MLS or Broker Technology Site License

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Introduction

Last year, WAV Group spent a lot of time measuring the effectiveness of MLS and Broker technology services with our clients. Our process typically includes one or all of the standard practices for measuring product adoption and satisfaction: surveys, focus groups, competitive analysis, adoption rate curves, true cost analysis, etc. The truth is, very few of our nation's MLSs or Brokers do an effective job at communicating, marketing, and supporting all of the services offered through subscriber fees. Site licenses have created a circumstance where the many (all MLS subscribers or brokerage agents) are paying for services used by the few that use a service.

Definition

A site license is a process whereby the MLS or Brokerage purchases a service from a vendor for all of its subscribers or brokerage agents. Typically, a technology solution that may cost an individual $20 to $40 per month will be priced around $.50 to $2 per user per month for an MLS or large brokerage firm. Economics of scale come into play. When you are purchasing a service for thousands of users vs. a single user, you get a discount. Moreover, MLSs or Brokerages will often assume responsibility of supporting the application. For example, Brokers or MLSs typically will take on user set up, training, first tier help desk, remove billing costs, etc. The Brokerage or MLS is removing many of the real costs to delivering SAAS technology to agents and brokers.

To Site License or Not

There is a critical line that every Brokerage MLS must draw before the consideration for site licensing a technology. It begs the questions, "Is this technology a utility that is a baseline requirement for all of our subscribers or agents; or is it only a benefit to a few?" and "Does this product disturb or support differentiation between agents and brokers who use this technology in their real estate service offering?" Across the industry today, we find Brokers MLSs who draw this line in very different places. Some Brokers or MLSs pack their subscription fees with dozens of services, and others offer very little.

Where Brokerages MLSs fall on the graph between full services vs. limited services varies according to business model. There are a wide range of influences including ownership; brokerage competition; competition from nearby MLSs; technology revenue strategies, culture; feelings of the chief executive; and size of the firm or MLS agent base. To some extent, the value of the properties sold also plays a factor as it determines the elasticity of "reasonable" MLS or brokerage fees.

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Best Practices
1. Goal Setting
2. Adoption Tracking
3. Satisfaction Research

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Goal Setting

The vendor and the MLS or brokerage, and need to have a clear direction about the expectations for adoption and agree to the goal. It is a good idea to have a clearly detailed roadmap for driving product adoption including a weekly or bi-weekly training program (beginner, intermediate, and advanced); Communications Program that details the frequency of communicating the service to the MLS subscribers along with the channel for communication (email, telemarketing, newsletter, system message, direct mail, etc.) and an editorial calendar. Remember; in most markets only 60% of agent do not close any transactions in a given year. Depending on the product, your adoption goals may vary.

Adoption Tracking

Tracking adoption of site licenses is pretty straightforward as long as you have agreed to a tracking method with the vendor. Sometimes you can use reports from your single-sign on portal or acquire a report from the vendor or both. At the onset, you want to watch the adoption curve to make sure that agents are as interested in the product as you predicted. Over time, you want to find the peak of product adoption as it will most certainly level off. Dividing the site license fee by the actual user adoption percentages will allow you to track your real costs per user.

User Satisfaction Research

The business intelligence of MLS and brokerages is superb in most MLS market places. Tenured staff and executives gain a detailed appreciation of the needs of agents. However, it is noteworthy to be mindful that many staff and executives find little opportunity to use site-licensed products the way a user would. Many MLSs and brokerages have user groups that meet monthly or quarterly to provide the feedback on the quality of products and offer suggestions that may be used to influence the product roadmap for that vendor to improve the offering over time.

These small groups deliver a wealth of information, but their information should also be used in concert with user satisfaction surveys. Depending on the MLS or brokerage, product satisfaction surveys are done yearly or quarterly and cover all of the service offerings.

Another style is to use the adoption report and do satisfaction surveys that are bifurcated between users and non-users. This second bifurcated style informs the product roadmap for user retention and increased satisfaction and helps the training and communication team identify barriers to adoption.

Conclusion

WAV Group could write infinite scenarios about why agents do not adopt a particular product or service. A digital signature solution is a great example of a service that will not interfere with competition among agents or brokers. Consumers do not make choices based upon the usage of DocuSign or not. However, they may be delighted by the experience. The same could be said for Transaction Management and other back office solutions. However, when sellers are interviewing agents and they show up with the same CMA; the same listing presentation, the same print marketing materials, the same online portal advertising strategy, etc., - it may make it difficult to decipher the differences between agents during the listing presentation.

Site Licenses are the best possible way to deliver technology tools to real estate agents at the most affordable price. Be careful when you are making the decision to onboard a new site license. Great planning goes a long way to leveraging the site license effectively to deliver value to agents. Measure the adoption and satisfaction each year to insure that the technology continues to have value. Keep your vendor engaged with regular updates on adoption, satisfaction, and the product roadmap. Lastly, make sure that the contract has provisions for cancelling the site license if it does not work out.

About WAV Group

WAV Group is the leader in providing research and thought leadership to the MLS industry seeking to create a wave of positive change with every subject that it tackles. The firm is comprised of corporate executives with a depth of expertise in the real estate industry proven to catalyze new approaches leading to more customer-centricity and business success.

WAV Group supports of many of the nations largest real estate Multiple Listing Services, REALTOR® Associations, technology vendors, brokerages and franchises, in the US, Canada and Europe. WAV Group has expertise in the areas of strategic planning, technology evaluation, product development, market research, recruiting, sales & marketing plan development, technology selection and implementation. For more information or to register to receive report releases and newsletters please contact Victor Lund at 805-473-9119 or Victor@WAVgroup.com