

## Clareity's 2005 NAR Mid-Year Meeting Report

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### Hot Topics at Private Clareity Sessions

#### *MLS Data Licensing*

Last Year: There was a witch hunt at REBIG and MLSNI in Chicago...

This Year: REBIG is gone and Jay Huffman is playing rock and roll! The result on the industry is that MLSs are being much more conservative about licensing data and more MLSs "just say no" to licensing.

#### *Transaction Management Systems (TMS)*

Is Transaction Management finally taking off? Several large brokerage firms are deploying TMS enterprise wide and a few more MLSs are deploying online TMS for their members and attempting to set the TMS standard for their market areas. Watch for Clareity's new TMS whitepaper – we plan to release it in June – the paper provides an in depth look at the state of transaction management in the residential real estate market.

#### *MLS Security*

There is an increased awareness for improved security and a recent CRT survey showed that security was top of mind for many real estate and MLS executives. Clareity has performed a number of IT Security Audits for brokerages and MLS networks in 2005. During several of the security audits, it took our consultants only minutes to get access to the MLS vendor, staff and user passwords - and sometimes even the entire MLS listing database. The hacking tool they use? Internet Explorer 6.0 – that's all it takes. Improved MLS system access control is also making progress and several more MLSs made the decision to deploy the SAFEMLS™ strong authentication solution in 2005. Many other MLS organizations have implemented password change policies for the first time based on Clareity's recommendation, but we still talk to MLS groups that have *never* made their users change passwords.

#### *Realtor.com*

Controversy seems to have quieted down at Realtor.com this year and they have been busy improving their products. For example, Top Producer looks better than ever under Errol Samuelson's leadership. The big scoop here is that prior to the mid-year meetings, Clareity learned that a group of large brokers approached Homestore about the taking Realtor.com private, and giving control back to the guys that own the listings. This is an interesting idea, but an expensive one too.

## **MLS Policy Committee / Forum Summary**

Ann Bailey gave an MLS Issues Update that was essentially an update on what had occurred at the MLS Data Topics in the Tropics meeting in February 2005. She talked about the role of the MLS being to protect the compilation from misuse and the role of the broker being to take legal steps to protect the content they contribute. Brokers were being advised to have the agents assign copyright to the broker and also that brokers adopt data usage policies for their listings. In addition, brokers were advised to develop rules for agent websites. A recent NAR survey showed 89% of brokers do not have copyright assignment from the agent. MLS's were advised to protect their content by having a license and usage agreements for ALL users. Three way agreements for IDX and other technology vendors were also recommended.

The subject of broker frustration with the "artificial geographic MLS boundaries" that require many brokers to be members of more than one MLS was also discussed. The need to stop agents from sharing MLS usernames and passwords was also mentioned, and it was recommended that brokers develop policies on use of the data within their own companies.

### **No DOJ Lawsuit Yet!**

In other MLS policy news, the audience learned that no lawsuit has been filed yet by the DOJ. Negotiations are on-going with chief concerns being the "selective opt out" and referral provisions. NO policy that includes selective opt out will ever fly, so that one is off the table. The goal will be to work toward one policy for both VOW and IDX (what a concept!).

As a result, the MLS Policy Committee recommended the following changes to the IDX policy:

- 1) That MLS's be allowed to require appropriate security protection such as firewalls, provided that any security obligations imposed on Participants (the brokers) not be greater than those employed concurrently by the MLS and/or that the Participant (brokers) maintain and audit trail of consumer activity on the IDX site and make that information available to the MLS if the MLS has reason to believe data security has been breached.
- 2) Numerous clarifications of the IDX policy were made in preparation for the joining of the VOW policy. One key decision was the option to allow MLS's to require that the domain the data resides on be owned and controlled by the broker. (This could have big ramifications for the leads generators right now that are running "broker branded sites" that are not owned by the broker.)
- 3) A new policy was added that restricts MLS organizations from using listing info for purposes other than defined in the purposes for use by the broker. If an MLS wants to use data for another purpose (such as data licensing) they must obtain the broker's permission and it cannot be a requirement of joining the service. This policy will basically prohibit MLS's from licensing the data without the broker's individual permissions.

The NAR Board of Directors approved these changes at the mid year meeting.

## Around the Trade Show

### *Best Customer Spokes Model – Cantey Davis, FMLS Atlanta*

Check out the handsome smile on Cantey. He's so famous now he only needs one name. Cantey...Look out Fabio! There's a new stud in town. Watch for Cantey on the cover of GQ soon!



### *Best Swag Bag Award (and worst neck tie...)*



Enough said...

### *Best Party*

Last year's Best Party winner was Interealty for renting the fun and quirky French restaurant on Connecticut Avenue. This year, Supra won Clareity's Best Party prize for its outstanding 50<sup>th</sup> Anniversary Celebration at the Omni Hotel. Supra went all out and had a bigger than ever bash with their favorite live band "Nightlife" playing great dance music for the fourth year in a row. Party guests received chocolates in the shape of champagne bottles and tickets for drawings held throughout the evening. Four lucky winners received Palm Zire 31's and there were many other prizes. The food was outstanding as SUPRA served up a great variety of international food. Many party guests "shook their groove thing" on the dance floor, while other mingled and enjoyed the crowd. Congratulations to SUPRA for 50 years in the lockbox business and for throwing this year's best party!



### *Best New Technology at Show*

Clareity is hard-pressed to choose a single company for 'best technology' this year, so we are awarding it to "mapping" as a category. Over the past few years, mapping has become even more sophisticated, with companies like Solid Earth, RealGo and GeoJet driving innovation in real estate. Mapping has always been one of the sexiest parts of the MLS to demo, but most users see it as "sizzle" rather than "steak". Clareity believes that mapping will continue to become better integrated into the MLS workflow and reports, reducing the time needed to access information and representing complex data in easier to understand ways.

As one example of the mapping innovations taking place, Solid Earth is in the process of adding a feature to its mapping that will answer the question, "What homes are within a specific drive time of a workplace?" This answer isn't as simple as performing a radius or mileage search, and Solid Earth is using a model they refer to using the mathematical term "isochrone" (Word of the Day!) to provide an answer. The first implementation will be in Detroit, and Clareity looks forward to seeing how this tool works in the real world.

Consumers have access to sophisticated mapping tools outside of real estate, so it is important that real estate professionals be provided with "professional grade" mapping tools and reports so they can continue to look good and stay a step ahead of consumers. Kudos to the companies that are helping our industry stay out in front.

### *Most Wacky New Technology at Show – Showing Beacon™*

A new "patent pending" technology named Showing Beacon™ was created to notify sellers that have been kicked out of their house for a showing when it is safe to come home. Rather than make the sellers ride around in circles and have to guess if the agents and buyers are still in their house, the showing agent can push a little red button on a black box on the way out the door that automatically alerts the sellers that the coast is clear – and they can come home! It sure looks simple to use – just push one button. The cost is about \$50 for the gadget and \$99 per year for the service plan. Some listing agents are "frugal", but some may view this as a killer listing tool and seller convenience. I dunno, it's hard enough to get showing agents to leave a business card, so I'm not sure how many of them will be eager to use the Showing Beacon while leaving!

### *Best Digital Camera – Pentax Optio 5i*

This is simply the best digital camera yet – if you like them small, easy to operate, and appreciate super high quality pictures, this is your camera. I bought one last November when they first came out, and absolutely love it. Seeing it in DC reminded me that this camera deserves an award.

### *Best Booth – THE SCARF MAN – Low Tech Wins this Year!*

The "Scarf Man" won the best booth award because of low overhead, large selection, and his catchy name. This guy made some money in DC – he had Ladies lined up three deep at times. Scarf Man freaked a little when I took his picture, and he asked, "Why did you do that?" I told him I liked his scarves, but he knew I was up to something. Perhaps he was worried about his parole officer seeing him out of town or that the real owner of the truck load of scarves might see this picture... (just kidding Scarf Man!). In an industry where we have a Mr. Internet, why not Scarf Man?



## People on the Move

Since the last convention a few people have moved around, Here are some of them we noticed:

Person	Old Gig	New Gig
Jay Huffman	MLSNI	Semi-retired, relaxed, and playing Rock & Roll band (seriously!)
Jim Harrison	CEO – NTREIS	CEO – REInfolink (San Jose)
Warren Andrich	FNIS	Rapattoni
Larry Spencer	AnyTime MLS	VP Bus Dev - Fidelity
Robert Overman	REBIG	CTO - Fidelity MLS
John Leonardi	FNIS (Supra before that)	EVP Buffalo Realtor Assoc.
Joe Kazzoun	CIO – Keller Williams Corp.	Senior Consultant - Clarity

## MLS System Provider Round Up

### *MarketLinx*

MarketLinx continues to roll out its all new MICROSOFT.NET based TEMPO 4.0 modules including Client Gateway, Agent Desktop with Sidebar and Preferences, Combo View – MLS, Tax, Map, Photo, and Tax Record Integration with CMA. Enhanced TEMPO features in email and mapping modules include: New Email Form with consumer opt-out and NDR (non delivery receipt), Radius Map Search, Polygon Map Search, and Driving Directions. The TEMPO 4.0 Search and Reporting module is being tested soon in a pilot market with an existing customer. All new installations receive TEMPO 4.0 from their cutover date. Tempo 4.0 has a lot of new features, but I really liked the new, easier to use interface and think this is a great improvement.

### *Fidelity MLS Systems and Solutions (the artist formerly known as FNIS)*

Fidelity MLS announced it has entered into a joint marketing agreement with ShowingTime, the leading online showing appointment system. Fidelity has signed over 100 MLS accounts on Paragon 3 (119 is the actual number), which makes Paragon the number one system in the country in terms of installations. Fidelity MLS released Paragon 3.4 which features three major improvements:

- Enhanced CMA
- Enhanced Prospecting
- Enhanced Photo Maintenance

Fidelity also released Paragon WiFi. Fidelity MLS Q1 '05 Internal Customer Survey shows dramatic improvement in Customer Satisfaction which was consistent with the Clarity Survey released in April '05.

## *FBS*

FBS reported strong growth, signing eleven new contracts representing approximately 7,000 agents, with eight of those accounts already installed. As of the beginning of 2005, FBS became a 100% employee-owned company through a newly formed ESOP, which purchased all the outstanding shares of stock from the company founder, Paul Wurzer. FBS stated that this exemplifies its commitment to its employees, and with the ESOP in place, its team is now personally motivated to perform at an even higher level.

## *Offutt*

Offutt says it was their busiest show they could remember. Offutt reported that overall customer satisfaction is at an all time high, and that they renewed or extended every 2004 and 2005 client. They are contracted to install 11 new systems this year, totaling 18,000 new agents using InnoVia. Offutt has been especially hot in Florida with recent wins in Space Coast Melbourne (4,100 agents), Ocala, and Port Charlotte/Punta Gorda. Offutt has openly embraced the SAFEMLS project and has Albuquerque on board as its first cutover, and two other boards close to committing.

## *RealGo*

RealGo is a relatively new MLS player dedicated to supporting the "Custom MLS" community by developing, building, and supporting fully customized MLS applications for associations looking for more control than traditional MLS vendors provide. The end result is that the client gets all the control of an in-house system without the risks of building one from the ground up. RealGo is also offering four modules: Mapping, Showings Management, Contracts, and AutoProspecting with MySite as separate modules that can be integrated with a home grown MLS. At NAR Midyear, RealGo stated that several of the largest MLS associations were seriously considering RealGo to provide one or more modules for their systems.

## *Tarasoft*

In April, Tarasoft Matrix went fully live for the GSBRLS in Southern California thus becoming the exclusive and primary vendor for this market area. This was the first implementation of Matrix where Add/Edit Listing was included to provide full MLS system functionality. April also saw MRIS, the nation's largest MLS provider with more than 50,000 members turn off their old legacy system, moving 100% of their membership to Tarasoft Matrix. MRIS still maintains its own "back-end" system for listing maintenance. Matrix in MRIS has more than 110,000 logins/day with over 2,000,000 listings and an average search time of less than ½ a second.

### *Solid Earth Geographics*

Solid Earth reported that the Mid Year Show was again the best show of the year for them. This year Solid Earth completed the re-write of the LIST-IT MLS System to Microsoft .NET. As part of the re-write they released an ActiveX Control which doubled search performance for subscribers using IE browsers. They also enhanced their automated prospecting system to improve SPAM controls, prospect activity tracking and reporting. Solid Earth has also enhanced its proprietary mapping solution, MapMachine.com, to include polygonal isochrones. Isochrones are polygons created by a 'drive time' query such as 'I want to live 30 minutes from work'. How cool is that? On the business front, Solid Earth has renewed contracts covering over 16,000 subscribers in late 2004 and early 2005 and was ranked 308<sup>th</sup> in Inc. Magazine's Inc 500 list of the fastest growing private companies in America.

### *Interealty*

MLXchange 2.0 was officially launched after more than 14,000 hours in development and offers many new and enhanced features including a new Comparative Market Analysis module, an online report editor, additional security and data integrity options (including integrated support for SAFEMLS), and improvements to the prospecting and listing maintenance functions. Interealty reported its high marks in Clarity's recent MLS Customer Satisfaction Survey intensified interest in MLXchange, particularly MLXchange Professional, which was recently licensed by the Mid-Florida Regional MLS for its entire membership (20,000+). MLXchange Professional provides additional customer-relationship management tools like customizable Agent Web Sites with client portal pages, Internet lead capture, and calendaring and scheduling.

### *Rapattoni MLS*

Rapattoni demonstrated the new RETS 1.5 Manager in Rapattoni MLS and wowed many at the D.C. meetings, since it gives staff unprecedented control over what data each RETS vendor client can access. A new mobile wireless interface that's soon to be released and the Rapattoni MLS parcel mapping were also big hits. Rapattoni's flagship association-management software is still going strong with new installations and upgrades in progress for all current customers. The Internet Member Services (IMS) component is especially popular, and some are reporting that more than 70–80% of their members now pay their bills online through IMS. Rapattoni Lockbox and Secure Logon are set to debut later this year.

### *eNeighborhoods and WyldFyre*

eNeighborhoods received a great response to the new version of Listings, which is called eNeighborhoods WyldFyre 7. People loved the integration with the new eN/WyldFyre combined CMA and BuyerTour upgraded versions. In addition, it is also integrated directly with the rest of the eNeighborhoods Power Suite; HomeBook, Flyers, Maps, WebSite, and NewsLetter. eNeighborhoods and WyldFyre product lines are now a very comprehensive suite of MLS enhancement/marketing tools.

Well, that's it for this year. Thanks for reading my report – tardy as it was.... We'll send you our free whitepaper on the status of Transaction Management in 2005 and watch for our announcement regarding the 5<sup>th</sup> Annual Clarity MLS Executive Workshop in Scottsdale, Arizona scheduled for March 2006.

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To the right:  
**Gregg Larson and Amy Geddes, Clarity Security's new COO, are ready to ride by your side!**



## About Clarity

Founded in 1996, Clarity continually strives to provide our clients a truly independent and unique perspective. Clarity has successfully executed a vast array of consulting projects for our clients, related to:

- IT Security Audit and business continuity assessment
- Development and analysis of RFPs for MLS systems, public records, broker systems, and TMPs
- Mergers and acquisitions and strategic alliances
- New product marketing and business plans
- Product integration specifications
- Competitive analysis
- Contract negotiation
- Project management and implementation assistance
- Quality assurance testing
- Market research including agent, broker, and staff electronic and telephone surveys, as well as onsite focus groups
- Expert witness in software and technology disputes