



The Shift In Real Estate Technology

WAV GROUP

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Real Estate Technology is Shifting

We are seeing a significant shift occurring in real estate technology that will impact our industry dramatically in the years to come. Like most shifts, it didn't happen all at once but if you look carefully you can see the seeds of this shift many years back. It is the result of natural pressures building up, just like those that move plates in the earth that eventually cause earthquakes. Pressure builds slowly but when it reaches a critical point changes occur quickly and we believe for a number of reasons that is what we are seeing today.

What's Driving this Shift?

Pain and pressure! Pain and pressure is what causes most things to shift in business, or government, or even at a personal level. When things get uncomfortable, when things aren't working anymore, when we are pushed out of our comfort zone, we change. If you look at most cases where major change takes place, things have to get pretty bad first. Needs go unmet. This is what we are seeing happen today for real estate companies and their agents on the technology front. This pressure is behind what we see as a fundamental shift in how technology will be used to conduct business in real estate.

Our world today is about connections. Just like Social Media is about connecting people, activities, interests and influence at the speed of light successful real estate software



today needs to connect people, and data, like listings, contacts, leads, web information, sales trends, marketing information, as well as deeper external data like foreclosures, demographics and marketing lists. It has to be easy to use for non-tech savvy agents and it has to integrate multiple business functions for brokers and agents and it has to

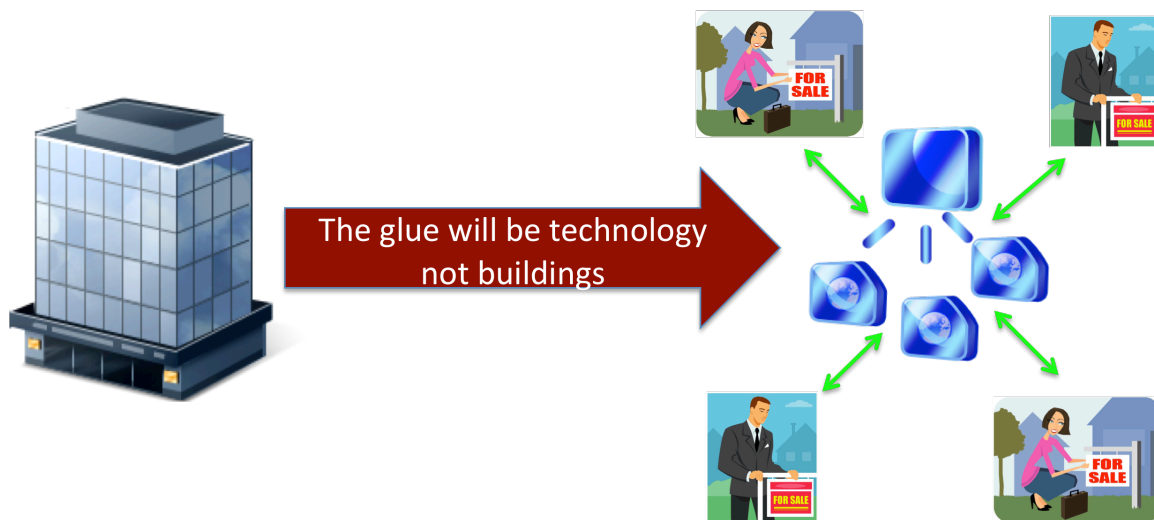
work everywhere, even across multiple MLSs when needed. Technology that does not provide these connections is like buying a computer without Internet access and yet much of what is being used today operates at this level. As a result, pressure is building and many brokers and agents are looking for next level solutions.

There is another pressure driving this evolution. We believe it will impact the playing field in the broker world just like the Internet did in the MLS world in the 90's. The change we are referring to is the migration from "brick and mortar" being the hub that brokers used to keep their agents closely tied to their companies to "technology" being the new hub that businesses are built around. Successful real estate companies of the

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future may not have any offices at all. They may simply provide access to meeting rooms and services. We believe what they will do is provide a central point of integration for agents.. Technology will be the “new glue” of the real estate industry and it will occur because the needs are real. Broker Brands will be built around tools that serve their agents in the way they really do business today, meeting their real needs. What are some of the needs?

- **The need for connections and integration** – Brokers and agents need to have data flow across their entire business. Web data needs to work with CRM systems and CRM systems need to feed marketing products, etc.
- **The need to move beyond MLS limitations** – Many real estate companies today work in multiple MLSs that may mean multiple MLS systems, interfaces and data formats. This creates more expense and overhead and can restrict their efforts to provide services company wide.
- **Data** – Today brokers and agents need data well beyond MLS data. They need tax data, REO data, foreclosure data and marketing list data. They need demographic information and statistical information and the list goes on and on.
- **Control** – Brokers need control over their technology solutions in order to train their agents consistently and deliver consumers with a common service experience through each of their agents. With control they can deliver services efficiently and can truly differentiate themselves in their marketplace at every brand touch point through the products and services they deliver with their agents.
- **Ease of Use** – **If systems aren’t easy, agents won’t use them, it’s that simple.**



Agents don’t need an office to be successful today. They don’t need a big building and they certainly don’t want to pay for it. What they need is a brand and a company that gives them the tools to stand above their competition when they are working with buyers and sellers. They need tools that support them the way they really work today. These tools are the glue of the future that will create brand and company loyalty and that glue

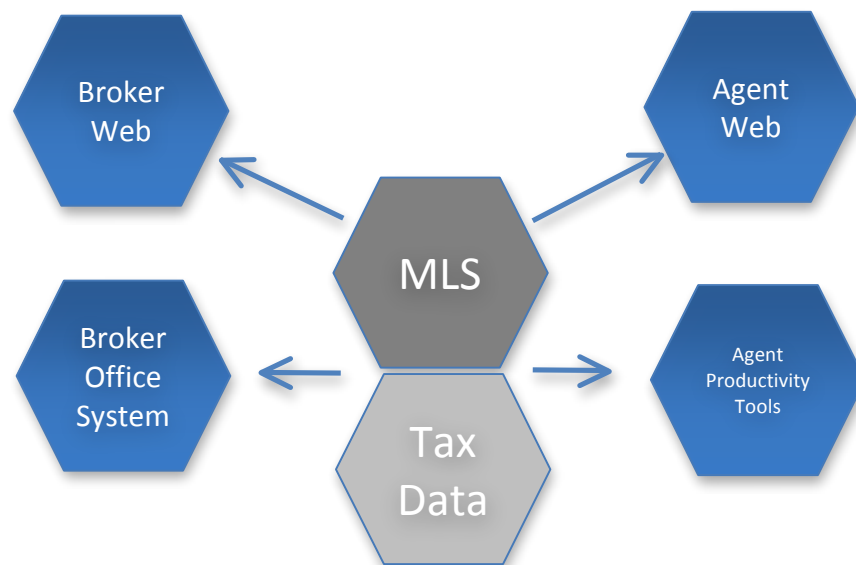
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will be largely supplied by company wide, enterprise level software that agents cannot effectively do on their own.

It's All About Connections!

No agent is an island! The days of single user agent software solutions in real estate are numbered. The need to “belong” the need to be “connected” the need for “data” and the need for “integration” are key factors driving our industry to the next phase of significant software development and deployment. The good news for brokers that understand this is agents can’t create these connections very easily on their own. This places the broker in the center of the enterprise offering technology, training, and marketing from a hub.

From the time computers entered our industry, the MLS system sat at the center of that universe providing connections to the property data for both broker and agent products. The connections weren’t always great but data flowed to technologies like CMA tools and broker and agent websites. Data could be merged with forms software sometimes, but data did not always flow easily everywhere. Information was rarely exchanged with other modules outside the MLS. A simple picture of that data world might look something like this:



At the center were the MLS and Tax systems, both tightly integrated. Brokers had their products and agents had theirs. They operated independently. Data flowed to some broker and agent products but there was not a lot of connection between the separate broker and agent product areas. Most real estate software was fairly compartmentalized. MLS systems did MLS. Lead generation products did lead generation. Tax systems did public records. Transaction management did transaction management, and so on.

Today, the shift we are discussing moves beyond these limitations and the MLS is not at the center of that universe anymore. The MLS is a critical partner and will remain so as

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our source of the best property data in the industry, but it will not be the keystone for brokers seeking deeper integration across multiple MLS.. We believe the model of the future will look something like this!



The key shift is a move from broker and single agent solutions with the MLS at the center to company based solutions with the company at the center. This approach has multiple advantages but the first is creating a single point of MLS data integration for all users.

Enterprise technology at the broker level is changing and being adopted due to the need to have data flow throughout the entire system without rubber bands and paper clips connecting multiple software platforms together. This technology is addressing real issues in our industry at both the broker and the agent level. Brokers using multiple products like CRM, lead generation, CMA or marketing products are looking for single solutions that will let them connect the dots of technology throughout their enterprise.

If you put agent needs along with this list we see a need for even more connection points. Agents need things like:

- CRM tools
- Prospect management
- Access to additional market information, i.e. foreclosures, REOs
- Drip marketing
- Flyers, brochures
- Marketing campaigns
- CMAs

When we talk about large real estate firms the problems get even more complicated. Large real estate firms have all the issues already mentioned compounded by the fact that their enterprise likely extends over multiple MLSs with different systems and different data sets, and interfaces. This all adds up to another need driving this technology shift, the need for more “data and business process control”.

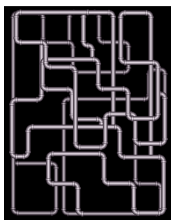
It's All About Control

Inefficiency has a very high cost attached to it. Multiple products, glued together, means multiple training, multiple interfaces, multiple connections, multiple contracts and multiple headaches. Enterprise systems give a company control over their entire operation.

If you examine the graphic below you begin to understand how many areas companies need to manage as well as the data associated with each. This example shows a company that spans 3 MLSs. Recognize that even for one MLS, the brokerage still has the same internal and external system needs. Systems of the future need to unify and connect these business processes.



It's All About Data



For many years, as long as agents had access to their MLS system they were on an even playing field with everyone else and were ready to go. MLS technology acted like command centers, hidden behind walls. Walls provide safety but they also isolate you. The future can't and won't be like that. There is a need for connections and broader data access in the real estate world.

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Sales are getting more complex. Short sales, REO's, changing lending requirements are all pieces of this more complex real estate world. The future of technology in our industry and probably all industries will be about building pipes filled with data that flows continuously and seamlessly. The message is, "Don't tell us where to go for data and how to connect to it with technology just make it happen! Do it for us, and make the whole experience easy!" Real estate companies need to be the hub for this information and they need to make the entire experience seamless and easy for agents.

Look at the impact that sites like [Zillow](#) and [Trulia](#) have had on our industry. They have unbelievable market share in terms of visitors when you think they have only been around for a few years. Why have they grown so fast? For one they have nice designs, but also because they provide a data rich experience to people that visit their sites. They don't just show property data. They have lot of other data embedded right into their product experience. We can argue whether their data is accurate, of course, but compared to real estate company sites or MLS consumer sites these 3rd party sites provide an environment that combines an easy to use interface (always a critical factor) with data on listings, solds, neighborhoods, schools, restaurants, etc. Data is key!

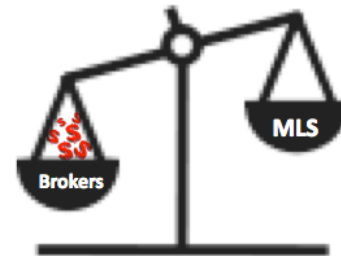
Look for a similar trend in professional real estate products where vendors will be offering more than just features and functionality; they will be serving up "new data" right in their products. You won't have to build connectors; the bridges and data will be part of the package.

As an example, [CoreLogic](#), the company with the largest set of data in our industry is creating integration points within their product sets, including [AgentAchieve](#) that let agents access data from other CoreLogic products seamlessly. When looking at a contact or a prospect, agents can use data to understand their prospects against a number of factors such as their mortgage, years in a house, equity, etc., to see if they are considered a "hot" or "cool" prospect with a single click on a product they offer called ProspectCheck.

We expect other data like marketing lists and foreclosure information, previously available only as stand-alone products are also going to be integrated in CoreLogic's broker products. Integration and easy access will be a key in successful products moving forward.

Follow the Money

When you follow the money you see where real innovation is likely to occur. It's not MLS anymore. The MLS business has become a dog-eat-dog world where vendors have been pushed by consultants to lower their fees and they have hurt themselves over the years, as well, by low bidding each other to win deals.



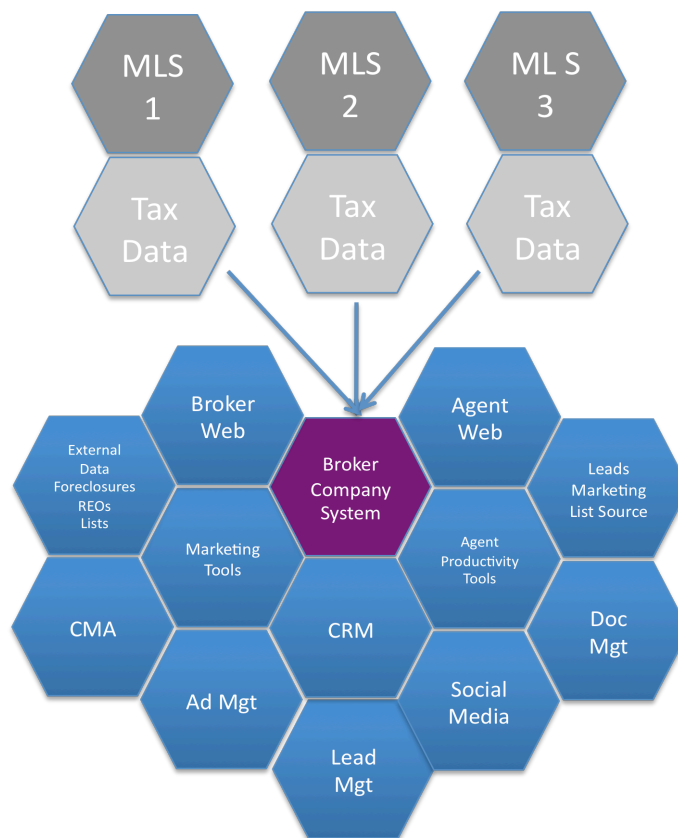
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There are examples all over the country of vendors that have basically given their systems away until \$10 seems like a high per member fee to many MLSs.

According to the NATIONAL ASSOCIATION OF REALTORS® Member Profile 2010 however, the median technology spend for the average agent is \$640 per year. That is over \$50 per month. The median broker technology spend according to the same report, is \$850 per year, or over \$70 per month. Money is being spent in the broker, agent technology sector and money funds innovation. Just follow the money!

What Does the New Broker Technology Look Like?

The chart below shows a "perfect world" scenario. All of the important parts of a broker's world flows through a single vendor from MLS to back office tools and 3rd party data connections providing the real estate company a common interface for their agents and a greatly simplified data world. Does this exist today? Maybe not completely, and maybe it never will due to the specialization required in some product areas but some of the heavy lifting has been done and is available today. Broker and agent technology has come a long way.



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So whether a real estate company is small with one MLS or a large company that spans multiple MLSs, the basic needs will be the same. With the Broker at the core of services, for both the company and the agents, efficiency is realized. Each technology module dovetails and in a perfect world data can move throughout the company, even under multiple MLSs, with a single interface. The broker technology, not just the brick and mortar, becomes the glue that holds the company together.

An Enterprise Technology Case Study



[Prudential California Realty](#) is a great example of the technology that represents the shift we have been discussing.

We interviewed Alan Searce, the Executive Vice President/Chief Operating Officer for [Prudential California Realty](#) to understand their decision to implement an enterprise level solution in November of 2009. [Prudential California Realty](#) currently has 285 licenses with about 205 primary or core agents. They operate in five separate MLS markets.

Alan came to the real estate industry via a company that developed one of the first broker platforms to integrate MLS data with contacts. He pointed this out because he considers himself primarily a real estate marketing guy that understands the real estate sales cycle and the importance of applying technology to it. He also understands the need for integration. When he joined Prudential he noted they did not have a good CRM or contact management solution, which he saw as a critical first need. He also understood the need to provide, at both the company and agent level, a uniform solution across all of MLSs they belonged to. The product they ended up choosing was [AgentAchieve](#) by [CoreLogic](#).

When he joined Prudential, website presence was critical, and it was the first time in his career where he was not with the biggest company in a market. At the time Prudential was number three in each of his five markets. They didn't have the resources to be a web developer internally and they were looking for a solution that would provide a solid front end and a great website platform. He reports [AgentAchieve](#) has delivered websites for his brokerage that are attractive and provide a great consumer experience.

Another key benefit he mentioned is the strong contact management and marketing tools that are used company wide by all their agents via a single interface across all of their MLSs. He noted that the interface is easy to use and allows agents to do things they would rarely be able to do on their own, such as group messaging, and customized marketing. The company can set something up once and it is available to everyone company wide.

The company does not use a formal transaction management product presently but Alan pointed out that the document library that comes with [AgentAchieve](#) is really easy to use

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and, as a result, gets extensive use by the agents, which is the key. He thinks this is a great first step in transaction management arena. He stressed, and we agree, that software is only good if it gets used and for that it has to be easy.

Alan noted another significant benefit they receive through their enterprise system is a single sign-on across all of their products. The agents simply log in to the Achieve system and everything is accessible via that single log in.

On the company side there are obvious benefits as well. Having a single platform for their agents, for example, allows their marketing department to add marketing products into the system once that work in every MLS they belong to. As an example, they have been adding virtual post cards into the system with brand new designs every week with recommendations to the agents on how to use them. These cards work for every MLS they belong to and most importantly, he stressed, it is easy to use so agents do use them.

As noted earlier in the paper, no one system does it all. In their case they pull in features from other products like [Trendgraphix](#). Every time they run new statistics on [Trendgraphix](#) they use [AgentAchieve](#) to create a new market update with the Trend Graphic statistics and graphs and send it out. These reports are created at the company level and he stressed that you have to be prepared to do the set up work for the agents if you want them to use it.

While agents can search right on [AgentAchieve](#) for listing information and many do, because of the ease of single sign-on for all products, Alan said others use it more for marketing and contact management. He believes the following are the top benefits their enterprise system provides:

1. It allows agents to have access to and to learn a full featured contact management system. He contends this is so important because their clients are the most important source of business for them and most agents don't do a good job of managing these relationships outside of the sales cycle. Their system allows them to do this.
2. It allows agents to communicate personally to many people in a single communication.
3. He contends that an enterprise wide system provides them a real recruiting advantage. He says there is no question the system has been a huge factor in their agent retention. The commonality across the company also gives their managers something exciting to talk about when recruiting. He said in some ways the system acts like an overall confidence builder. Agents could have contacted their clients on their own but the system gives them the confidence, belief and system to actually make it happen.
4. Having access to listings from all MLSs they belong to in a single system and interface is crucial for their company. This makes data easier to retrieve and also simplifies the process of providing marketing materials to their agents.

Components and Benefits of Company Wide Enterprise Solutions

The components of a Broker Enterprise System will differ from vendor to vendor, but they do have things in common. They provide a common technology experience company wide and if needed, they can provide this experience across multiple MLSs.

From there, the features can include CRM and contact management tools, scheduling tools and custom branded report tools, as well as features like enhanced email, back office and marketing tools. Typically these systems offer broker and agent websites as well as integrated lead generation tools as well as customized CMAs and broker branded listing brochures that support all broker agents across all MLS markets.

There is a huge advantage having the same vendor offer web services, contact management and lead generation since a major part of the value proposition for these tools is in the analytics and tracking of data. Having one interface and vendor managing these tools makes perfect sense and creates a more “user friendly” environment for the agents.

Some enterprise systems even offer sophisticated transaction tools, including document management, forms and contract management and digital signatures. These systems are deep, powerful tools that can really set a real estate company apart.

Key benefits of enterprise solutions include:

- Control of brand across entire company
- A single interface to train agents on
- A single interface to support agents on
- Enhanced functionality under a single interface
- Data aggregation from multiple MLSs under a single interface
- Use of entire real estate company data through a single source
- Stronger lead generation and management
- Single CRM/Contact management interface across company
- Ability to deploy marketing campaigns on a single platform
- Ability to create branded presentations, forms, CMAs, brochures company wide
- Reduced data costs to manage feeds to websites, 3rd parties and other internal systems
- Strong recruiting and agent retention tool

Things To Consider With Any Implementation



Prudential California Realty understood what this type of a system implementation needed to look like before they began the process. They started training team leaders well in advance of implementation then did three, one hour and forty minute sessions for all the agents in the company. They started with a "why this is cool" presentation then did the training exercises. They evangelized!

This is a great example of something that many companies don't do well enough, and that is selling the "why" not just the "how". If agents

really believe something is going to help them make money, and make their business lives easier, if they get excited about it, they will take the time to learn it. If not, you can provide all the training in the world and they won't use it. You need to get them "fired up" or the whole project will be a waste of time.



So if you are considering an enterprise level system, remember first you have to evangelize it. You have to build excitement and get buy-in from the agents. Then begin the actual training program. A key to remember is, "Chunk it down" and roll it out in small bites.

Prudential made a wise move by starting their training with Contact Management, because agents first need to load their farm and client base into the system. They pointed out that it is still a challenge for them to make sure the agents put their contacts into the system in a timely manner and you may as well assume you are going to have to remind them and encourage them on a regular basis.

Other Vendor Examples

Examples of this technology shift we have been discussing are everywhere. Vendors like [WolfNet](#), [NetAspects](#) and [Birdview](#) offer products today that have expanded well beyond their initial area of focus. We are seeing web product developers moving into CRM and lead generation and back office systems moving into web services as detailed in our paper ["Brokerage Real Estate Technology - An Industry Needing Backbone"](#). Broader integration is the key as products are moving beyond single areas of specialization.

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[Technology Concepts](#), originally an MLS vendor, is another good illustration of the shift we have been discussing. While they still have some MLS accounts they are now focusing a good portion of their future development efforts primarily in the broker system arena with their [Eventus](#) product because they believe this is where the real estate technology is heading. With MLS vendors [CoreLogic](#) with [AgentAchieve](#) and [LPS](#) with their [rDesk](#) product already playing in the broker sector, it will be interesting to see if more MLS vendors begin to shift or add development efforts in this direction.

Conclusions

We believe there is a strong argument to be made that technology is shifting strongly to the broker world and that brokers will become the hub for agent tools. MLS is not going away, but it can't meet many of the needs faced by brokers and agents today. There is a growing need for integration throughout a company and across any geographic area, even multiple MLSs, and brokers are the logical hub. There is a real need for broader data access, accessible to all corners of the real estate business and brokers and agents need to be connected seamlessly to external data needed in today's complex market. Real estate companies need to position themselves at the center of this data!

If you look at what agents really need today, it isn't really a brick and mortar company. They need a brand and tools that work the way they do. They need connections to critical information and products that convey their brand and value. Real estate companies are in the best position to provide these tools and in doing so, they are creating the real glue that retains and recruits agents.

Enterprise systems let companies provide a unified solution across their entire company. Their costs are reduced and it gives them better brand control and makes them more valuable overall to their agents. When agents use these tools effectively it makes companies more profitable, improves their agent retention and their recruiting efforts.

Agents working with enterprise systems receive tools they could not replicate on their own. Receiving these tools through their company builds loyalty and allows them to focus on their real job, working with buyers and sellers, not trying to be technologists. These tools act as glue that keep agents happily in place under the company banner.

Brokers should look closely at the technology value they offer agents today and make sure their value proposition is in line with what agents want and need. Enterprise systems can meet these needs and create efficiencies for their entire business at the same time.



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Keys to remember:

- Products have to be EASY to use - if agents can't use something on their own, in minutes (maybe seconds), they will move on.
- Products that provide seamless connections to other services and or data are on the right track.
- Products that actually include data as part of their value proposition move to the head of the class provided they are also EASY to use.
- If you adopt new technology be prepared to evangelize and train. If agents don't buy into it quickly you have wasted your money
- Commit to technology. Brokers that don't create a solid technology platform will be at a significant disadvantage moving forward. There are solid enterprise technology options available today. Do your research and get on board.



About WAV Group

WAV Group is a leader in providing consulting services to the real estate industry and is comprised of corporate executives with a depth of expertise in both the real estate industry as well as the consumer market.

The company has conducted studies for some of the largest organizations in the industry including the National Association of REALTORS®, California Association of REALTORS® and others. It has also authored many independent studies including the [2009 Transaction Management Adoption Study](#), [MLS Consumer Website Effectiveness Study](#), [Broker Website Effectiveness Study](#), and [New Options For MLS Data Use](#) and many others. For more information or to register to receive report releases and newsletters please contact Mike Audet at mike@wavgroup.com.

WAV Group works with Multiple Listing Services, Associations, real estate firms, franchise organizations and technology vendors in the US, Canada and Europe. WAV Group has expertise in the areas of strategic planning, technology evaluation, product development, market research, sales & marketing plan development, technology selection and implementation.

For more information on WAV Group products and services, contact Mike Audet at mike@wavgroup.com visit or website at www.wavgroup.com.