this approach. Even those that have not gotten to this approach told me that they believe this is the preferred approach for data sharing even though it is much more complicated technically and more costly than other approaches. In this scenario, a subscriber can view listings from all of the participating MLSs within their home MLS system. Listings are posted to a centralized database and then populated into each of the MLS systems of the participating organizations. Many systems simply designate what MLS the listing came from. In this scenario, an agent can view all

listings from all MLSs and can manipulate them via CMA, Market Statistics and other reports.

In these shared databases, agents can see the entire inventory in one region and view it seamlessly from their primary MLS system, which they are most familiar with.

Many of those that I spoke with told me that they believed this was the best approach they have found to date.   The Great Lakes Repository in Michigan, for example has many supporters. Here are a couple of the testimonials from brokers in the areas.

"At last, a data system that allows the accumulation of all data into one repository, eliminating the need for more than one MLS fee for agents. The Great Lakes Repository is "THE FUTURE OF TODAY", allowing greater access to expanded info, not only locally, but also state wide."
Charles W. Reaume Century 21 AAA North
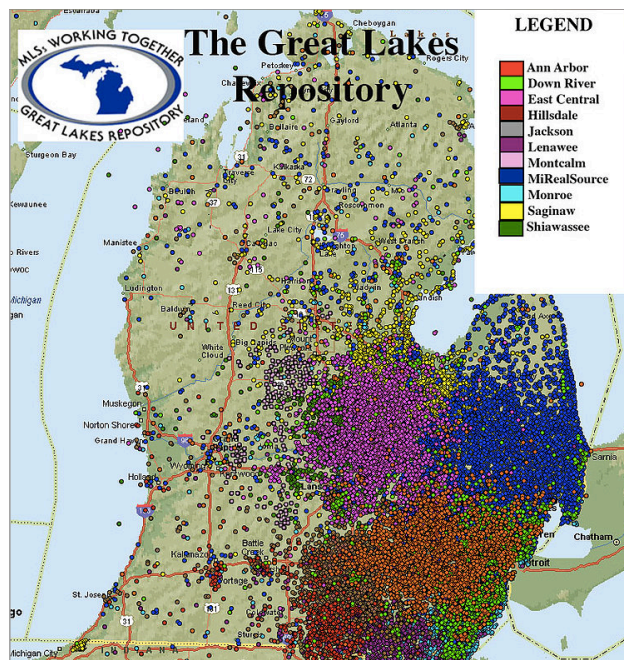
"The Great Lakes Repository is the wave of the future for local MLS's. The structure enables each individual MLS to retain its autonomy while enhancing member's benefits. The Great Lakes Repository model is a great time saver for agents with the single entry for their listings and up to date changes while providing a higher level of service to our clients. This is the best of both worlds. I recommend all Michigan MLS's join the Great Lakes Repository as a benefit to their agents."

Frank Pisanti Associate Broker - Gerweck Real Estate Past President Monroe County Realtors Association

Data Shares with a Shared Database do not have to be executed ONLY in contiguous markets. In California the leading MLSs from Northern and Southern California are coming together to provide broader data access to their subscribers. MLS Listings and CRMLS announced a partnership where the members of MLS Listings in the Bay Area will be able to view Southern California listings in their home MLS system. Conversely, Southern California REALTORS will be able to access Bay Area listings in their home MLS system. There is no reason that data sharing has to be limited to just your region. Let's say that you're in a market in the Northeast U.S. with many clients who purchase second homes in Florida or Arizona. With FREE programs like FIND or RPR View™, your members can see listings in warmer climates. With a Shared Database these listings can be viewed seamlessly within the MLS system as well. The market opportunities for selling real estate can be expanded greatly with data shares and especially with those that offer compensation and cooperation.

In Southern California, the CARETS data sharing program provides data access to every MLS in the area with the exception of CRMLS via a shared database. This program has been in place for many years using the MRIS/CURE product and is used extensively by Southern California agents.

Reciprocal Market Views from Third Party Tools

There is another popular data sharing approach being offered by third parties, which offers reciprocal marketing views from third party

tools. Third party tools are being used by MLSs in several scenarios. Some are using third party tools as a first step toward a more comprehensive data-sharing program. Others are using third party tools in addition to Shared Databases or Shared MLS systems and still others are using them in replacement of or in addition to Public Records Software. These tools offered by Realtors Property Resource (RPR) and REALTOR.com are valued solutions by those that use them according to customer satisfaction surveys we have conducted for several MLSs across the country.

Here are a couple of scenarios where data sharing solutions such as RPR View™ and FIND have worked out well.

RPR View™

In Minnesota, there was a data share initiative that has just about disbanded after a series of technology problems, political disputes and cost overruns. The state was still in need of data sharing, but there was little interest in an expensive, complicated data sharing solution. Northstar MLS pursued a new approach, partnering with RPR.

They were looking for a simple, easy way for agents to have access to MLS data from other regions without having to leave their home MLS system. They chose RPR View.™

RPR View™ is a really simple method for agents to see data from other MLSs within their OWN MLS system. The

program offers a set of display permissions that allow partnering MLSs to make listings viewable by REALTORS® in other markets. Each MLS can choose to share nothing, everything, or something in between. RPR View™ was designed for markets with overlapping coverage areas and provides a premium service at no additional cost. RPR View™ is completely customizable and can be configured easily according to the RPR website.

RPR View™ is experiencing strong adoption because there is a link to the RPR data integrated inside of every listing within a participating MLS making it really easy for an agent to access the information. Like every program, however, adoption only happens when there is a strong commitment to ongoing promotion and marketing.

Northstar MLS, in Minnesota has added an important twist to their RPR View™ offering. Their agents have the ability to provide offers of compensation and cooperation through RPR View™. By making it a true data sharing platform, interest and adoption from agents has been strong.

Nationally, RPR View™ has experienced a very high adoption rate. Currently, over 400 MLSs representing more than 778,000 agents are able to view on market/active listings with at least one other MLS. Additionally, over 345 MLSs representing more than 523,000 agents utilize RPR View™ to share sold/historical listings within other MLSs.

FIND

A few years ago, some agents from New Mexico began an initiative to create a statewide MLS. Before engaging in the cost of building out a statewide MLS, RANM, the state Association in New Mexico

hired WAV Group to evaluate the need for a statewide MLS. We conducted a 360-degree investigation in the state to understand what type of statewide data access was needed. We interviewed Association Executives, Large Brokers, MLS leaders and the group that drove the idea of a statewide MLS.

New Mexico has a unique geographic distribution. It is a very large state with relatively low population. There is lots of land separating MLS regions so consumers don't move seamlessly from one side of the state of the other. Brokers were a bit uncomfortable with a true statewide MLS for fear that their agents may take on liability by selling in areas they were not expert in. Associations did not believe that they would save a lot of money by combining efforts. Local boards were also concerned about losing the revenues of their MLS organization.

When we completed the investigation we realized that there was a core group of agents that were interested in having access to data for ranches and large parcels across the state, but there were no other driving forces that required an investment in a statewide MLS.

Once we narrowed down the true scope and data sharing need, it became clear that there might be a way to get this core group what they needed without an expensive, complicated and politically sensitive statewide MLS. WAV Group identified REALTOR.com's FIND solution as an option. This solution provided FREE access to statewide information as long as each of the Associations around the statewide opted in and provided access to each other.

Today, nearly 75% of New Mexico listings in the state are available for viewing on the FIND platform. FIND now has a desktop version and a mobile app.

FIND provides a powerful natural language search to look for properties as well as other features as well as a broad data set of information. The product also includes integration with the new REALTOR.com agent profiles.

In order to gain access to FIND, MLSs are required to provide SOLDS information to REALTOR.com.

Hybrid Models

In two of the markets we examined, the MLSs were using a hybrid approach to data sharing. In CRMLS, for example, some of the markets have direct data shares in place. CRMLS as part of its "It's My Business" Campaign has successfully aggregated listings from many counties throughout California. Some of the participating Associations have joined CRMLS. Other MLSs participate in a data share while others have a reciprocal linking program. Combined this program delivers data from more than 80,000 REALTORS®.
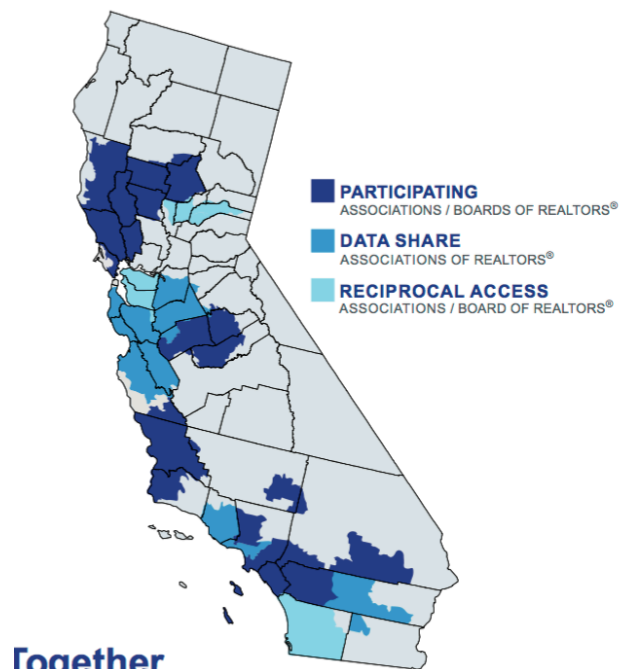
It's interesting to see that in many of the larger markets we talked to a hybrid approach to data sharing is being used. Sometimes a

group may start with reciprocal access and get their feet wet with data sharing. Once they get to know their fellow data sharing participants, they sometimes get more comfortable and move to a more fundamental data share via a Shared Database or even a Shared MLS system. These relationships can mature even beyond data sharing initiatives as well.

In Southern California, So Cal MLS and MRMLS began a data share that led to a full merger, thus creating the nation's largest MLS. If the customer need is great enough data shares that solve fundamental problems will be very well received. Interestingly, CRMLS not only offers a Shared Database opportunity, but also offers RPR in their market.

Today, data shares can be offered many ways in the same market at the same time, especially when RPR View™ and FIND are offered as free programs. MLS Listings offers RPR View™ in addition to participating in data shares in the Bay Area AND in Southern California with CRMLS. The world of data sharing opens up a myriad of possibilities for MLSs to provide broader data access to their members without spending tons of money on data sharing technologies anymore.

In Miami, Florida, data sharing has been in place for nearly 20 years. In Southeast Florida, homebuyers and sellers move seamlessly from Miami to Fort Lauderdale to Palm Beach. Much like Southern California, there are 6 counties that are in a natural trading area. There are over 10,000 brokerages being served by data sharing in all of Southeast Florida. Teresa King Kinney, CEO of the Miami Association of REALTORS® told WAV Group that the region started

with a reciprocal link about 17 years ago. Today, Corelogic provides Data Co op, a data share that serves 70,000 agents. Instead of pushing for mergers, this region has leveraged data sharing as the way to provide broader data access.

In the Miami market, agents have access to RPR and FIND as well as CoreLogic's Data Co op program. Miami believes that their job is to provide as many valuable tools as they can to help agents and brokers get access to the information they need to become THE resource for their clients.

Since FIND and RPR View™ are FREE services, many MLSs are offering them **in addition to** other types of data sharing initiatives.

How do you determine Which Approach is Right for YOUR Market?

No two markets are the same. The make up of brokers, geography, market dynamics and politics are different everywhere. If the group objectively looks at the data sharing needs in your local market, you may be able to narrow down the option(s) that will work best in your region.

For those that we interviewed there were two general trends that we observed. Many that have been involved in data sharing for some time prefer the idea of a Shared Database that allows agents to view all of the listings in the data share within their home MLS system.

Many of those interested in data sharing also have strong interest in third party tools like RPR View that are integrated into listings within the MLS system. Interestingly these two data sharing approaches do not seem to be mutually exclusive at all. The idea of just a reciprocal link seems to be losing favor, as more comprehensive options are available today.

To know what works best for your market, try to answer the following key questions:

- What broker data challenges exist in our area and can data sharing help alleviate them?

- How fundamental is the problem and how much money are we willing to commit to it?

- Are there more than 15% of our members that belong to other MLSs or that have to pay listing fees to other MLSs? If so, then your area is a very good candidate for data sharing.

- Can real estate consumers access their region from a third party website, but NOT from a MLS/IDX website? If so, then your area is a strong candidate for data sharing.

- What experience do we have with data sharing in our region? Are we interested in creating a more comprehensive data sharing solution or can we use a FREE version from third parties or should we offer both?

What Are the Potentials Risks to a Successful Data Share?

So what are the factors that have been proven to be data sharing killers?

Politics

Along with being the main obstacle to MLS consolidations, by far the number one data sharing killer is politics. It's really important to take a step back from the political environment to get focus on the true role of an Association/MLS and answer the following question:

Would data sharing help our members/subscribers be more successful by providing them the increased ability to expand into new markets, save cost on data aggregation or offer more comprehensive information to homebuyers and sellers?

Lack of Market Demand

If there is no market dynamics driving demand, most data sharing initiatives will not go anywhere. One way to prove the true demand for data sharing is to start with a FREE third party tool and monitor adoption.

Lack of Effective Promotion

Just like any program offered by an Association/MLS, data sharing will NOT work without consistent promotion. Ideally there will be

regular communications to both brokers and agents, sharing testimonials, easy to understand articles and demonstrations at live events. Without REGULAR promotion adoption will be sub-par and the data share may die before it gets off the ground.

Cost versus Benefit

It's critical to "right size" the data sharing solution chosen. It's important to be sure that the solution chosen matches the relative need in the local marketplace. If you're not sure of the true demand, the safest bet may be to try out FIND or RPR View™ and see what type of adoption and usage before you commit to a more expensive program.

Best Practices for a Success Data Share

Common Set of Rules

Creating a common set of rules and regulations across all those in the data share makes it much easier for brokers to leverage the data in their businesses. It allows them to train all of their agents one set of rules.

Combined IDX

Combining data from multiple MLSs into one IDX can be quite challenging for brokers as we discussed earlier. If the participating MLSs combine data and provide one regional IDX feed it makes it much easier for brokers to share regional data with their clients. This also requires coming together to provide one common set of rules for the region's IDX feed as well.

Combined Consumer-Facing presence

Combining data from multiple MLSs into one feed to be used on public-facing websites on associations and MLSs. The program from MLS Listings and CRMLS, for example, includes this component.

Adopt RESO Data Dictionary

The standardized data of the RESO Data Dictionary makes data sharing much easier. Using a standardized set of data fields makes it easier to create a combined view of data from multiple MLSs. Every MLS is required to be compliant with RESO Data Dictionary as of January 1, 2016. MLSs must also be certified to offer the RESO Web API. The Web API makes data sharing even simpler.

Effective Promotion of the Benefits/Success Stories

Just like any new product rollout, the most successful data shares are promoted regularly. Ideally, data sharing initiatives should be re-launched at least quarterly. MLSs need to promote the data share with live events, webinars, articles, videos, testimonials and broker office meetings. Without a comprehensive and consistent marketing effort new product launches will fail. CRMLS has a very effective campaign to encourage adoption of data sharing and consolidation.

Transparency and Trust Among Participants

One of the most important, yet sometimes difficult elements to achieve is trust among the cooperating MLSs and Associations in a data share. It is critical to create an environment of transparency and cooperation to nurture a successful data share.

Conclusion

Data Sharing is one of the most valuable solutions that MLSs/Associations can offer today to help their brokers leverage real estate data to compete effectively today. The great news is that there are now FREE options that can help you provide broader data access that can be installed literally in a few days or less.   Integrated programs like a Shared Database or Shared MLS system have been proven to work really well. The Technologies have come a long way so that even MLSs that do not have their own programming staff can easily provide these solutions.

If your organization has not looked at the potential for data sharing recently, it's time to re-examine your options.   MLSs that are constantly trying to find better ways to provide brokers and their clients and customers broader data access are more relevant and

valuable to their subscribers. MLSs that commit the time to communicating about WHY and HOW a data share can help a broker and agent are leveraging the power of data sharing more effectively than those that just launch it and then think they can "set it and forget it".

If you need help thinking through the options available to you today, feel free to reach out and we will be glad to help you find the suite of solutions that is right for your market.

Data Sharing Resources Available

There are several resources available to facilitate data sharing initiatives.

Third Party Data Sharing Tools

RPR View
FIND

MLS Offerings

CoreLogic Data Co-op
MRIS/CURE
FlexMLS
Virtual LMS

In today's business environment it is tougher than ever to find new paths to optimize your business or association. The **WAV Group** can help you make better technology decisions and to find new breakthroughs and paths to success. Areas we can help with include: **WAV Group** has a depth of experience in technology, strategic planning, research, business development, sales, product development and marketing in the real estate industry. We work with your organization as virtual executives and help you meet the objectives of your business or association, more quickly, more effectively and more affordably.

Our partners have collectively launched over 25 businesses and have led several hundred business process evaluations and system installations in North America, Europe and Asia. We have created significant increases in sales and profits for Fortune 100 to start-up companies. Our clients include real some of the largest MLS's in North America, International real estate franchise organizations, technology companies and trade associations.

This diverse collection of global industry experience allows the **WAV Group** to cross-fertilize ideas and bring best of breed solutions to its clients.

All of the **WAV Group** partners have been CEO's, Executive team members or founders of Fortune 100 and venture-funded corporations and approach each relationship with a clear understanding of the challenges that face our client's businesses

today. We are here to help you take your association or business to the next level and create the next wave of success!
Contact us at info@wavgroup.com