



2005 Transaction Management Adoption Study

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2005 Transaction Management Adoption Study

Transaction Management Adoption: What's the Problem?

Reasons for Conducting the Study

The founding partners of WAV Group have been involved in the rollout of over a thousand new products for companies like Microsoft, Fisher-Price and several others. Some of these new technologies and products were extremely successful and some were notoriously unsuccessful. Through these experiences we have learned a key lesson. Successful products generally solve at least one important problem for its customers! Sometimes, however, technology is built or evolves for “technology’s sake” and does not clearly satisfy an urgent “pain point”. When this occurs the benefit is not clear. There is slower adoption and a much lower chance of success. If the pain of implementation to a technology like transaction management isn’t outweighed significantly by benefits that can be understood and articulated by the potential users, adoption will suffer.

The WAV Group 2005 Transaction Management Study was designed to look at what our industry thinks about transaction management in terms of its features and benefits as well as the challenges of broad industry adoption.

Defining Automated Transaction Management in This Study

In this study, when we speak about automated transaction management, we are referring to systems that allow multiple parties involved in a transaction to view, share and manage data through the entire transaction process. We are **not** referring to personal use software that may be used by agents to help them individually manage their own transactions but cannot be viewed or accessed by the multiple parties involved in the transaction.

Lack of Compelling Benefit?

Through studies conducted on behalf of NAR’s Center for REALTOR® Technology and other work done with brokers, associations and technology vendors, WAV Group began to notice a disturbing trend about automated transaction management. Many REALTORS® and MLS leaders can not clearly articulate the benefits, and value proposition, of transaction management systems. WAV Group believes that this is one of the key reasons there is not a drive to adopt transaction management beyond early adopters.

WAV Group has concerns that transaction management adoption will remain slow until more Brokers and agents believe it truly solves important and painful problems in their business processes. We recognize a number of the warning signs we have experienced with unsuccessful product launches we have witnessed in the past.

No Proven Case Studies Yet

WAV Group believes there are several examples in the marketplace that demonstrate the value proposition for transaction management is not clear and the pain points are not yet high



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enough for adoption on a broad scale. WAV Group can point to at least one MLS deployment that has not seen significant adoption even when included in the member fees.

Some brokerages have had a shaky start with transaction management systems, as well. WAV Group has worked directly with one major Brokerage that invested in the technology to achieve a competitive advantage only to discontinue use because they had to hire too many people to support the system. This company already had transaction coordinators in place and yet still found the additional investment required did not create a return on investment, but a capital drain.

Lack of Clear Distribution Channel

Currently there is a lot of confusion about the best method to rollout transaction management. The transaction management vendors are employing multiple distribution approaches into the market. There is no agreement about who should deliver and support the product. Transaction management is being offered by MLSs, brokers, title companies and also being marketed directly to agents. On top of this confusion is clear feedback from our research that what is missing and needed most for transaction management to be compelling is seamless integration with MLS, contact management and other data points. While those pushing transaction management talk about connecting everybody in this manner the reality is anything but this today.

Lack of Quantitative Insight

Much of the information published on transaction management today, reviewed by WAV Group, is based on anecdotal evidence driven by vested interests and existing business relationships, not hard data.. WAV Group believes automated transaction management will ultimately be adopted and will be good for the industry. WAV Group believes what is needed today, however, is not to “tell” the MLSs, brokers and agents what they need to do, but rather to “listen” to what their real business issues (pain) are and to help them solve (cure) these issues via quantitative research and good business processes.

While many in our industry are telling brokers and agents they need automated transaction management there remains a very real question. Is the pain big enough and the cure that transaction management systems promise compelling enough to drive significant adoption in the near future?

If not, what are the immediate “pains” or issues that can serve as “first steps” into future transaction management systems and processes? By identifying these “best practices”, progressive MLSs, brokers and agents will solve real problems and get quick adoption and lay the ground work for successful automated transaction management processes in the future.

To help uncover the pain points and the obstacles to adoption of Transaction Management systems, WAV Group fielded a survey polling brokers and agents around the country. The research was structured to begin to answer three important questions for the successful rollout of any technology platform:

1. What is the key problem transaction management systems are attempting to solve?



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2. What is the specific and urgent pain point that needs to be addressed?
3. What is the overwhelming key “benefit” that will be realized by users?

While it is clear that adoption of transaction management has occurred and will continue to grow, the pace has been slow. The WAV Group 2005 Transaction Management Adoption Survey was designed to provide insights that will identify the reason (obstacles) and help speed adoption. By speeding the growth of this important sector within our industry, WAV Group believes the professionalism and ultimately the profitability of the real estate industry can be improved.

SURVEY METHODOLOGY

WAV Group distributed the 2005 WAV Group Transaction Management Adoption Study to agents and brokers across the country in partnership with several MLSs. The participating MLSs were:

- Austin Board of REALTORS®
- Central New York Information Services, Inc.,
- Consolidated Multiple Listing Service
- First MLS, Atlanta
- Greater Hudson Valley Multiple Listing Service
- Greenwich Multiple Listing Service, Inc
- Metrolist Inc.
- Metropolitan Indianapolis Board of REALTORS®
- Metropolitan Regional Information Systems, Inc.
- Multiple Listing Service of Northern Illinois
- Northern Nevada Regional Multiple Listing Service.
- Southern California Multiple Listing Service
- Western NY Real Estate Information Service

We want to thank each of the above for their participation and help with the study.

All of the major transaction management vendors were represented in the survey respondents. The survey received an overwhelming response of nearly 5,000 agents and brokers from across the United States. To WAV Group’s knowledge this is the single largest survey to date on the subject of transaction management adoption in the real estate industry.



KEY OBSERVATIONS:

The study was designed to uncover the key hurdles to adoption as well as to understand the most important elements of transaction management systems. It was also designed to put a stake in the ground so that WAV Group can continue to benchmark satisfaction levels, feature importance and usage.

A. Transaction Management Environment

Interest in transaction management adoption limited

The 2005 WAV Group Transaction Management Adoption Study reveals that while 51% believe transaction management systems would be better than their current methods, many do not have any plans to implement a system in the near future. 80% of those not currently involved with transaction management said they are either undecided or do not have plans to implement a transaction management system at this time. 16% say they are interested in implementing a system in the next 12 months and only 4% are interested in implementing in the next two years.

Documentation requirements increasing

77% of the respondents stated the number of documents required to complete a transaction in their market is increasing. 93% of those in markets which require 31 or more documents believe the number of documents required is increasing. This trend seems to suggest that the need for automated transaction management and, in particular, auto-population of forms will become an even greater need over time.

B. Hurdles to Adoption

The study revealed several hurdles to adoption. WAV Group believes they can be addressed and overcome. This document provides recommendations in the section marked Conclusions and Recommendations

Current transaction management processes are not “broken”

79% of respondents in the 2005 WAV Group Transaction Management Adoption Survey were very or extremely satisfied with their current method of completing transaction. Many top producers have hired professional assistants or employ the services of their firm’s transaction coordinator. Others that do not have assistants have perfected their own transaction tracking systems which they are happy with. At the same time, while 51% of the respondents believe an automated transaction management system would be better, they cannot articulate why.

Implementations are too much work

Respondents with access to transaction management, who have chosen not to use it point to two key concerns. First, 32% they believe it takes too much to learn and implement. The study also revealed that it is virtually impossible for a brokerage or MLS to “require” usage of a transaction management system. Some REALTORS[®] are not comfortable with



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technology or are satisfied with their current system. Some brokers who have tried transaction management say it took quite a bit of time to learn and implement and they are not sure they have received any benefit other than "keeping up with their competition".

Value is not clear

19% of the respondents who have not begun to use transaction management said the value of implementing a transaction management is not clear. They are not aware of any true financial benefits, or other advantages. While WAV Group believes there are significant benefits associated with automating transaction management, the value proposition remains unclear to much of the industry.

No "Killer App" has been identified

The successful rollout and adoption of many ground-breaking technologies can be pointed back to a single killer application. Technology that has been successfully introduced and adopted typically provided one key advantage which provided an entry point for many new participants. While Transaction Management systems are generally robust, full-featured platforms, they may be trying to do too much. The learning curve may be too steep. While Document management, Auto forms and Status Tracking are the most widely used and valued features, according to the study, these are just part of very complex systems.

Weakens relationship with client

Many REALTORS® pride themselves on their level of customer service and "high touch" client relationships. Some respondents who are non-users of transaction management systems are concerned they will lose some of their opportunities for personal contact, somehow weakening the relationship they have built with their customers. The WAV Group research actually suggests the opposite. Some current users believe transaction management actually helps users stay in better touch with their clients. This is a good example of how the value proposition is not clearly understood by many in the industry.

On another note, while many agree that transaction management could help them stay organized, they are not necessarily motivated in technologies that simply provide improved "efficiency". The exceptions to this are agents with out of town clients, who believe a web-based system has significantly improved their client relationships. Long distance, sophisticated, luxury home buyers according to respondents, welcome the opportunity to efficiently transact business by using the Internet as a key communication tool.

Technology skills "chasm"

There is a wide range of technology skills within the industry. Many top producers have proven, manual systems and they have little interest in introducing a host of new technologies into their process. At the same time, there are some REALTORS® who pride themselves on their effective use of technology in all aspects of their business. In order for a broker to be able to deal with this technology chasm, they would like a system



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that could adjust to the variety of skills within their firm. Few, if any, transaction management systems offer a “light” version for the new or uncomfortable technology user.

Lack of data integration

When asked “What is the one thing you would change about your transaction management system?” nearly one third of respondents asked for better data integration. Many wanted MLS data to be integrated coupled with auto-population of documents to eliminate the need for multiple entries of the same information. Others were looking for lender data, tax information, title information, as well as integration with contact management systems and email drip marketing campaigns. Some asked for “end to end” systems so they could organize, implement, track, record and store the entire document in one place.

Need more participants

Many respondents believe transaction management would be a lot more valuable if there was broader participation from fellow REALTORS[®] lenders, attorneys, and inspection services. Since many are not involved in the system, it still requires a lot of manual follow-up and the need to maintain redundant tracking systems

Ability to share information seamlessly

Some respondents also would like to find a way for different transaction management systems to be able to “talk” to each other. Currently if two brokerages choose different transaction management vendors, there is no way for the listing and selling agent to effectively communicate information through their respective systems. Also, some brokers asked for a way for transaction management systems provided by different MLS associations within their region to be able to seamlessly share information. While NAR’s Center for REALTOR[®] Technology group has taken the lead in getting discussions going regarding establishing standards to make this sharing a reality, any results are a long way off.

Benefits realized by “lowest on totem pole”

The survey showed that the transaction coordinators interviewed were using the transaction management systems as they were intended. They were using more of the functionality on a regular basis than agents or brokers. WAV Group believes, however that their voice is not heard nearly as much as those of agents and brokers. Is a broker willing to invest thousands of dollars in order to make the transaction coordinator’s job easier? Will the savings realized by increased efficiencies make this a positive return on investment for the broker? Will a broker be willing to require transaction management and offer the services gratis in order to enforce this requirement? The jury is still out, but WAV Group research suggests they will not. In order to achieve mass adoption, the value of transaction management systems needs to be clearly understood and desired by brokers and agents alike.



C. Users of Automated Transaction Management Systems

The study was also designed to uncover satisfaction levels and usage habits of current Transaction Management users. The study showed that users are generally satisfied with their systems and the level of support they receive from their transaction management supplier. 78% of respondents stated their system was reliable and 86% were either somewhat or very satisfied with their transaction management system overall.

Operational efficiency or marketing edge

The single largest reason respondents chose to use the transaction management system was to improve client communications. They saw it first, as a marketing and client relationship-building tool and secondarily, as a method for improving the transaction management process. Satisfaction levels with the features associated with client communications are among the highest on the survey, suggesting the transaction management vendors have done a good job making the client interface attractive and easy to use.

Feature importance

The 2005 WAV Group Adoption Study documented what respondents felt were the most important features of automated transaction management, regardless of whether the respondents currently use automated transaction management or not. The most important features noted were:

- System Security
- Ease of Use
- On- going support
- Communication of events to all parties involved in transaction
- Integration with MLS system; auto-population of forms
- Audit trail of all actions related to the transaction

Feature satisfaction

The study also ranked the satisfaction of several features by users of automated transaction management systems. The following were the top features in terms of satisfaction levels. Only two of these features are also listed on the most important features list above.

- Viewing Transaction events by all parties involved in transaction
- System Security
- Client view of transaction events
- Communication to all parties involved in transaction
- Ability to control views/permissions
- Document Storage and retrieval

Transaction management system providers

There is no defined distribution channel that has been established for transaction management systems yet. Excluding data from MLSNI, where transaction management is being offered through their MLS, respondents stated that the largest source of the service was transaction management vendors, followed by individual Real Estate Companies.



D. Living the Dream of Transaction Management

Key recommendations to increase adoption of transaction management systems

WAV Group has taken the results of the study along with work done with several of our clients and compiled a list of recommendations which we believe can help speed the adoption of Transaction Management systems.

Discover the most important “PAIN POINTS”

WAV Group believes vendors should worry less about adding new features and instead identify and solve the most meaningful pain points in the transaction. Solve the most important problems first and the rest will follow.

Quick adoption occurs for any technology when it provides an overwhelming advantage to use, or an overwhelming disadvantage if it is not used. If we look back to the transition from MLS books to our first MLS computer systems we can see the second example in action. Agents were not clamouring for a change to computer systems, even though it would provide obvious advantages. When MLS systems were installed and some agents began to use them, others were forced to follow. Agents that did not begin to use the MLS system would have been at a distinct disadvantage because property information was more current on the MLS system.

WAV Group believes the move to transaction management will be similar. The majority of agents will not adopt the technology initially because they perceive an overwhelming advantage to use it. The majority will use it when they feel they have a disadvantage without it. It will be this “pain” that makes the majority follow the early adopters.

In the meantime, vendors need to focus on the low hanging fruit and solve the most immediate and urgent problems in the transaction so early adopters make the move while improving the industry’s understanding of the value proposition.

Understand agent’s motivations

WAV Group would argue that agents are more “high touch” than “efficiency-focused” individuals. Transaction management systems need to recognize this nature and appeal to it. Many pride themselves on being “teachers” for their clients. Good agents focus on creating loyal, lifetime clients. Transaction management systems need to demonstrate how participation can help strengthen relationships with their client during the transaction, as well as creating an opportunity for an on-going dialog for years after the transaction.

Since many current transaction management users are using their system for better client communications, there is an opportunity to use this as a key tool to drive adoption. It



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needs to be shown how transaction management can create even more focus on the needs of the home buyer and seller. Teaching agents how transaction management can help their clients and set the stage for a long term relationships will create additional motivation for agents to adopt this technology.

Demonstrate client benefit

Prove out customer satisfaction via consumer research. Do customers appreciate the convenience provided by transaction management systems? How often do they use it? Would they choose an agent if they knew they had access to a transaction management system? The answers to these key questions can also help increase interest.

Transaction management as a recruitment tool

Let's face it, there are many agents in the industry today that are successful, full time producers who have no desire to change the way they do things at this stage of their career. The broker is also not going to force them to make these changes if there is a chance of losing them in the process. What brokers can do, however, is to recruit with transaction management as part of the equation. The broker can attract more technically savvy individuals by offering world class tools like transaction management and other technologies. As the newcomers begin to have more and more success through the use of these products, just like the use of the first MLS systems, there will be increasing pressure on other agents to use the technology as well.

Show me the money

Other industries which have successfully implemented transaction management platforms have quantified the time savings and cost savings. They proved there were millions of dollars to be saved by implementing automated processes. Proving the cost and time savings involved will help increase interest in the technology. Brokers ultimately need to be the ones that make the leap for their organizations and commit to this technology. WAV Group believes brokers need to see a clear return on investment and timeline to cost recovery to accelerate adoption. Agents, as we all know, care little for the broker's financial world, so financial incentive also has to exist at the agent level. Efficiency and service alone are not enough to drive adoption. At some point, this financial incentive may be based on having what everyone else has to remain competitive but until then, brokers will need to promote transaction management to their more progressive agents to create this sense of "competition" within their firms. In the end, though, if this technology does not reduce expenses or increase revenue significantly, adoption will not occur.

One step at a time

According to the 2005 WAV Group Transaction Management Adoption Study, the largest hurdle to adoption is the perception that it takes a lot of time and pain to learn and implement a system. We think vendors may have missed the boat on this one by trying to build the ultimate products without understanding the most important pain points. As an example, several transaction management systems do not yet have an internal document/auto forms products, though this is one of the most important benefits noted in our research. Document/forms management is being adopted because it solves a real and



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immediate problem for agents. Documents per transaction are increasing and agents spend real time trying to manage all of the forms and disclosures they make up a transaction. Vendors need to step back and look at ways to introduce their technology in small bites hitting the high pain areas first and then moving on to broader capabilities. It may make sense to create a transaction management “light” version which is really easy to use, and include only the absolutely most important functions. Once a simple system is adopted and more and more agents become comfortable with it additional functionality can be added.

Integration is KEY

While efforts are now being made to integrate MLS, Lender, Tax and Title data into transaction management systems, this integration can not happen soon enough. The single largest improvement requested by respondents was integration of other information. Completion of these efforts will help make transaction management systems much more valuable. Until integration is complete, the value of transaction management is diminished significantly.

Prove out Risk Reductions

Conduct case studies to demonstrate electronic files improve documentation and therefore reduce risk exposure. Work with legal counsel and E&O insurance providers to demonstrate how electronic documentation is actually more thorough and secure than current methods. Document the percentage of mediation cases with automated transaction management vs. traditional methods. The transaction management vendors should be leading the charge in this research. Each of these activities will help build the case why automated transaction management is a smart business decision and worth the time to learn and implement.

Solve the standardization problem

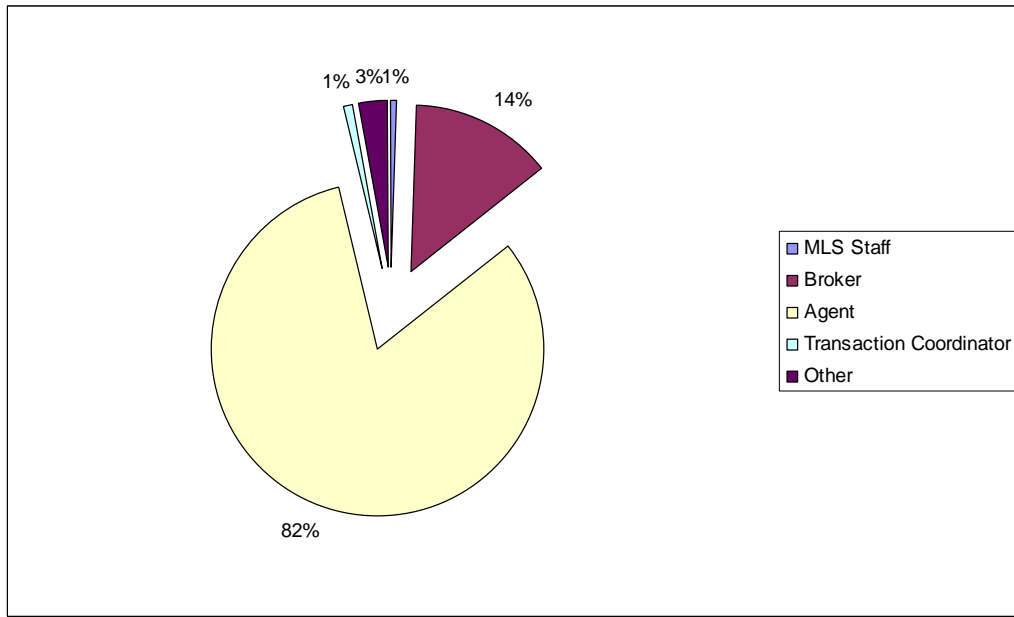
Whether the issue is operating in multiple MLS territories where different transaction management systems are used or agents on different systems in the same MLS, transaction management standards need to be created. The real estate industry needs to create a standard protocol for serving up transaction management data so that disparate systems can share data.



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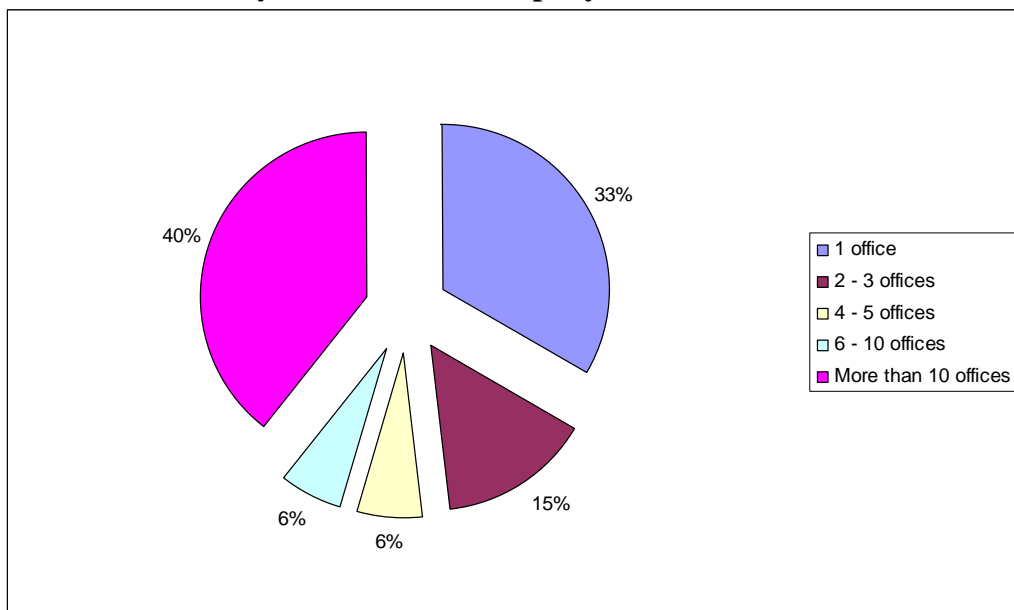
Survey Respondent Profile

Please tell us your position.



There were 4,693 respondents on the survey. The large majority, 82%, were agents. 14% were brokers. The remaining group was made up of MLS staff, transaction coordinators and others.

What is the size of your real estate company?

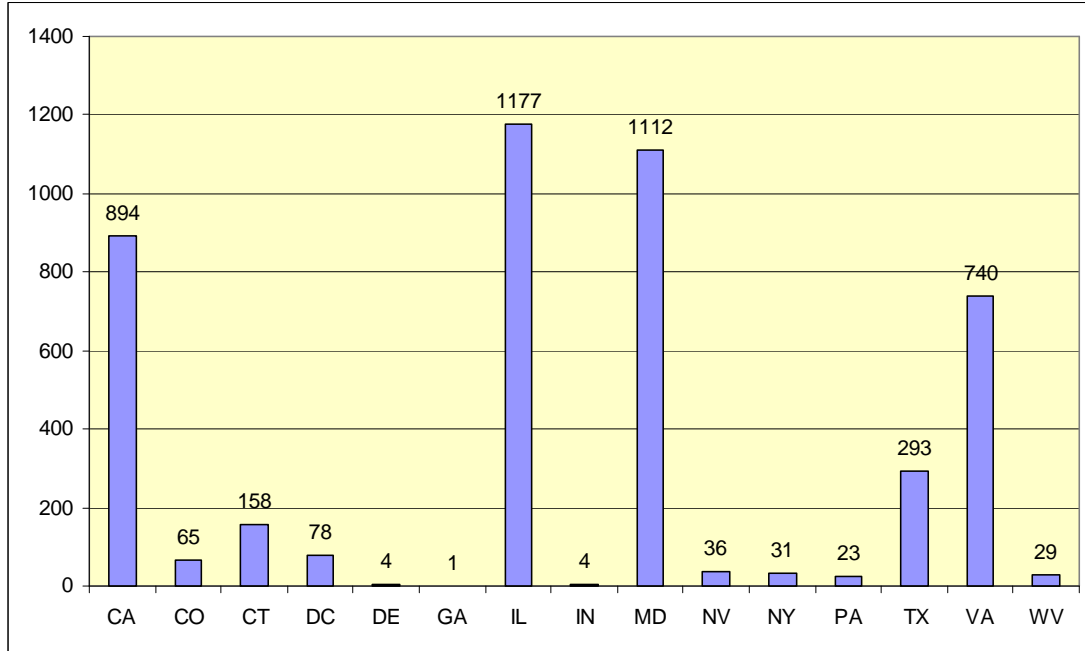




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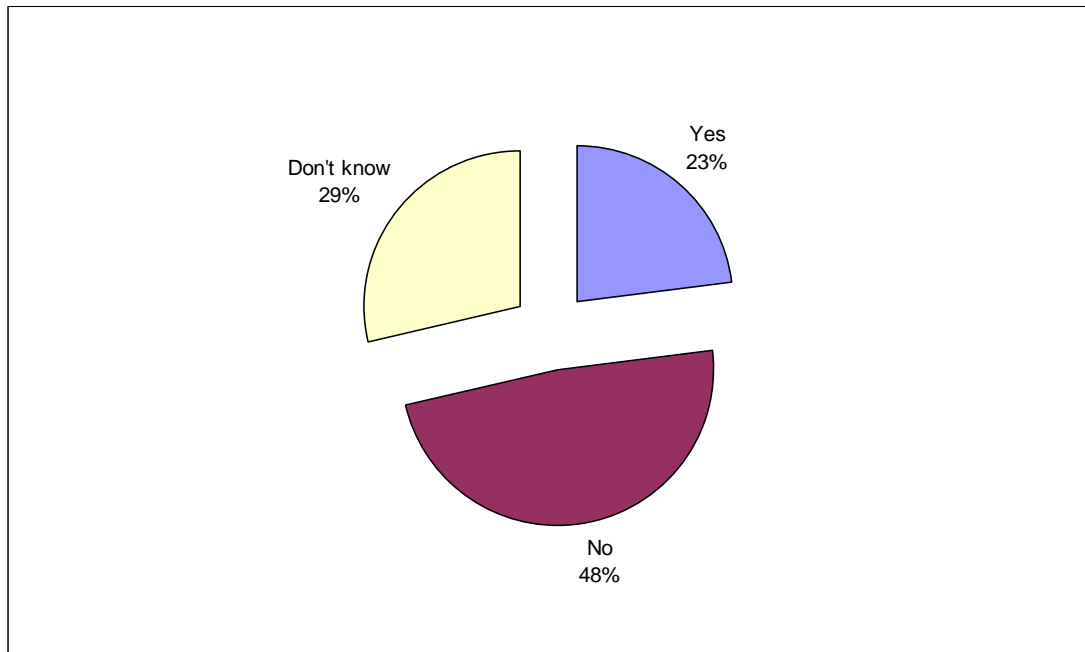
The two largest groups represented were those with 10 or more offices and those with one office.

Enter your state.



Respondents to the survey came from 15 different states with IL, MD, CA, VA and TX having the highest participation, in that order.

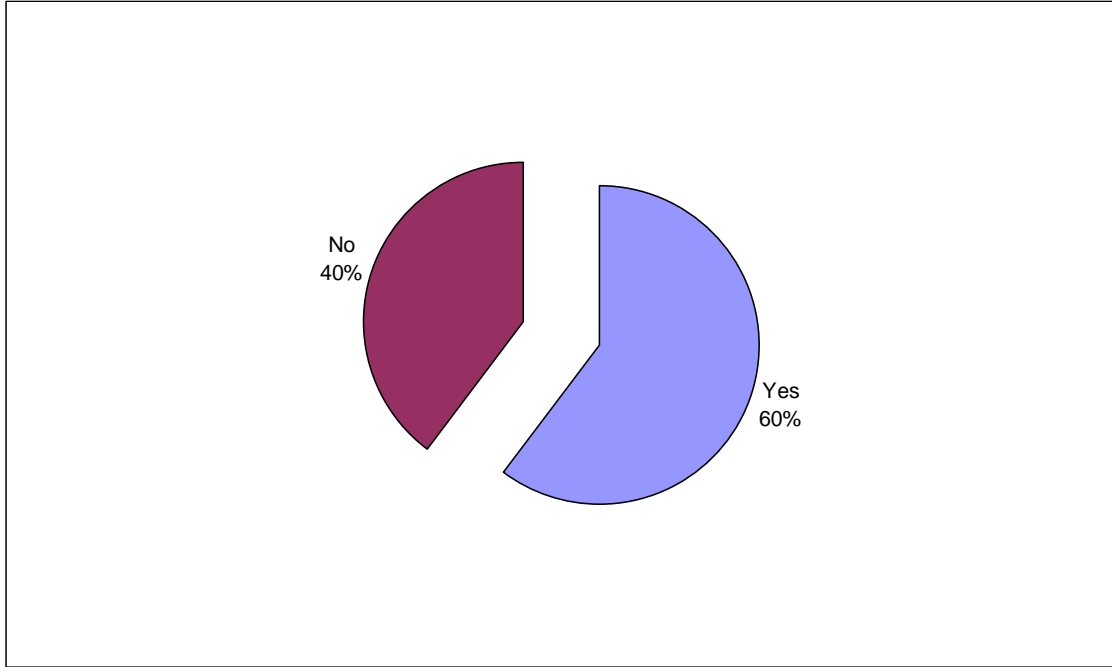
Do you have access to an automated Transaction Management system?



48% report that they do not have access to an automated transaction management system with 23% reporting they do. 29% don't know if they do, or not. Only 23% report that they do have access.

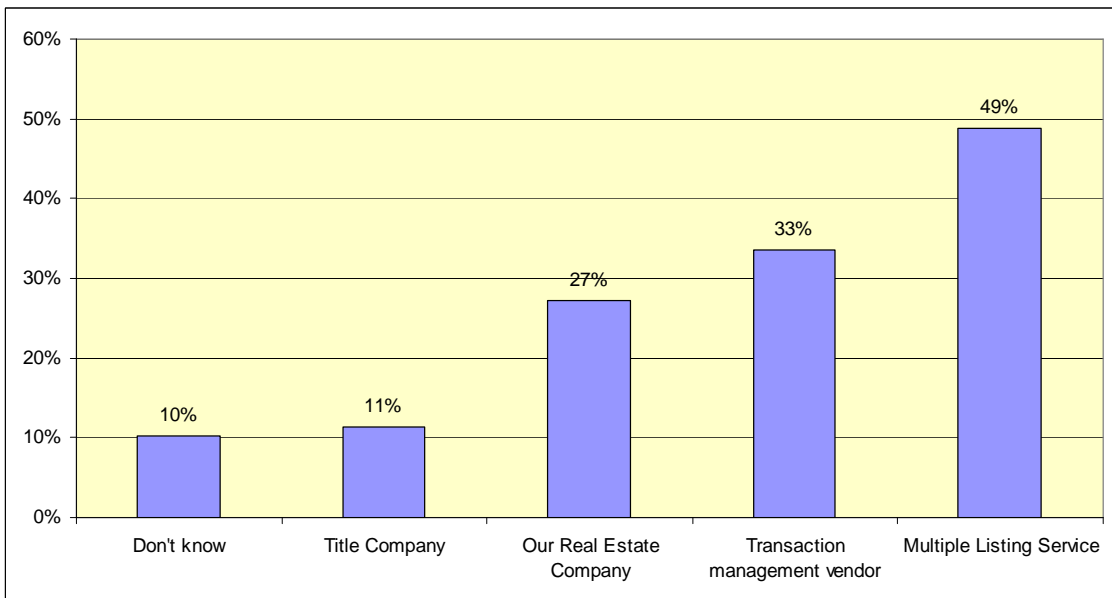


Do you use the transaction management system?



1052 reported that they had access to an automated transaction management system. 60% of these respondents report that they use the system.

Who offers automated Transaction Management in your market today? (check all that apply)

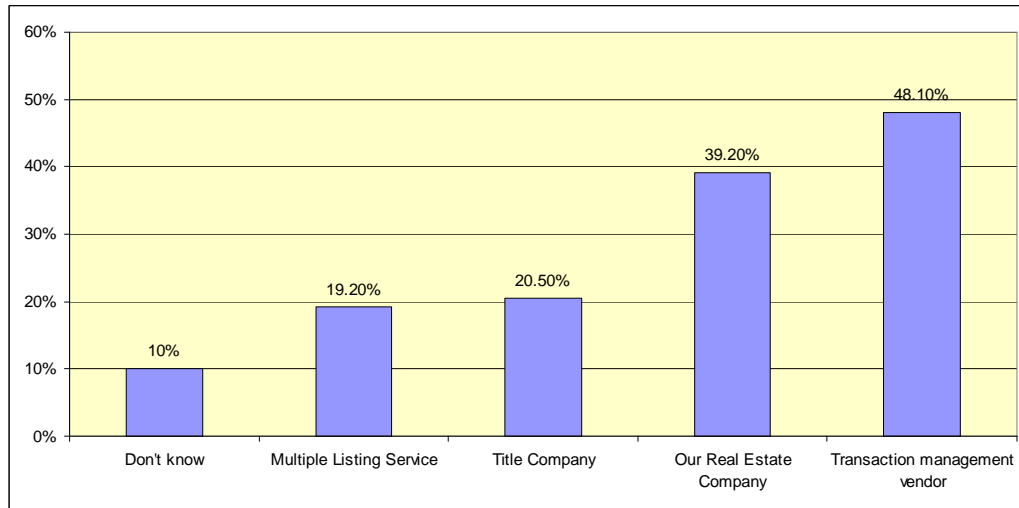




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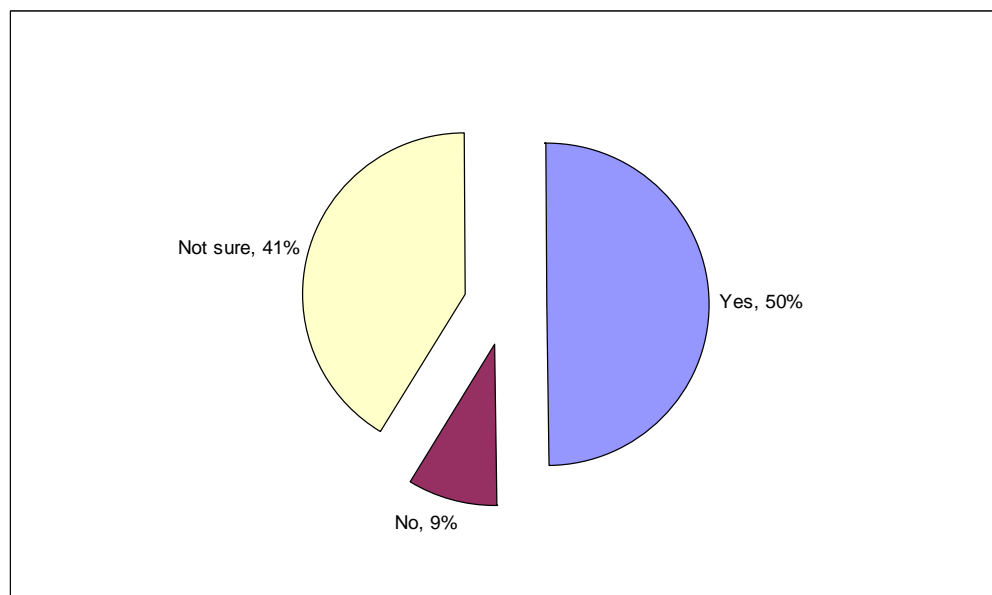
MLS was first, certainly weighted by the number of respondents we had from MLSNI since they provide transaction management as an option, through their MLS. Transaction management vendors and Real Estate companies came next. Note that respondents were asked to “check all that apply” so the total equals more than 100%.

Who offers automated Transaction Management in your market today? (check all that apply) – not including MLSNI data.



Taking a look at the data without MLSNI, since they had a large number of respondents and we know the MLS supplies transaction management, the order changes. Here transaction management vendors are first, followed by real estate companies. MLS is second from the bottom at 19.2%.

Are you interested in using an automated Transaction Management system in the future?

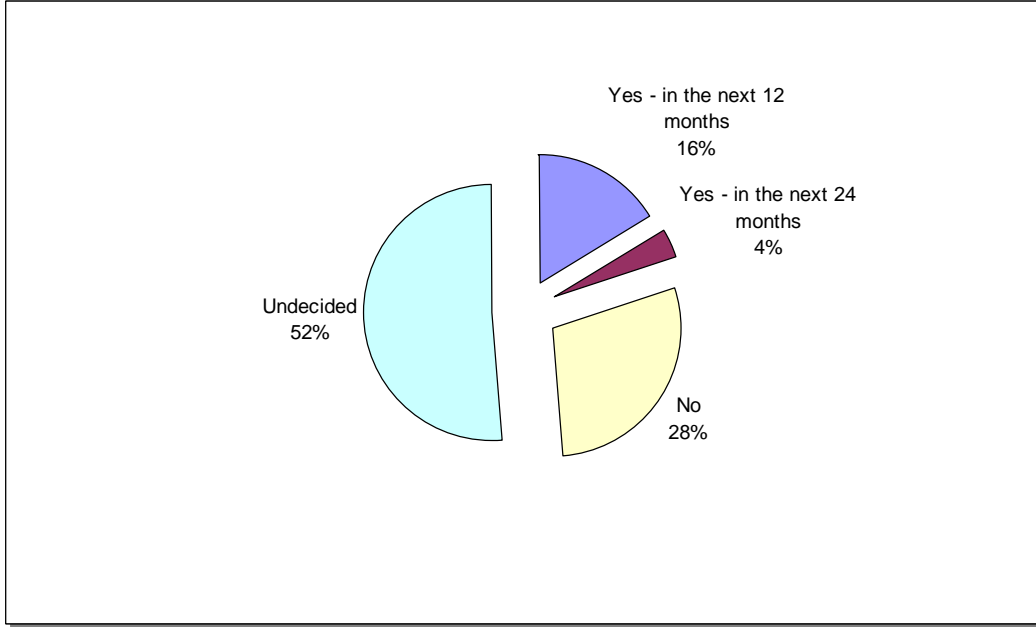




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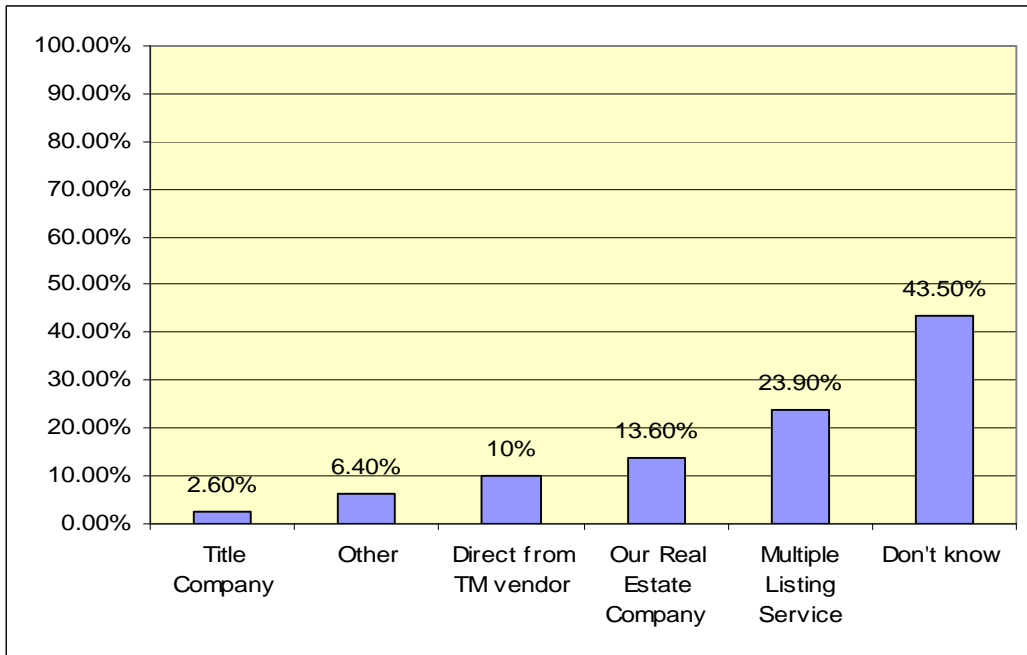
As we have seen in the past, while adoption has been low overall, 50% are interested in automated transaction management, while 50% are not or remain undecided.

Do you have any plans to implement Transaction Management in the future?



While 50% express interest in using transaction management only 16% have plans to implement it in the next 12 months. Another 4% report they will implement in the next 24 months. 80% say they have no plans or are undecided.

If you are planning to implement Transaction Management who will provide the system?

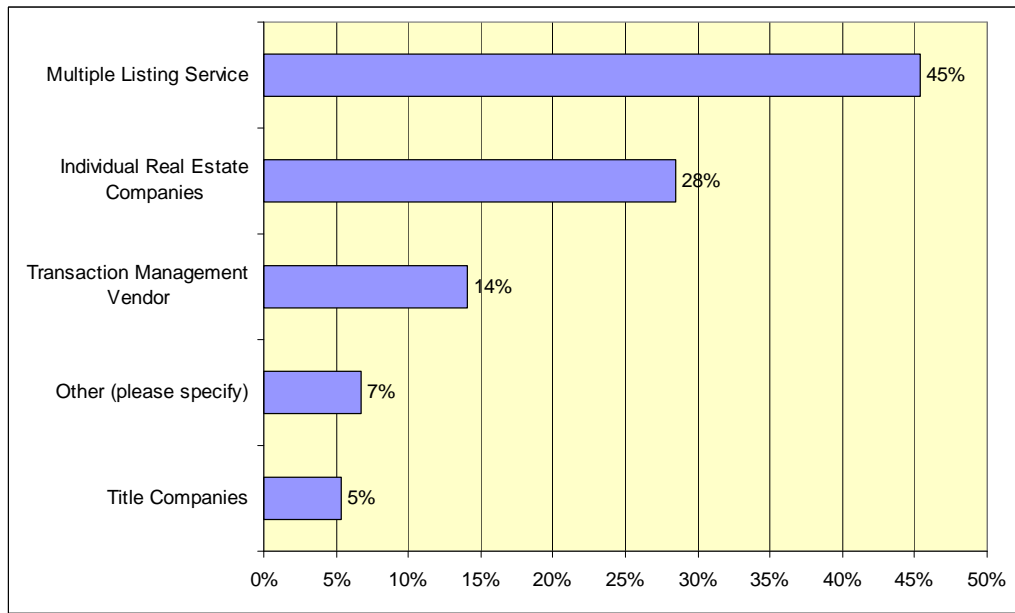




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The primary channel provider of transaction management is still unclear. Of those reporting they will implement a system within 24 months, 43.5% say they do not know who will provide it. The next largest group is MLSs at 23.9% which seems to indicate a good number of MLSs are considering the implementation of transaction management system offerings in the near future.

Who do you think should provide the Transaction Management system?

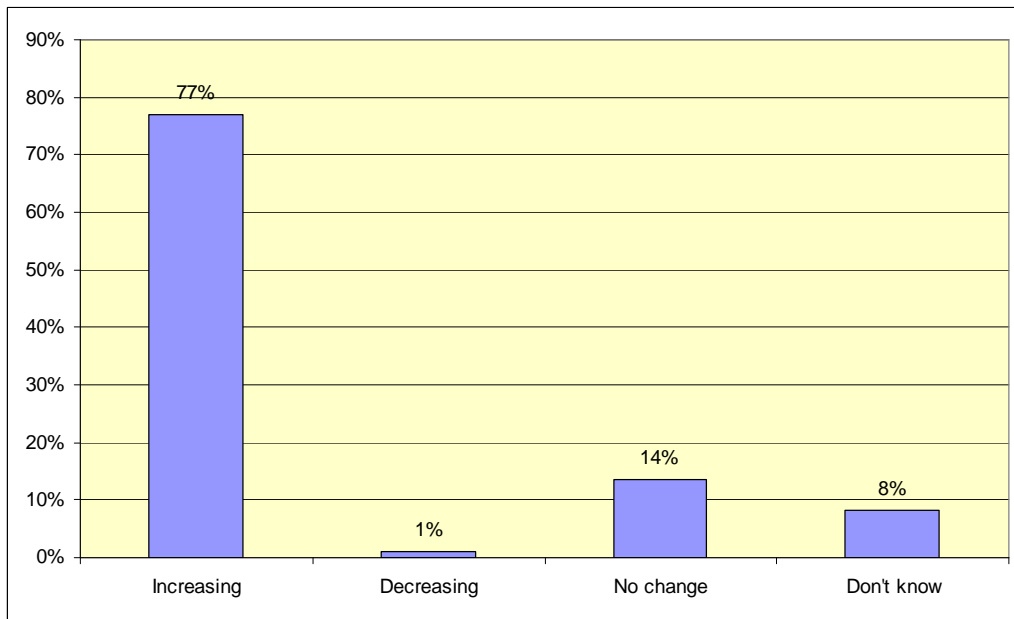


45% of the respondents believe the Multiple Listing Service should provide a transaction management system. 28% felt it should be offered through their Real Estate Company. We thought it was interesting that only 19% reported that transaction management systems should come from either the transaction management vendors or the Title Companies.

Is the number of documents required to close a transaction changing?

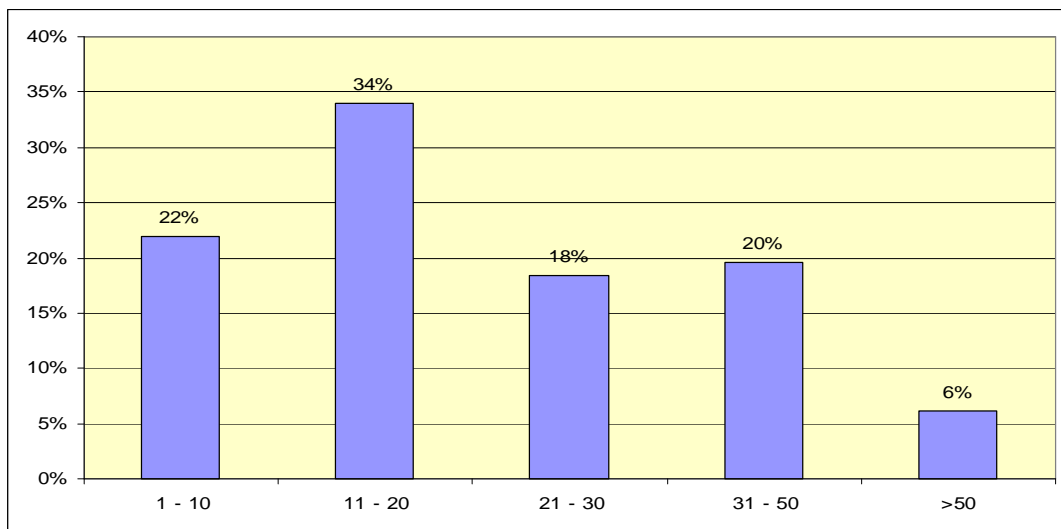


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The overwhelming majority, 77%, report that the number of documents required to close a transaction is increasing.

Approximately how many documents are required to complete a transaction in your market?



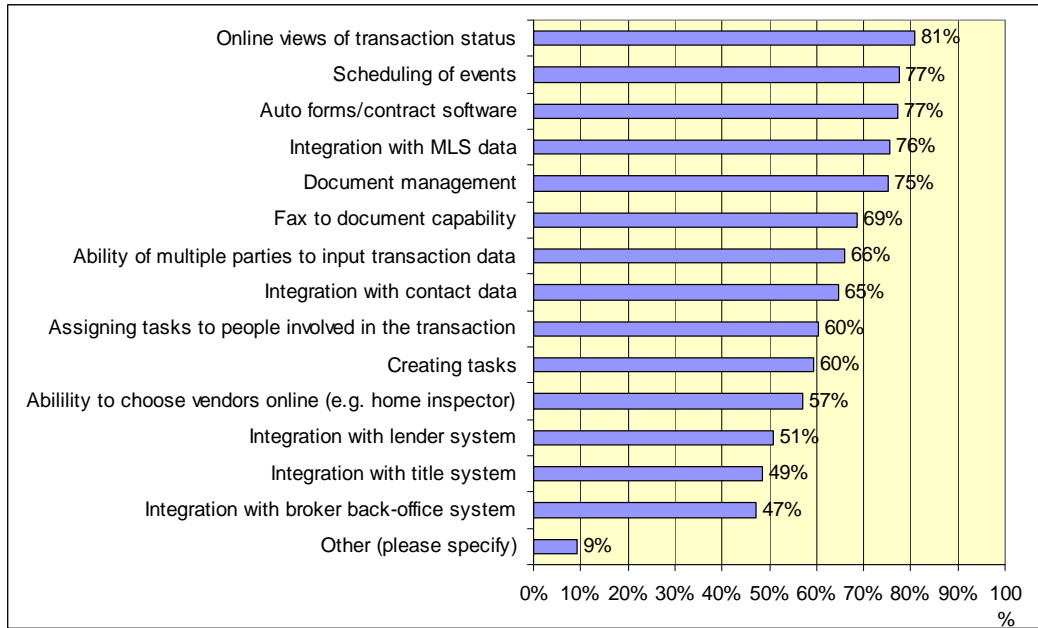
The largest single group, 34%, report it takes between 11 and 20 documents to complete a transaction. A small percentage, 6%, report it takes greater than 50 documents while 38% report it takes between 21 and 50 documents to complete the transaction.

Definition of Transaction Management System Features

Please check all features that you believe are part of automated Transaction Management systems.



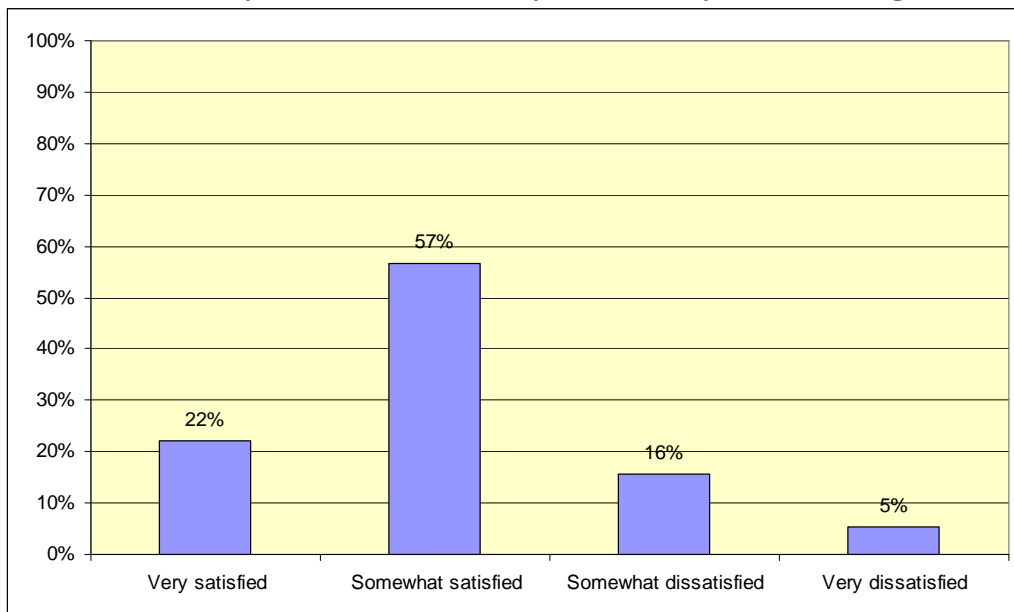
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There is still considerable confusion in the marketplace as to what actually constitutes an automated transaction management system. This question asked respondents to identify what respondents believe is included in an automated transaction management system. Viewing the status of the transaction and schedule events were the two top categories with forms, document management and integration with MLS data coming next. Integration with other systems such as lending, title and back office were at the bottom of the list.

Transaction Management – Key Hurdles to Adoption

How satisfied are you with the method you currently use to manage transactions?

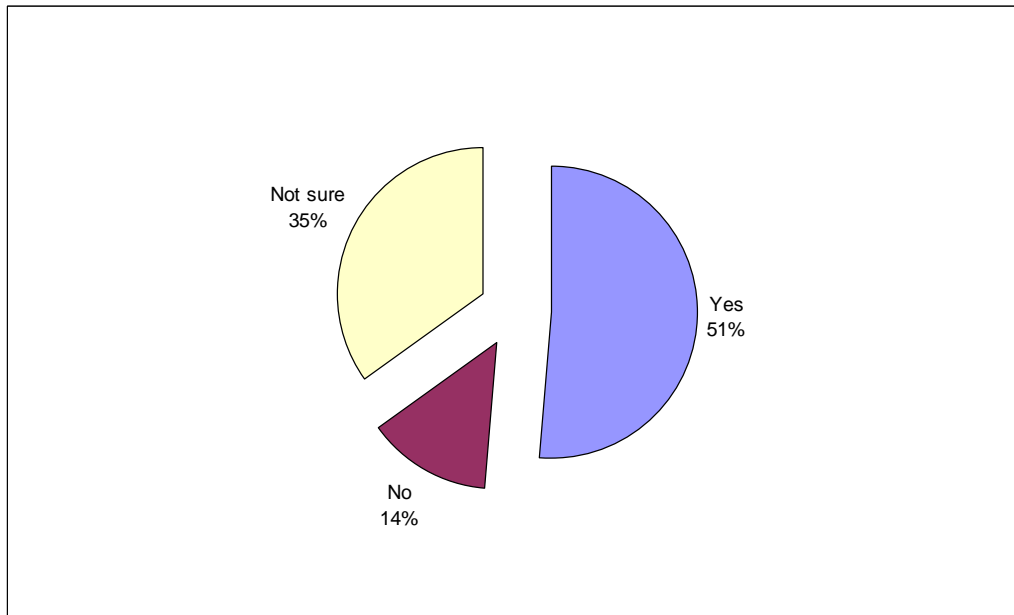




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This is the main hurdle that automated transaction management has to get over. 79% of those responding basically say “the system isn’t broken”! They are either “Very satisfied” or “Somewhat satisfied” with the methods they are using today to manage their transactions

Do you think an automated Transaction Management system would be better than your current method?



This question illustrates a number of issues related to automated transaction management. Respondents were split on whether automated transaction management would be better than their current method. WAV Group believes this is another indication that the ultimate users of transaction management do not have a clear understanding of the value proposition and ROI It offers.

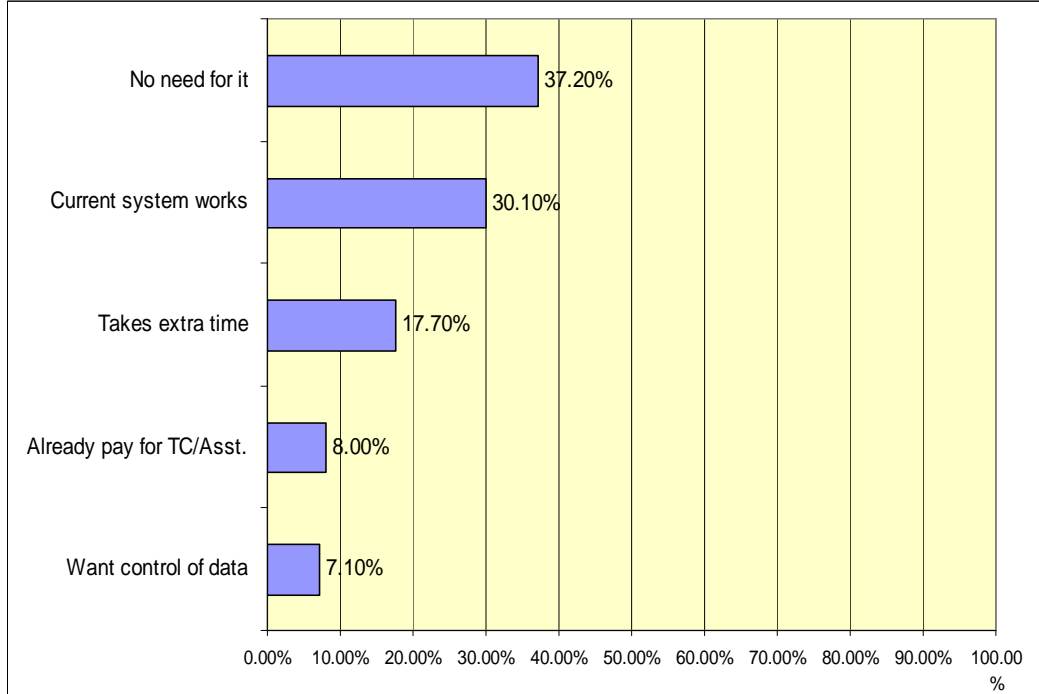
The 2005 WAV Group Transaction Management Adoption Survey also asked respondents to explain their answers about why they do, or do not believe, transaction management would be better than their current method. Answers from those in the “No” or “Not Sure” group tended to be longer and more detailed answers.

- 67.3% believed their current system works well and there was no need to change.
- 25.7% believed that it would actually cost them money because they would need to maintain redundant reporting systems and would have to pay for the system in addition to the assistant or transaction coordinator they were already paying for.
- Still others did not like transaction management because they felt like they would lose control of the data.

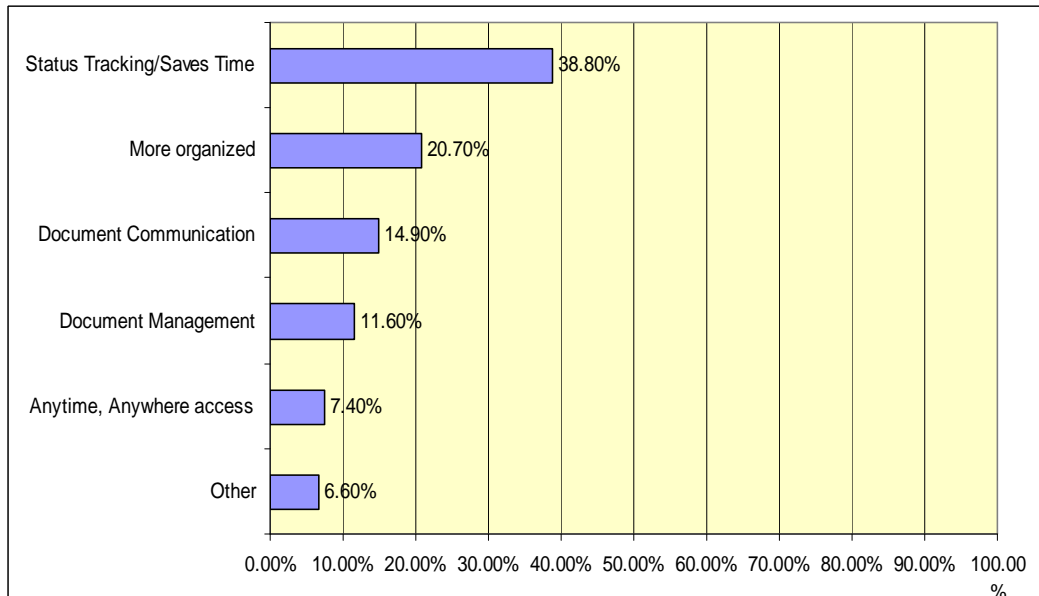
These responses suggest, again, that many feel there isn’t an urgent problem. Current methods are working fine. These respondents do not see a compelling reason to move away from their current methods.



**Do you think transaction management would be better than your current method?
(Open ended responses for “NO” and “Not Sure” answers to question above.)**



**Do you think transaction management would be better than your current method?
(Open ended responses for "YES" answers to question above)**



Nearly 61% of the respondents that stated transaction management would be better than their current methods believed it would make the transaction process run more smoothly by providing better methods for tracking each action, while helping them become more organized. 25.6% like the ability to communicate with all parties involved and be able to

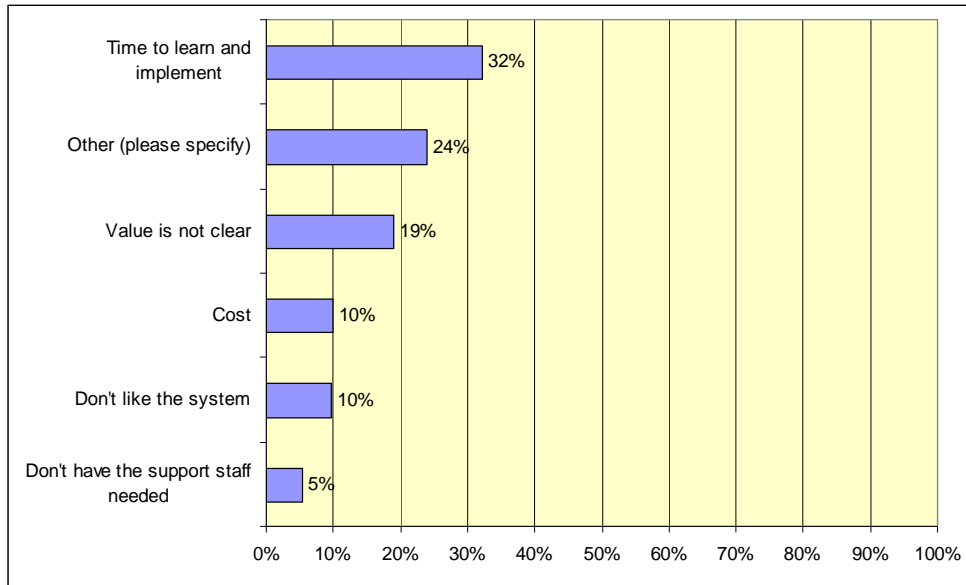


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process and store all documents in one place. 7.4% appreciated the 24/7 access that web-enabled systems provide.

Hurdles to Adoption

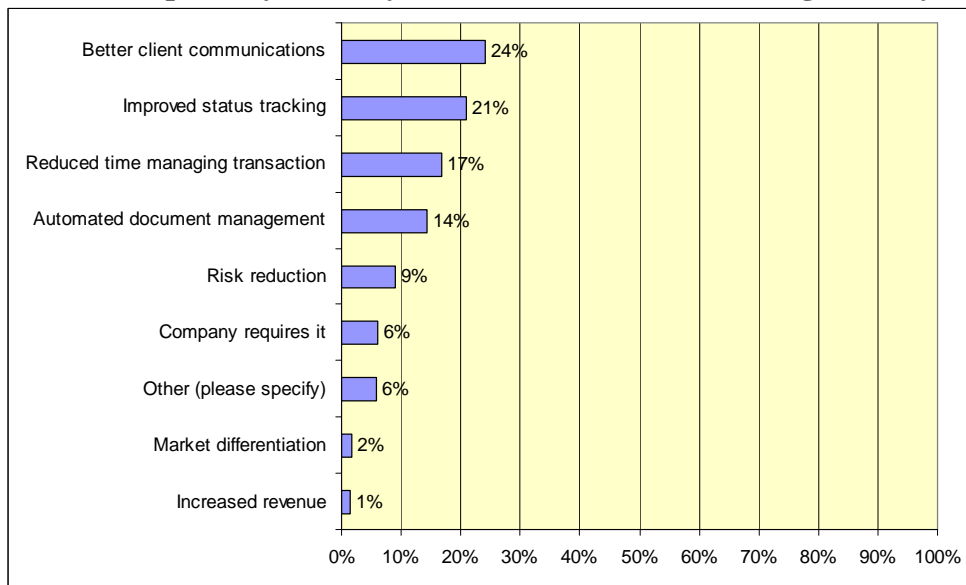
What is the primary reason you have not chosen to use the Transaction Management system that is available to you?



The biggest reason those who have access to transaction management systems don't use them is the time it would take to learn and implement the system. The "pain" of start-up is seen as too high for the majority of agents when they measure it against the benefits they believe they will receive from using a transaction management system.

Profile of Current Users of Transaction Management Systems

What is the primary reason you use the Transaction Management system?

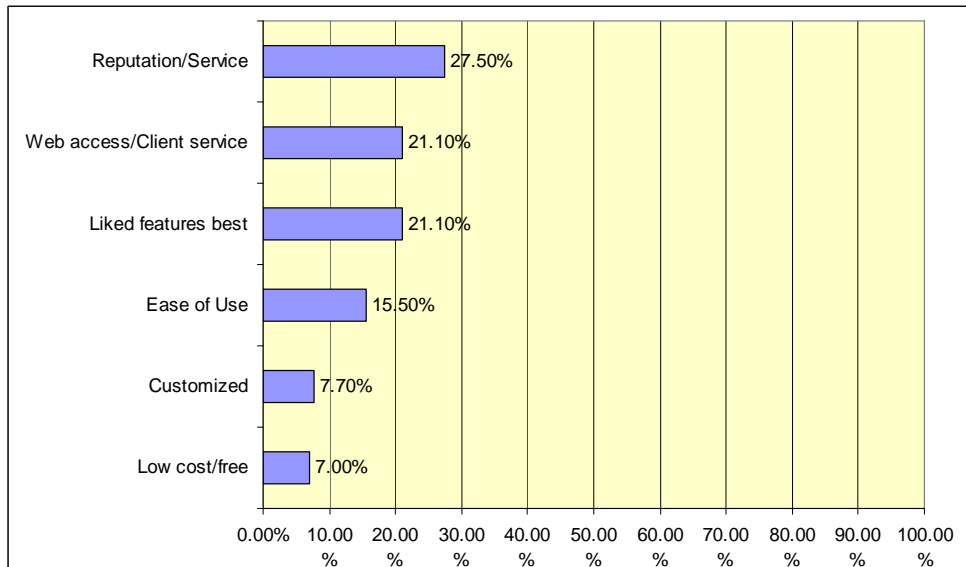




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The number one reason given for using transaction management systems was better client communications and improved status tracking. Following these reasons was reduced time managing the transaction and document management. Those who are using transaction management see it as a method for improved client communications, not necessarily as a tool for improved efficiency.

What are the primary reasons you recommended/chose the transaction management system you use today?



In this open end question, reputation, and brand awareness were the single largest reasons a system was recommended or chosen. Many respondents reported they chose the only system they were aware of because they saw it a trade show, or because someone they know recommended it. They did not outline a set of performance requirements and then shop for the best match. They also did not purchase a system to solve specific problems within their organization.

Some respondents recommended/chose the system which had features which best met their needs. An equal number chose the system because they believed it would help them improve the service they could provide to their clients and to all involved in the process because of web access and mass communication capabilities. Some chose a system because of its ability to be customized specifically to their needs as a company or as an individual. A small percentage chose the system because it was either offered as part of their monthly MLS dues or free from their title vendor.



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What are the features you use most often on your Transaction Management system?

The choices on this question were:

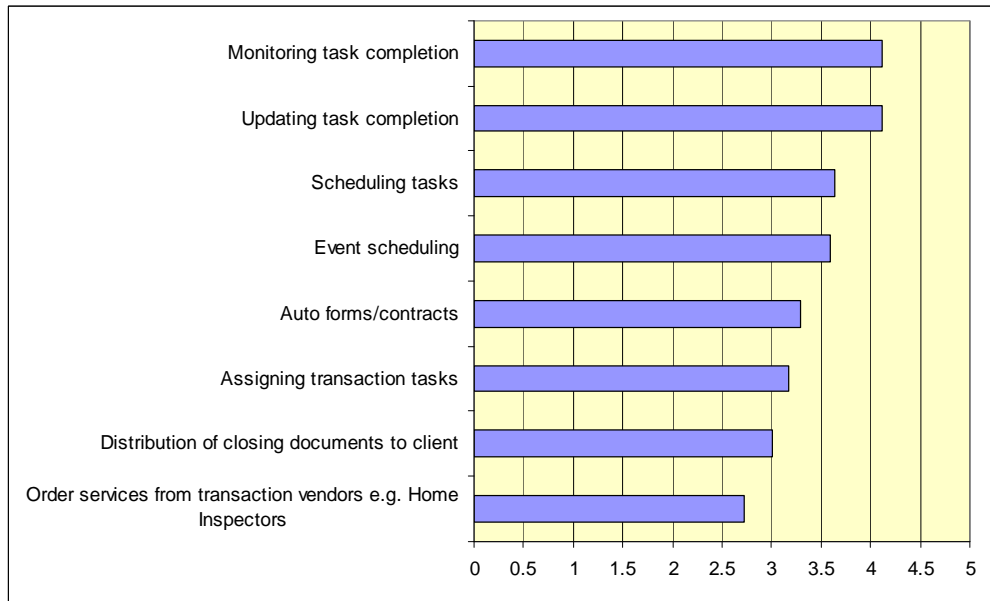
Not available = 1

Never = 2

Rarely = 3

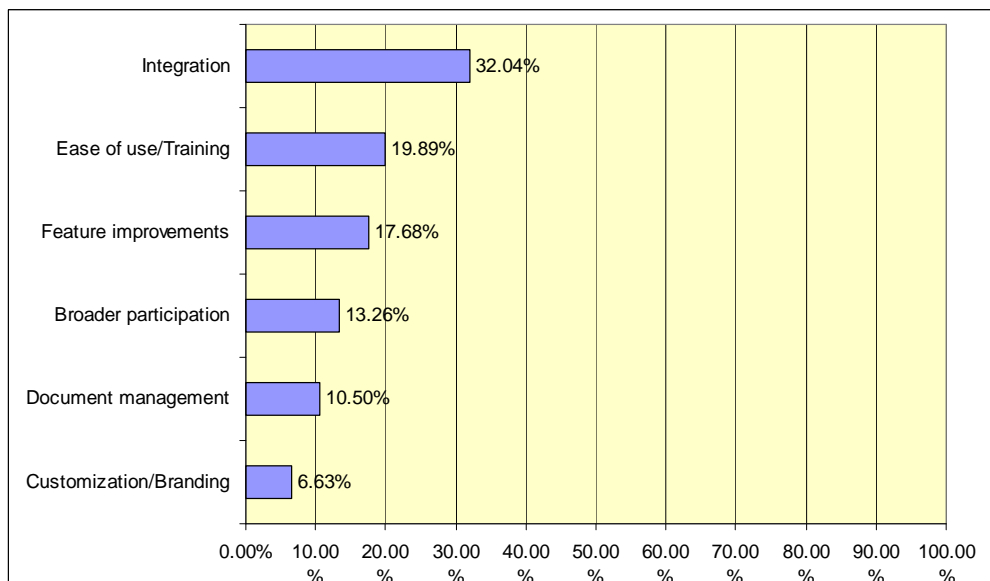
Often = 4

Most Frequently = 5



The most used operations involved transaction monitoring, scheduling and updating followed by auto forms. Very few are actually using transaction management at this time to order additional services.

If there was one improvement you could make to your Transaction Management system what would it be?

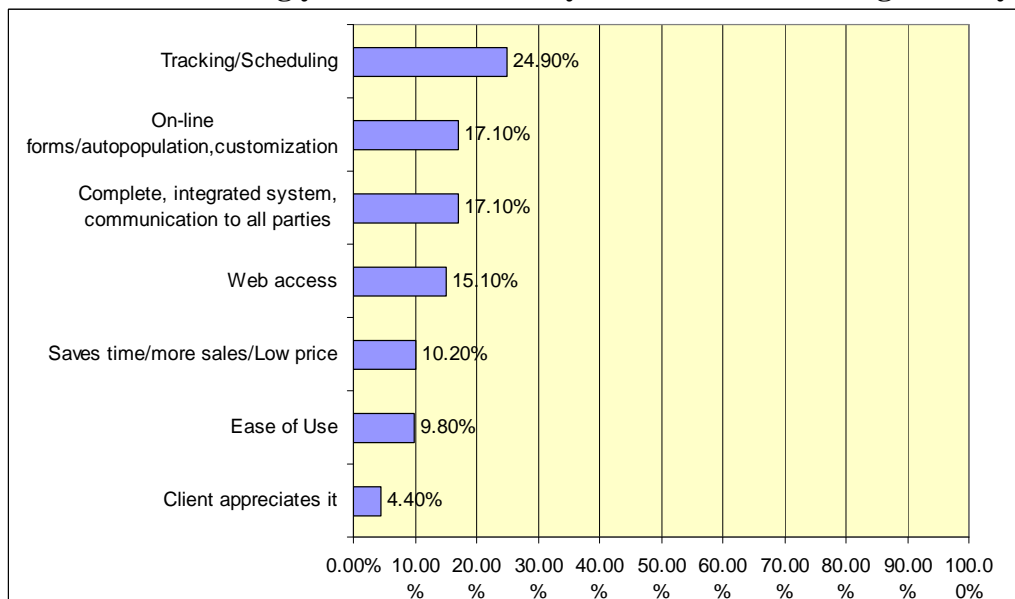




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Open-ended responses to this question showed that integration is the single largest request for improvements to transaction management systems. Respondents would like MLS data, contact management information, lender data and title data integrated into their system. Many would like the systems to be easier to learn and to use and others believe the systems will be better once more people involved in the process are using them. They would also like a way to provide access to their counterpart agent so that they can both manage the transaction from one system.

What is the one thing you like best about your transaction management system?

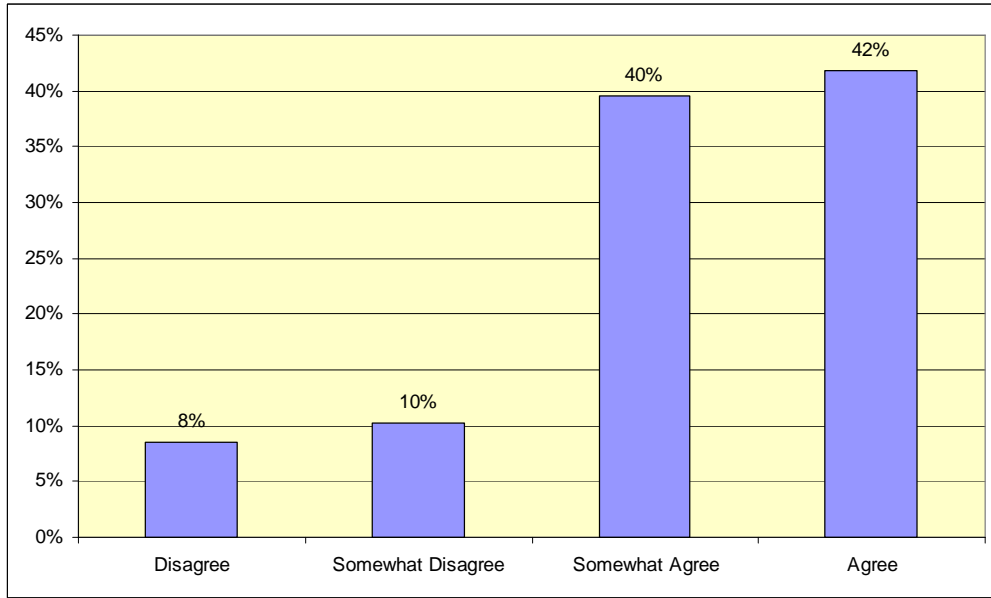


When asked what they liked best about their transaction management system, nearly 25% of all users of transaction management systems appreciate the ability to stay organized because they can check the status of each task easily. They like that they can schedule each task and keep on top of things more easily than with a manual system.

The next highest groups, both at 17.1%, like the ability to auto-populate forms and the fact transaction management is a completely integrated system. It is clear that this is not the case for other users as lack of integration is cited as a problem by other users.

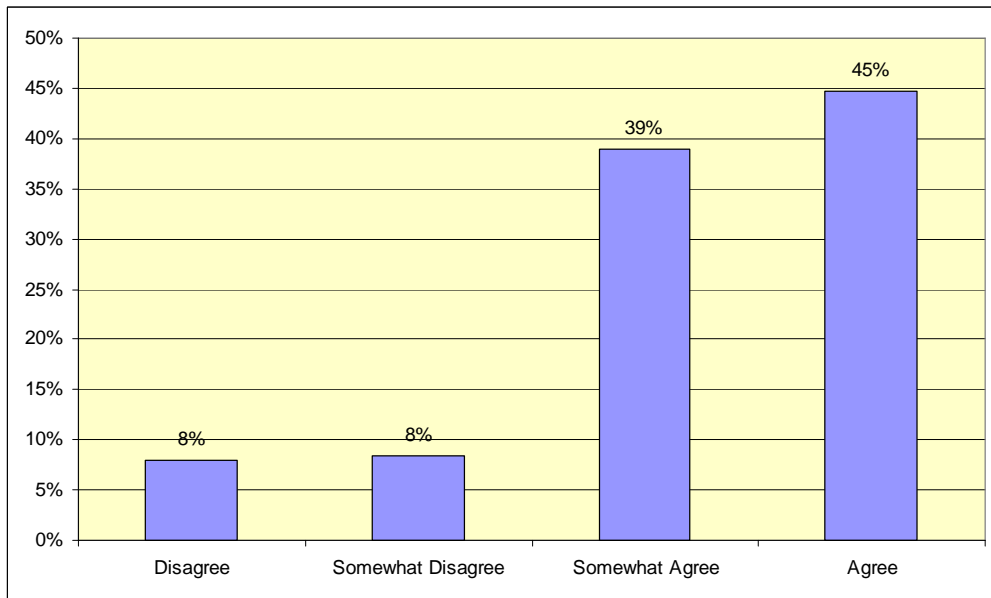


Our vendor is responsive to our suggestions for system improvements.



There appears to be high satisfaction with vendor's willingness to listen to system improvement suggestions.

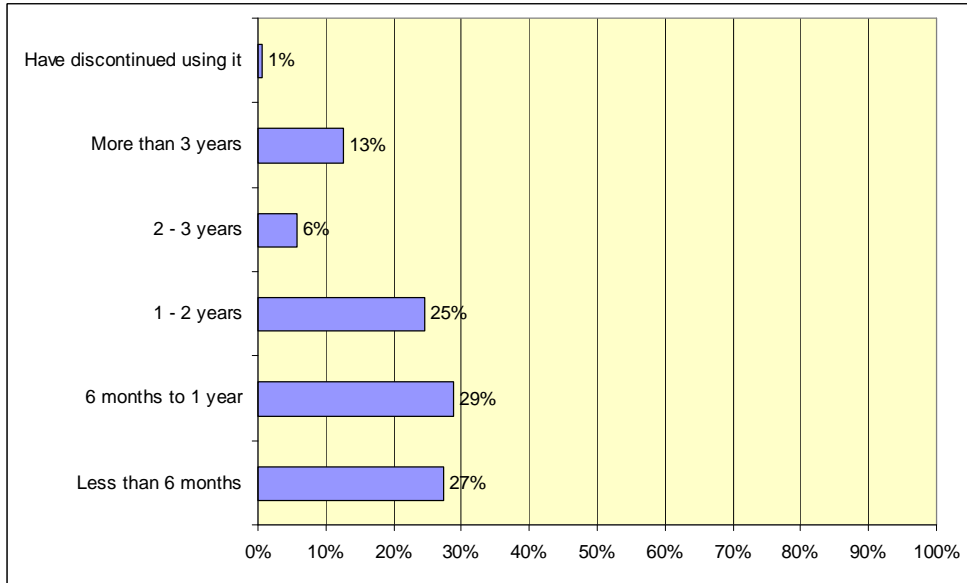
Our vendor provides regular upgrades to the Transaction Management system.



84% of the respondents that use transaction management systems report their vendors do provide regular system upgrades. This and the previous question are strong positive statements regarding the responsiveness of transaction management services available today.



How long have you been using your Transaction Management system?

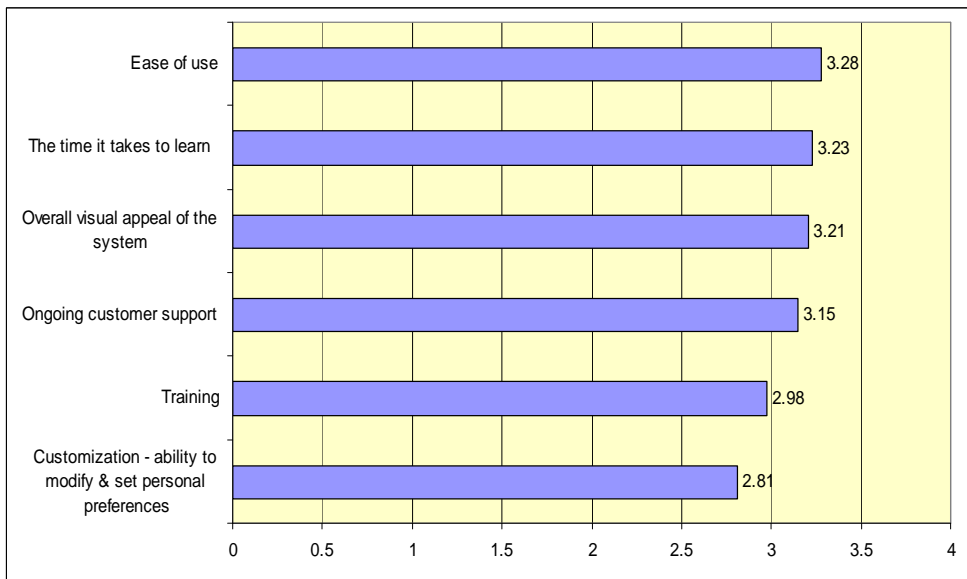


Experience with transaction management is still limited. 56% have been using automated transaction management for less than one year. Another 25% have been using it from 1 to 2 years with only 13% having used it more than 3 years. A very favorable statistic is the fact that only 1% reports that they have used it but discontinued it.

Please indicate your level of satisfaction for each of the following Transaction Management DESIGN features.

This question used a scale of 1 to 4, as follows:

- 1 – Dissatisfied
- 2 – Somewhat dissatisfied
- 3 – Somewhat satisfied
- 4 – Very satisfied





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Those using transaction management systems reported they were more than somewhat satisfied, on average, with the ease of use, the time it takes to learn, the overall visual appeal and ongoing customer support. The grade was a bit lower for training and the ability to customize the system.

Please indicate your level of satisfaction for each of the following DOCUMENT MANAGEMENT features.

- 1 – Not available
- 2 – Dissatisfied
- 3 – Somewhat dissatisfied
- 4 – Somewhat satisfied
- 5 – Very satisfied

Please indicate your level of satisfaction for each of the following DOCUMENT MANAGEMENT features.						
	Not available on system	Dissatisfied	Somewhat dissatisfied	Somewhat satisfied	Very satisfied	Response Average
Auto create - Forms/Documents online	29%	6%	9%	39%	19%	3.13
Document storage & retrieval	7%	4%	13%	43%	32%	3.89
Auto population of forms/documents with MLS data	25%	6%	13%	35%	21%	3.19
Auto population of forms/documents with Contact data	24%	7%	11%	39%	18%	3.20
Document Faxing - the ability to fax documents into the system for storage	32%	7%	11%	29%	21%	3.00

This chart represents respondents who said they use a major transaction management system. Those that answered “Other” on what system do you use, were excluded. The chart shows that some of the most important features are not available on all systems, such as auto-forms and integration with the MLS system and document faxing. A significant percentage of users, however, were either somewhat or very satisfied with the features noted.



Please indicate your level of satisfaction for the following Scheduling/Display features.

Please indicate your level of satisfaction for the following Scheduling/Display features.						
	Not available on system	Dissatisfied	Somewhat dissatisfied	Somewhat satisfied	Very satisfied	Response Average
Scheduling transaction events	7%	3%	9%	51%	31%	3.97
Viewing transaction events	1%	1%	4%	50%	43%	4.33
The ability to setup and use "Action Plans"	23%	4%	11%	35%	27%	3.39

This chart represents respondents who said they use a major transaction management system. Those that answered "Other" on "What system do you use?" were excluded. The largest group in each category were "Somewhat satisfied". 23% said they could not set up "Action Plans" which you would expect to be part of any transaction management process.

Please indicate your level of satisfaction for each of the following COMMUNICATION features.

Please indicate your level of satisfaction for each of the following COMMUNICATION features.						
	Not available on system	Dissatisfied	Somewhat dissatisfied	Somewhat satisfied	Very satisfied	Response Average
Communication - communication of events to parties involved in a transaction.	5%	1%	11%	45%	38%	4.10
Customer view - online view of transaction process for the consumer.	7%	1%	8%	47%	36%	3.59
Ability to control views to the transaction by permission	6%	0%	8%	39%	47%	4.19
Visual display of transaction events online	7%	1%	6%	42%	45%	4.18
Ability to supply customer closing documents on CD	45%	2%	8%	23%	23%	2.77
Ability to supply customer closing	36%	3%	8%	32%	21	3.01



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documents on website						
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This chart represents respondents who said they use a major transaction management system. Those that answered “Other” on “What system do you use?” were excluded. Communication of events and views to the transaction received the highest grades. The majority were either “Somewhat” or “Very satisfied” with their systems in these areas. An area that clearly needs more work for some systems is the ability to supply customer closing documents on the web or with a CD.

Please indicate your level of satisfaction for each of the following INTEGRATION features.

Please indicate your level of satisfaction for each of the following INTEGRATION features.						
	Not available on system	Dissatisfied	Somewhat dissatisfied	Somewhat satisfied	Very satisfied	Response Average
Integration with Back Office systems	61%	3%	8%	18%	10%	2.14
Integration with Title systems	62%	2%	5%	20%	11%	2.16
Integration with Lender systems	61%	4%	8%	18%	9%	2.10
Integration with Contact systems (e.g. Outlook)	54%	5%	8%	22%	10%	2.29
Integration with MLS data	28%	3%	9%	29%	31%	3.32

This chart represents respondents who said they use a major transaction management system. Those that answered “Other” on “What system do you use?” were excluded. It is obvious from these responses that data integration is a missing link with the transaction management systems. MLS integration had the best rating in this category with 31% reporting they were “Very satisfied”. 28% reported MLS integration was not available. The ability to integrate data seamlessly from other sources, into a transaction management system is integral to major adoption.

Please indicate your level of satisfaction for each of the following Transaction Management features.

Please indicate your level of satisfaction for each of the following Transaction Management features.						
	Not available on system	Dissatisfied	Somewhat dissatisfied	Somewhat satisfied	Very satisfied	Response Average

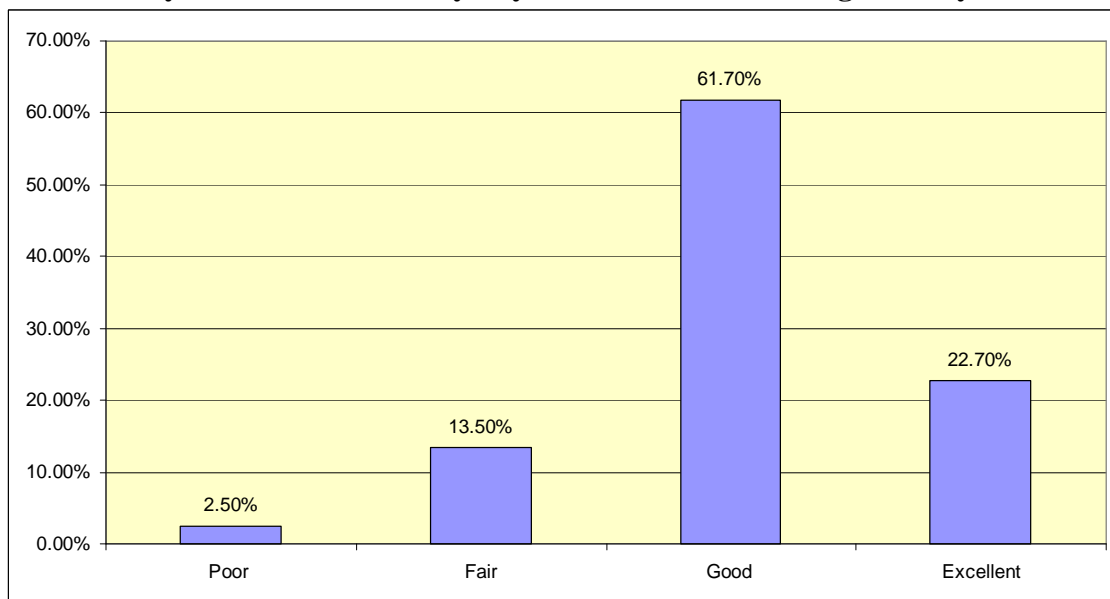


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System input by 3rd parties - the ability to allow others, with permission, to input or make selected changes to a transaction	17%	6%	10%	43%	24%	3.50
Offline Version - the ability to view and use the Transaction. Client and Schedule Information offline	50%	2%	7%	26%	15%	2.54
Broker branding	36%	3%	16%	26%	19%	2.89
Broker control of vendors on system	31%	6%	12%	34%	17%	2.98
Audit trail of all actions on transaction	15%	3%	6%	48%	28%	3.69
Overall system security	4%	2%	11%	54%	28%	4.01

This chart is based on users of major transaction management systems. Those that answered “Other” on “What system do you use?” were excluded. Half of those responding report they do not have any “Offline” ability to use or view transaction information. Ratings for system security and audit trails were strong. Broker Control and Branding responses were mixed since many systems do not yet have this functionality..

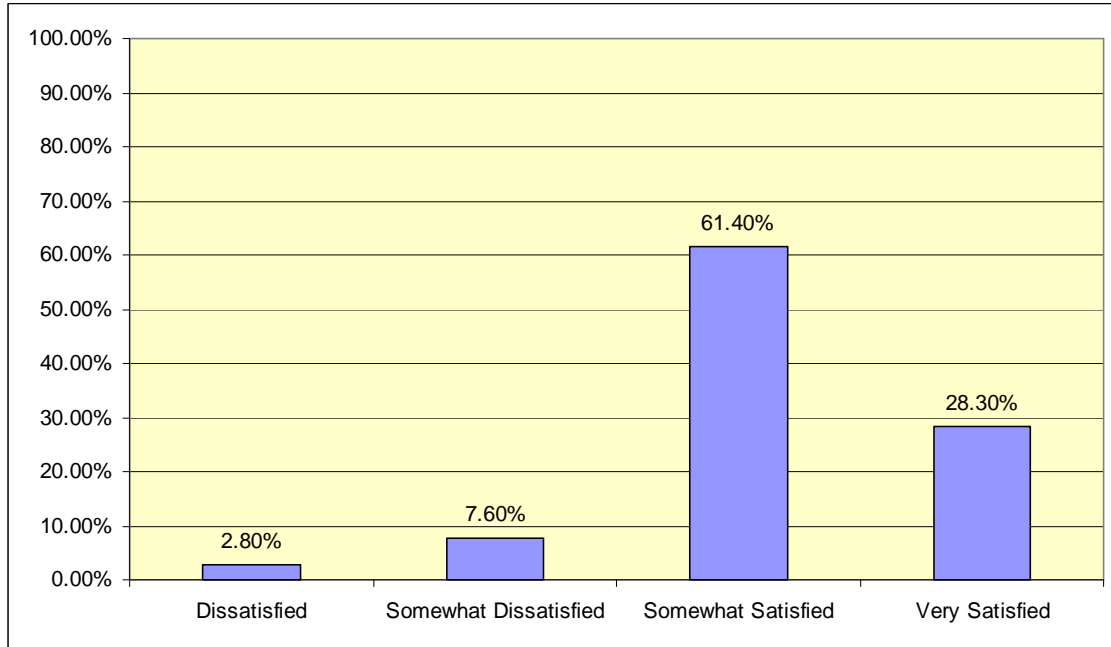
How would you rate the reliability of your Transaction Management system?



Over 84% of the respondents that use automated transaction management systems report that their systems are either good or excellent in terms of reliability.



What is your overall satisfaction with your Transaction Management system?



28.3% report that they are “Very satisfied” with their transaction management system while 61.4% report they are “Somewhat satisfied”. Only 10.4% report being either “dissatisfied” or “Somewhat dissatisfied”. Once implemented most users are reporting satisfaction with the systems.

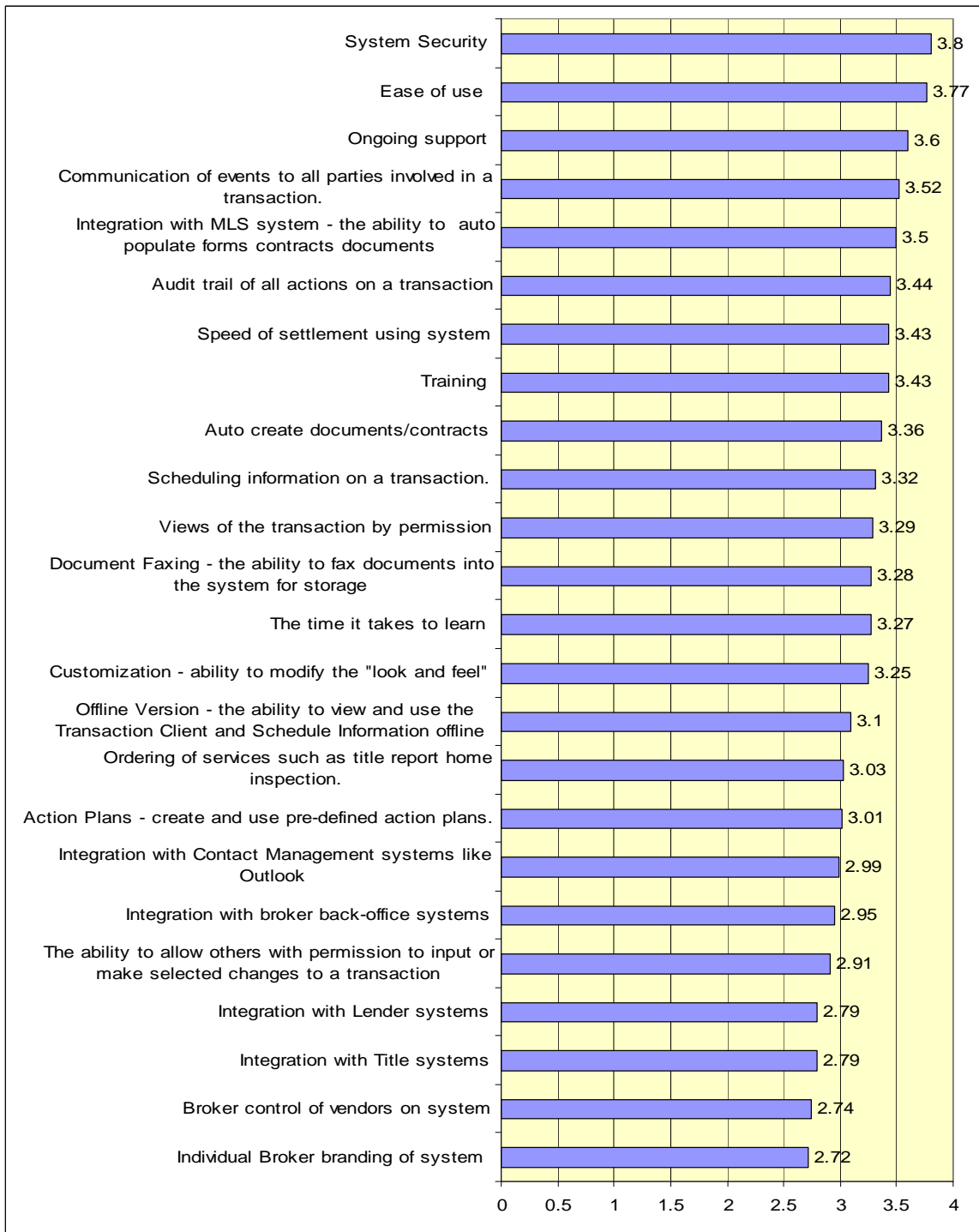
The chart on the following page shows the aggregated results to several questions that asked:

How important do you think each of the following is for a Transaction Management system?

- 1 – Not important
- 2 – Somewhat important
- 3 – Important
- 4 – Very important



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The chart above includes all respondents.

The top categories were system security, ease of use, support and communication of events followed by data integration with the MLS system. It is important to note that two of the categories noted as very important, Integration with MLS and Speed of Settlement, did not get very high ratings from actual transaction management system users. Offline access to transaction management was also rated as Important though 50% report they do not receive

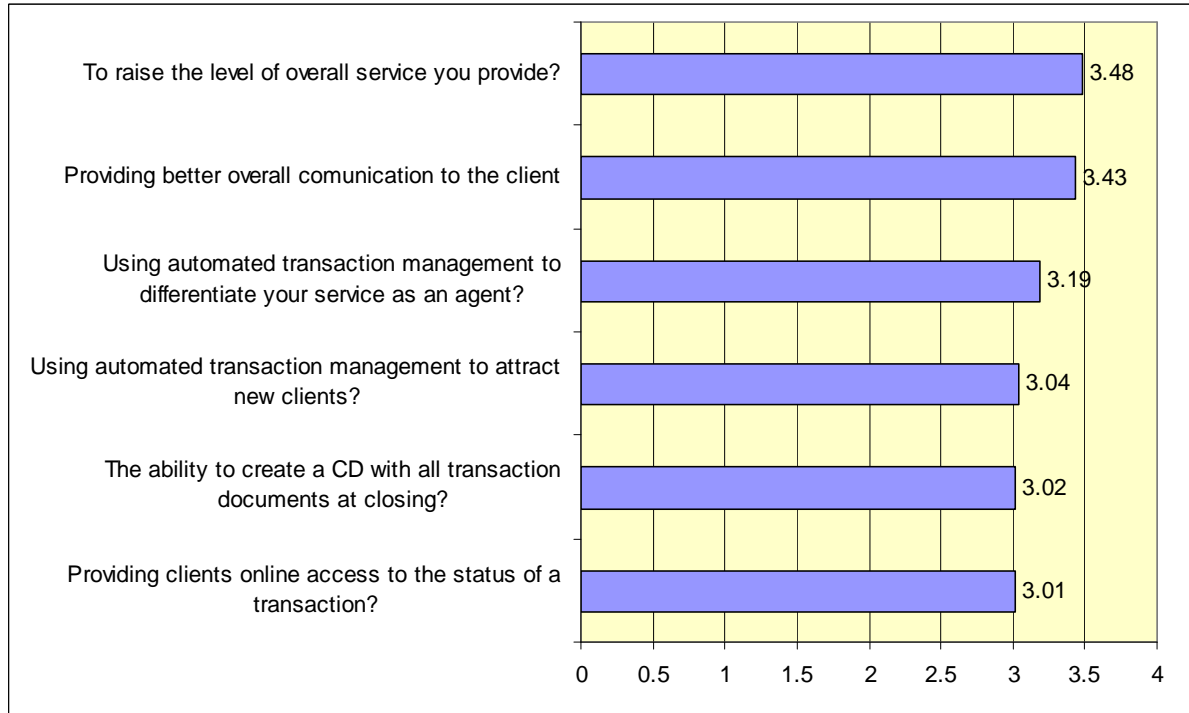


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this capability with their system. Those receiving the lowest levels of importance were Integration with lender systems, title systems and individual broker branding.

How important is automated transaction management in terms of the client?

- 1 – Not important
- 2 – Somewhat important
- 3 – Important
- 4 – Very important



Most respondents felt strongly that transaction management is important in raising the overall level of service to their clients and providing better overall communications. Differentiating themselves and attracting new clients received lower marks even though many current transaction management users believe it is a great marketing tool for them. This is consistent with WAV Group's contention that the value proposition of transaction management is still not clear to the majority of agents.



Conclusions

Those of us who have watched the rollout and adoption of any technology in our industry over the past twenty years or so should not be surprised by the lack of adoption of automated transaction management. The real estate industry is made up of “high touch” independent contractors that have always tended to old familiar ways over innovation. This has been the case even when the benefits have been obvious and the costs are relatively low!

Transaction management success requires a clear value proposition; a well understood return on investment, better standards, along with coordination and participation of multiple parties. The reality today, however, is there are no standards, no clear delivery channel, and a perception that transaction management systems are hard to learn and expensive to implement. These factors have helped keep most REALTORS® and MLSs in a “wait and see” mode

For adoption to really take off Brokers need to lead the way, regardless of the delivery channel. They first need to be able to justify the expense and pain of adoption and they also need to be able to show agents immediate value or adoption will continue to be slow. WAV Group believes that systems need to be released as components, hitting the high need areas first, such as document and forms management that do a better job of data integration. Forms management has been adopted at a high rate in our industry because it cures a real pain for brokers and agents. The pain will only get worse as agents struggle to deal with the growing number of documents. As integration in transaction systems gets better there will be a real incentive for agents looking to cut expenses, reduce risk and provide better services to their products. This will in turn create a disadvantage to agents that do not use similar tools. As more parties come onto the same system the overall benefit to everyone grows exponentially. Once agents have moved, and become comfortable with transaction management additional capabilities can be add easily. The key is to do it in steps hitting the “high pain” areas while keeping it simple.

Automated transaction management is a “must have” for our industry. The challenge is understanding how it can be implemented within existing business processes without causing more pain than benefit. The 2005 WAV Group Transaction Management Adoption Study is offered, with our complements, as one part of the process to move us closer to making adoption by a critical mass of our industry a reality.



WAV Group Services

WAV Group provides professional consulting services to the Real Estate industry. The firm helps Multiple Listing Services, associations, real estate firms, franchise organizations and technology vendors in the United States, Canada and Europe reach their business and technology objectives.

WAV Group always begins with a clear understanding of the needs and objectives of the customer as well as the end user. Our team can help you outline a new strategic direction for growth, product or service improvement. We can help you better understand your member and clients needs by proven research methodology. We can assist you to make wise technology decision and stay with you and drive implementation. In short, we work with your organization to help you successfully reach your specific business objectives!

The following is summary of WAV Group services:

Transaction Management

Review - Selection - Implementation

Your MLS or Brokerage has likely thought about transaction management and considered whether your organization should be implementing this service. Transaction management continues to evolve and there are many technology options and partners available. The vendor and product you choose is very important but how transaction management is rolled out and ultimately delivered is also key to adoption and success. We have done extensive research on not just transaction management products but also on "best of breed" practices. We can help you make the right vendor choice and have a successful implementation.

TM Leadership Update - WAV Group can update your MLS or company prior to taking the major step to selecting or implementing a TM system. We will bring you up to date on what is working and what isn't. Are there successful implementations? What are the "best of breed" practices that seem to be working?

Needs Assessment and Impact Study – WAV Group believes it is critical to understand exactly what you are trying to achieve by outlining a needs assessment. First, WAV Group conducts a detailed analysis of your existing operations and how they are likely to be affected by the implementation of a transaction management system. We then help you quantify costs and estimated return on investment! This allows your organization to understand and plan for any staffing changes, education needs, communication and roll-out issues prior to selecting your vendor.

Agent impact research - For MLSs and real estate companies WAV Group first identifies what your agents are using today to complete transactions, and what services they are likely to be in favor of using first so we can help you articulate the value proposition to them. This not only ensures a higher adoption rate, but it also helps you target those specific Transaction Management services that will create the most immediate value. Once adoption to a platform occurs additional capabilities can be added easily.

Transaction Management Vendor selection – By starting with your existing processes and determining the best rollout plan for your organization we can then help cut through the "technology clutter" to evaluate and select the right technology partner. We provide complete vendor selection assistance including RFP development and contract negotiations.



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Implementation services - Choosing the right vendor is only the beginning. Understanding "best practices" and developing and executing a well coordinated implementation plan are keys to success. We can help you avoid common pitfalls and execute a "best practices" approach that will speed adoption, provide realized benefits sooner and ultimately save your organization money!

OTHER WAV GROUP SERVICES

Real Estate Technology Evaluation & Selection

Changing MLS and Broker technology can be hugely disruptive to an association or company. Staying current on technology trends in any industry is a full time job that MLSs and associations rarely have people dedicated to. We do it everyday! From "request for proposal" development to contract negotiations, we can make sure you make the right choice at the right price.

Product Management Services

WAV Group has worked in the real estate, technology and consumer industries for over twenty years helping to design, develop, install and market winning products and services. WAV Group works with technology companies and in-house MLS development teams providing product reviews and GAP Analysis, User Interface and Navigation reviews, and helps internal development teams design new products and outline market requirements documents and product roadmaps.

PRO Research

WAV Group believes "pain causes change"! If you have ever been part of a service, product or technology release that did not gain the type of acceptance you anticipated looking back we would bet that it was more of a "vitamin" than a "pain killer".

This is the foundation of PRO Research. WAV Group builds and executes custom surveys, creates and leads focus groups as well as in-depth process research to help our clients make better business decisions

Marketing Campaigns

WAV Group works with its clients to create marketing campaigns using a combined expertise in marketing, public relations, direct marketing and eCommerce. We work with your internal team to speed the rollout and adoption of new products and services.

Strategic Planning

The WAV Group PRO Plan is a comprehensive strategic planning process which helps an organization uncover major opportunities for improvement and then build and execute action plans to achieve these breakthroughs.

For more information about WAV Group, visit our website at <http://www.wavgroup.com> or contact us at info@wavgroup.com.



WAV Group 2005 Transaction Management Adoption Study



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Mike has been on the leading edge of the real estate industry for over 20 years with an extensive professional track record in technology, management, business development, and sales.

As an executive with leading MLS technology companies Interealty and Moore Data, Mike led multiple business units bringing MLS, franchise and broker technology to customers throughout the US, Canada and Europe. During his tenure both companies reached record levels in sales and independent customer ratings. At Microsoft, Mike was manager of business development on the MSN HomeAdvisor team. While at Microsoft Mike had a key leadership role in the development and release of Realty Desktop, one of the first transaction management products, while helping HomeAdvisor reach their goal of 1.5 million online listings. As president of Audet Consulting, operating from London, England, he provided business development services to clients including RE/MAX Europe where he led the successful marketing and sales of their master franchises.

As a founding partner with WAV Group Mike works with MLSs, vendors, trade associations and real estate companies helping them reach their business goals. His primary areas of focus include technology review and selection, business development and market research.



Marilyn Wilson

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Marilyn Wilson is a seasoned executive with proven strengths launching highly successful new businesses, products and services. Marilyn has led national research projects for the National Association of REALTORS® and others. She also employs her background in direct marketing and eCommerce to help REALTORS® find more effective ways to build their businesses.

Prior to forming her own consulting firm, Marilyn was President and CEO of Surveyor Corporation, a leading provider of web camera software and hardware. She transitioned the company from a “think tank” to a viable organization, commercializing several products for both the consumer and business to business marketplaces.



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Prior to Surveyor, Marilyn was VP Strategic Planning and Worldwide Marketing for Fisher-Price toys. She was the company's leading change agent assigned to several turnaround situations and new business start-ups. While there she launched over 1000 new products and four new divisions.

Marilyn is a graduate of Cornell University. She has also been a contributor to the highly successful management book called AT THE HELM.