

Clareity's 2009 NAR Tradeshow Report and MLS Update

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Clareity Consulting did not send out a 2008 NAR Tradeshow Report in 2008 and many people asked, "Where the heck is your report? We miss it!" So, back by popular demand, here is Clareity's recap of the NAR annual meetings and trade show.

Clareity's consultants attended and participated in several sessions this year, and we scoured the exhibit hall looking for interesting new technology and products. Following is a summary of what we learned and observed.

Around the Trade Show

The "freshest" thing on the trade show floor this year was NAR's Green Pavilion. Exhibitors with a "green" product offering were located in one pavilion. Two companies that caught our attention were Instanet Solutions, a leading document and transaction management company, and Pedal to Properties, a new franchise company. Instanet was pushing "Take Your Business Paperless" and handed out little baby Spruce trees in a tube for people to plant. Pedal to Properties is selling franchises for a full-service real estate company that offers buyers the unique option to pedal a cruiser bicycle through neighborhoods and tour properties in urban areas. This is a cool idea, but I would think the weather has to cooperate, or it's back inside a car. The first office is in Boulder, CO, so maybe they have snow tires for these bikes or they'll offer cross country ski tours also?





Busiest Booth Award (again...)

The Scarf King's booth was busy everyday! Technology exhibitors - were you wondering where your prospects were? They were buying \$10 scarves!



Tech on the Trade Show Floor

Association Management software competition is heating up! Rapattoni "NetMagic", MarketLinx "Membership Director", and LPS "LAMPS" have been joined by Cobalt "Association Management Suite" (www.cobalt.net) and Avector "netFORUM Pro"

(www.avectra.com). Cobalt was actually new on the tradeshow floor last year, but is still in a pilot program with one association client (actually new last year). Avectra said they had fifteen real estate associations signed but none "live" yet. Avectra made a newbie mistake at the show - the demo system in the Avectra booth had the Minneapolis Association of Realtors branding ... but the AE from Minneapolis said they had no business arrangement with Avectra at this point! Both of the new players indicated that, depending on customer choices, it would be possible to achieve PCI DSS (Payment Card Industry Data Security Standards) compliance with their products and we believe it should also be possible to do so with Fidelity's LAMPS product - this is good, since it was a requirement to do so with a deadline of almost two years ago! We're sure most of you have heard the rumor that NAR is also developing an association management system. Whatever happens, competition is good, and Clareity expects that we will be called on to facilitate more association management selection processes since there are now several good systems to consider.

Given NAR's push for the Realtor Valuation Model (RVM), it was ironic to see Vareti (www.vareti.com) on the tradeshow floor offering "Property Valuations with a Competitive Edge". They claim they have partnered with local brokers in the top 100 markets, covering 230 MLS associations. Will some MLSs work with this company or another AVM competitor to provide valuation as a member benefit instead of the RVM? MarketLinx and First American's Core Logic group plan to continue to provide free AVMs to MLSs that share MLS data via its ValueMap product. And finally, startup company rEstimation (www.restimation.com), claims to have "appraisal quality" AVMs and offers to share revenue to the MLS for the AVMs it sells to financial institutions, appraisers, and others. The AVM marketplace is certain to become more competitive.

CloudCMA is another wonder from W&R Studios (www.wr-studios.com), taking CMA to the next level. Usually the more powerful a CMA you provide, the more difficult it is to create - not in this case! This product lets one create branded and customized CMAs, property profile reports, and a buyer tours as easy as you please. Besides the ease-of-use, the innovations include pulling data from sources other than the MLS - stuff the consumer wants and expects - and being able to initiate report generation just by sending an email - seconds later you (and your client) can receive the finished report.

Cooler New Technology at Show

The coolest technology for real estate that we saw this year is the integration of the new Layar technology with GPS enabled smart phones. Layar's mobile app allows users to look through the lens of their mobile device camera and see icons or dots that overlay homes or buildings for sale. The user can browse for property information from where they are standing and looking by pointing their device in any direction and view detailed property information on the spot!

Trulia was first to develop a Layar app for consumers to see more information about real estate advertised on Trulia. The app is available in Google's Android Store today and an iPhone app will be available soon.



iMapp is taking Layar technology to the next level for real estate professionals by having the full MLS listing available and also the property (tax) record. iMapp is also developing on the Android platform at this point and the product is scheduled to be available to iMapp customers by January.

Best New Printer

The Kodak ESP 9 is an All-In-One type device priced at \$299. We tested this product before the trade show and found the printer, scanner and fax machine easy to use and it has WI-FI connectivity that makes it fantastic for laptop users to print from anywhere in the home or office. No more printer cables! The thing that makes this printer unique is that Kodak is selling its ink for far less than its competitors. The dramatic cost savings on ink is the reason we feel this is the best new printer for Realtors.



Sessions

Clareity's MLS Landscape Session

Clareity Consulting hosted an invitation-only session for MLS executives where we reviewed 20+ MLS Vendors and their 25 MLS platforms for about 60 people from MLS organizations across the country. The amount of information shared was incredible and attendees were able to see the highlights and unique features of each system in order to better understand which systems they may want to explore further. It is clear we have a vibrant, competitive marketplace for MLS software in 2009. The response to this session was phenomenal and some attendees said it was worth coming to San Diego just for this session. Matt Cohen of Clareity is pictured below at the podium answering questions from the audience. Thank you to everyone that

attended and all the vendors that provided Clarity your most recent enhancements and system information.



Future of MLS

Ron Stephan kicked things off with a solid background of the value of MLS – beyond technology. Clarity's Matt Cohen then described the future he hoped that MLSs and their vendors would create – one where regional and/or centralized databases supported competition at every level to provide tools helping the real estate professional differentiate – products such as MLS systems, CMAs, flyers, mobile products, and more. All of this leads to real estate “app stores” – but improving data standards are key to the success of this vision. Jim Duncan made a lot of great points, but everyone came out of his presentation remembering one thing: that what makes MLSs great is quality data – and that requires quality professionals. Bob Bemis finished off the session with a magic 8-ball theme that was too funny – you had to be there – and made a lot of great points about the future of MLS – he said that it would be based on evolution rather than revolution, he agreed that the future of MLS technology was ‘a la carte’ choice, and most significantly questioned whether compensation would be at the heart of the MLS of the future.

Going Beyond Listing Data

Many technologies and content sources for supplementing listings on web sites were discussed - Yelp, Twitter channels, photo streams, local business reviews, click to chat, and tag clouds of popular searches. Others argued for "keep it simple... just show the listings!". One great quote from the session was "Vendors are racing to make search '2020' ... my clients want '1920'". Is there a generational difference at play here? Can we meet everyone's wishes with one site? MLSs should consider this argument when designing their own public web site.

MLS Executive Forum

The most interesting part of this meeting was the lively banter exchanged about RPR on a panel moderated by Brian Boero. The panel included Rob Hahn, a popular and outspoken blogger, Kris Berg a local Sandicor agent who also blogs a lot, and Tom Hurdlebrink, CEO of Northwest MLS, one of the larger MLSs in the country.

Kris said that as an agent, she feels like “plankton” in the real estate pond’s food chain. She made it clear that she just wants high-quality local data from her MLS and could care less about national data. She commented how it was brilliant how NAR “oozed” the RPR into the market and generated a lot of laughter with her choice of words. Kris felt that what the industry really needs is an RPR site turned around for consumers so they would see Realtors as being more open with the best tools and information. Apparently, she doesn’t think those needs are being met by Realtor.com or other Realtor sites in the market.

Rob had written a scathing blog post about RPR the week prior to the NAR meetings and cited the potential for “Civil War” among organized real estate. On this panel, Rob seemed a little kinder, and stated that MLSs and brokers need to be asking RPR important questions, particularly regarding the license terms for the MLS data, the Realtor Valuation Model (RVM) terms and how they could be used on the MLS site, and what APIs would be available to MLSs, brokers and others. These are good questions among many that still need to be answered.

Tom told the audience that the value proposition being offered by RPR will need to be evaluated by his brokers. NWMLS is a broker-owned MLS. Tom indicated that there are high quality public records available in Seattle and Washington. He wasn’t sure the LPS records were up to the same quality standard, so free public records would not likely be an incentive.

IDX Policy Update

NAR’s Board approved a few modifications put forth by the MLS Policy committee to the IDX Policy, most notably allowing sellers to opt out of third party’s rating their home and relaxing the requirement for brokers to have anti-scraping software on their IDX sites. Sellers can now request IDX Web sites disable features such as automated valuation models (AVMs) that estimate their property’s value and not allow user provided content such as comments or ratings about their property from consumers or other agents, including blocking links to valuations or comments on other web sites. The following was added to the IDX policy: “MLS participants may not use IDX-provided listings for any purpose other than display on their Web sites. This does not require participants to prevent indexing of IDX listings by recognized search engines.” This action stemmed from the debate of whether Google and other search engines could index the listings and addresses from an IDX site. The answer is now clear, yes, they can – and this is not scraping, it’s indexing so the listings can be found by the search engines.

NAR Game Changer Program

NAR issued a challenge to state and local Associations to submit ideas that could be “Game Changers” for the way Associations do business. Over 200 applications were submitted, and I had the honor of reading all of them and being on the selection committee that narrowed it down

to 12 projects that NAR will fund and assign a mentor to help the Association complete the project. Another 20 projects were given honorable mention. The project that Clareity will be assisting develop was submitted by the Peoria Association and its titled "Rate Your Experience" and is designed to let consumers rate the multiple parties involved in the real estate transaction. The projects will be worked on from now until the May Mid Year meetings and the results will be shared and free for all Associations to utilize as they see fit. The picture at right is Vicki Cox Golder, 2010 NAR president, Michael Maloof, 2010 president of the Peoria Association, Gregg Larson of Clareity, Dallas Hancock, CEO in Peoria, and Dale Stinton, CEO of NAR.



San Diego Rocks

The big banks are having fewer and smaller parties lately since it doesn't look good to accept billions in government bailout money, and then throw lavish parties with jumbo shrimp and open bars. However, there were two killer parties hosted by companies that used their own money to thank and entertain their customers and prospect:

Tarasoft, the makers of Matrix MLS software, held a party on the rooftop deck at one of San Diego's hottest night clubs, Stingaree. Stingaree is well known around San Diego for attracting incredible local scenery, and Saturday was no exception. The Tarasoft party was well-attended, elegant and high energy. Nice job guys!



MarketLinx hosted a large party and had a band that kept the dance floor packed all night. The party had a rock and roll theme. Some people wore rocker costumes and the room was a sea of large floppy pink, blue and red fuzzy 70's hats, and lots of dudes wearing Elvis sunglasses with black side burns.



As a side note, perhaps NAR should consider having its Annual Meetings in San Diego every other year. Compared to other convention cities, the logistics in San Diego are superior because of its close proximity to the airport, easy to walk from many hotels to the Convention Center, the Gas Lamp district is right there, and the weather in November doesn't suck either. It's probably the best location in the country – it's too bad we can't have the NAR Annual Meeting there more often!



MLS System Provider Round Up

There were many great improvements to MLS applications in 2009, and here are a few highlights from some of the larger companies and also for a few others we happened to see at the NAR show. Apologies in advance to those companies that we did not include - there are twenty-five MLS systems and we can't tell you the latest and greatest from each and every one in this report (it takes a few hours for us in our "MLS Landscape" presentation) ... but here are some highlights:

Dynaconnections added support for Realtor teams, now fully supports the four main browsers (IE, Firefox, Safari, Chrome), has enhanced its listing compliance module, added great new controls and reports in its RETS manager, and last but not least allows the user to create "folders" for their listing favorites (shopping cart).

FBS's Flexmls system, which we all know is a flexible system that has great statistics, has a new and improved IDX manager - including fascinating registration options that let MLS subscribers experiment with factors around lead capture. The new listing report provides agents and sellers deeper insight to the source (MLS, IDX, portal, email, etc.) and volume of activity on their listing. The new buyer report provides agents insight to buyer activity on their portals. The system also has a feature helping users easily share listings out to social networking sites.

LPS (Fidelity) Paragon 5 is being released in modules, integrated with Paragon 4, over the next half year - some of the exciting changes we can expect to be rolled out to customers immediately include compatibility across browsers and operating systems, a much enhanced "Client Connect" facilitating communications between agents and their clients, a great new CMA, and the hot new feature of the year, "multi-tasking". Of all the vendors implementing multi-tasking, Clareity likes Fidelity's implementation the best.

MarketLinx Tempo/MLXchange is implementing a hot new CMA, an even more seamlessly integrated and powerful document manager that should make Mongofax nervous - and they just announced its integration to CLAW's MLS system, which is a homegrown system, not a MarketLinx account. MarketLinx also alluded to a new, large-scale project, but have not publicly announced it yet.

MarketLinx InnoVia - the group out of Greensboro, NC has been busy innovating this year. They've added multi-tasking, social networking (share listings on Twitter, Facebook, LinkedIn...), a 'drag and drop' photo management utility, TrendMaps (statistical data using 'heat maps'), and probably the most robust MLS wireless product on the market - including listing edit, prospect collaboration, listing and prospect carts, and a showing manager.

Promatch continues to showcase their new system. Requiring Microsoft Silverlight this system includes features like high resolution photographs, multi-tasking using 'parking' area and an optional single property site for listings that includes automatic search engine optimization.

Rapattoni has announced many new features and enhancements over the past year that their customers are looking forward to seeing rolled out - including the ability to group contacts, create both a Seller's Net Sheet and a Buyer's Closing Cost report and associate to a contact, set defaults for fields that remain the same from seller to seller (standard fees), and an iPhone application.

Solid Earth has always been an extremely innovative company and many of you may not be aware of some of their increasingly sophisticated AVM / CMA tools. And, of course, Solid Earth mapping has always been exceptional!

Stratus completely revamped their user interface last year and added a lot of new features, including multi-tasking, advanced photo editing, a system-wide search tool, single sign-on, MLS staff controls allowing for changes without programming (business rules and fields, listing maintenance and reports, multi-lingual interface, "look and feel", etc.). The most amazing Stratus innovation this last year is its RETS management interface that lets one connect to more than one RETS or SQL data source – EASY data share searching!

Tarasoft Matrix has some awesome features. The "Speedbar" is a Google-like single line search for finding items from listings, the roster, prospects, etc. - you can even access your named saved searches this way! Tarasoft radically improved its CMA and client portal feature sets and is now highly competitive in those areas. Their wireless technology is also improved.

Clareity wants to recognize FBS, Solid Earth, and MarketLinx for their performance this last year, providing smooth conversions for Clareity clients that selected and implemented new systems over the past year. Tarasoft deserves a special shout-out for being awarded some HUGE new accounts recently - including Northwest MLS.

RPR Briefing

Most readers of this report are familiar with the Realtor's Property Resource by now. For more information, the following link is to the official information page about RPR where NAR provides a description, press release, fact sheet and link to NAR CEO Dale Stinton's webcast of November 6th.

http://www.realtor.org/about_nar/realtors_property_resource

Clareity Consulting conducted a survey of MLS Executives that attended the RPR webinar and the results of that survey are available here in a PDF report:

<http://www.callclareity.com/Clareity-HouseLogic-RPR-Initial-Survey.pdf>

There were many questions about RPR at the meetings and NAR and RPR executives tried to answer them at numerous briefings and sessions. The most common question was probably, "What are the terms and details of the MLS data licensing agreement?" RPR executives committed to making that one of their top priorities and the agreement should be forthcoming.

The RPR system is very exciting and many people believe it will be a wonderful member benefit. The feedback on RPR from brokers and MLS Executives was mixed, and the appraisal community was incensed by the RVM product, although it could be a powerful tool for appraisers, if they become Realtors. Some MLS organizations have indicated they plan to cooperate with RPR, many remain cautiously undecided, and several have stated they do not plan to participate. Here are a few of the questions we heard back from our survey and at the conference:

- 1) Q: Will RPR provide a truly unique benefit to Realtors, or will existing vendors be able to provide most of those benefits (i.e. tax data, valuation model, demographic data) without requiring a license allowing for derivative products and other uses of the data typically not desired by the MLS?
A: *Early signs from the vendor community indicate a desire to provide those benefits and attempt to substantially lessen the value proposition of the RPR. One has to assume that First American has a plan to counter RPR in some way.*
- 2) Q: What is the revenue share model for the MLS or broker that contributes their listing and historical data for the Realtor Valuation Model (RVM) reports?
A: *This question was answered clearly by RPR – there is no revenue share back to the MLS or brokers. The incentive for an MLS cooperating is free public record access. Other vendors may offer a revenue share for AVM sales, which will create an interesting market dynamic.*
- 3) Q: Will non-Realtor® MLS subscribers be able to access RPR?
A: *RPR said no, only Realtor members will have access. In some MLSs, up to 20% of the subscribers are not Realtors, and many submit listings to the MLS. MLS executives are unsure how these subscribers will react and if this has the potential to create any legal action.*

- 4) Q: How will the site be monetized beyond selling the RVM to financial institutions and governmental agencies?
A: *RPR has indicated that RVMs are its lead product and primary source of revenue initially, but other derivative products are planned.*
- 5) Q: Will RPR agree to a non-compete for MLS services?
A: *RPR has stated it is not a national MLS and does not plan to include offers of compensation on the site. When asked would they be willing to put in writing that they will not become an MLS, they stated they couldn't limit the company's future. A non-compete agreement would certainly ease the tension for an MLS.*
- 6) Q: Will MLSs be able to enhance RPR data and relicense to produce revenue for the MLS?
A: *This answer is not clear. Participating MLSs will have the RPR record linked to the MLS record. Some RPR reports will be available only by PDF to prevent data scraping of copyrighted data provided by various suppliers. An API for MLS developers is being created, but until it is published, and the rules are explained, it is unclear whether local MLS operators will be allowed to create products using RPR data.*
- 7) Q: Why should we wait for a data licensing agreement from RPR? We have a standard data licensing agreement we use for any for profit organization. It seems backwards to use RPR's license, since it's our broker's data we are licensing.
A: *Some MLSs may insist on using their standard data license, or they may modify it for RPR, or find some other compromise acceptable to their attorney and to RPR.*

MLS leaders are discussing and asking what they should do about RPR. There are many details yet to be determined, discussed, and reduced to writing, so it really is too early to make a fully informed decision. However, Clareity Consulting is already having discussions with clients about what questions to ask and how to prepare for various eventualities. The competitive landscape will be interesting to watch over the next several months as we anticipate several companies will race to produce information and reports similar to those in RPR, attempting to reduce RPR's value proposition.

We're sure that RPR will still be a hot topic of discussion at Clareity's MLS Executive Workshop – March 3-5, 2010 – <http://www.callclareity.com/MLSWorkshop/>

Conclusion

Thank you for reading Clareity's NAR 2009 Tradeshow Report and MLS Update. I hope you enjoyed this report and agree with William Shatner's opinion of Clareity!



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About Clareity Consulting

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

- MLS System Selection and Implementation
- Regionalization facilitation
- Strategic planning
- Public speaking
- Information security / business continuity assessments
- VOW process audits / and VOW audits
- MLS Public Website Review / RFP
- Transaction Management System (TMS) Selection
- Software Project and Program Management
- Staff audits and compensation studies
- Market Research / Surveys / Focus Groups
- Executive and technical recruiting
- Expert witness in software and technology disputes

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