PROPTECH
SOLUTIONS

THE DANGER IN DO-IT-YOURSELF TECHNOLOGY

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In today's age of application software where non-coders can create a database or build a website, there is often a belief at the company level, that complex technology solutions can be handled in-house. This doesn't mean that these companies believe they can build the technology and software themselves, necessarily, but may also mean they can act as a general contractor where they bring all the multiple pieces together and assemble them as a company solution. In either case, this approach is rife with danger that can be hugely damaging to your company's long-term health. Consider the following!

While this discussion is true for virtually any business vertical, our focus is on real estate, and specifically international real estate. International real estate and the technology required to support it is hugely complex, different from country to country, requires multi-lingual and multi-currency capabilities and must conform to the laws of each international area. These challenges are in addition to the different ways that real estate transactions are conducted country to country. On top of these vast technology issues, a whole new list of challenges is created when you decide to become the general manager of your own technology. So before you step off the cliff to become your own development company, ask yourself some key questions!

Question 1: Why would a company manage or build their own technology?

This is very important to understand because, at first glance, there seems to be very good reasons why a company might want to build or manage their own technology. At least this appears to be true before you consider all the dangers, risk, and expense that doing so brings with it!

So, what are the apparent good reasons?

- I can create or put together technology exactly how I want it!
- It's easy in this day and age.
- If I build my own, I don't have to rely on a vendor to make changes to my technology anytime I want them.
- If I work with multiple vendors to create a new "best of breed" technology and I become unhappy with one component, I can replace it. It's totally my call.
- When technology is my own, or I manage the pieces, I have more control over my costs, at least that is the belief.
- By choosing multiple products I can assemble a best-of-breed" solution.
- I'm going to save a lot of money!

Question 2: Why would an international real estate company want to manage or build their own technology?

All the reasons mentioned above apply to international real estate technology, as well as any industry, but one specific to real estate is:

- In addition to control, we want our company software to be more localized and customized than we can find in multi-country, integrated solutions!

This seems like a good reason too at first glance and, in fact, if we didn't know the dangers associated with managing your own technology, this would be compelling. Unfortunately, we do know these dangers and we have seen it impact real estate companies and franchises time and again, over the years. Can a company create a more localized solution? Yes, but unfortunately that is just the beginning and before doing that they should really project through the years to understand the costs and the dangers of taking on technology to make it more localized.It can be appealing but there are very real dangers that come with it, which bring us to the third question.

Question 3: What are these dangers and challenges you keep mentioning in managing or building technology on your own?

As I mentioned in my opening, today, almost anyone can build a website or database to a certain level. This application friendliness has given many the false impression that technology no longer requires huge development but rather can be put together like a do-it-yourself project purchased on Amazon. To an extent there is some truth to this in the short term, but the purpose of business technology is not meant for the short term. It is meant to sustain a company and its employees for as long as possible, evolving as the company grows and expands and to keep pace with new requirements and business needs. With that in mind, let's look at the reality of a do-it-yourself technology solution, for international real estate, in two parts:

1.The "build from scratch "model

2.The "put all the pieces together" model

International Real Estate Technology Components

Let's start by understanding what is needed in a full, international real estate technology solution. There are many parts, and it is important we list them as this contributes in large part to the challenges and dangers we will discuss.

Listing Management

Add, revise, search all listing and all off-market information. Has to be accurate and real time.

Lead Management

Ability for office staff to monitor incoming leads and assign them to agents.

Contact Management

All contacts are saved and accessible by agents, with ability to communicate directly. Buyer contacts can have

their purchase criteria recorded and the system returns properties that match this criteria.

CRM

This is way more than a contact management system. The Customer Relationship

Management component is the lifeline of agents that allow them to monitor, manage and communicate with their clients and prospects. It is their daily bible.

Marketing tools

This includes everything that touches clients and prospects from brochures to email campaigns. High end tools today allow agents to easily create

high customized brochures and client facing materials easily and to match them with email marketing campaigns.

Transaction Management

Ability for office staff to monitor incoming leads and assign them to agents.

Team Features

Teams are everywhere today in real estate. They exist within a company and act as a company within a company.

They need their own tools that allow them to track, manage and market all of their activities.

CMA

The Comparative Marketing Analysis is what an agent uses to help their clients and prospects understand the market value of their home, to price it property.

This is way more than a simple property search and when done correctly includes market statistics, matching comparables and a presentation package that makes it easy for a non-real estate person to understand

Cooperation Tools

For contacts that are looking to buy or sell property outside an agent's geographical area, agents can seek out other agents and refer their customer, for a small fee.

Portal Integration Tools

Real estate organizations can send listing data to local portals from our system, further advertising their listings.

Multiple Language Translations

Our platform is multilingual, allowing for users to access our tools in their local language and on our websites,

we leverage translations in many languages across the world for our customers benefit

Multiple Foreign Currency Management

Website visitors can convert the price of listings from the local currency to a currency they are more familiar with to get a more accurate understanding of listing prices

Website Integration

All normal website information with the addition of integrated listing information must update immediately from the listing management database. Integration needs to be available at the company, broker, and agent level.

Adaptation to Local Laws and taxes

Every country has different tax rates and laws governing the real estate market, such as licensing requirements,

data protection and so on. Whatever the requirement is in your country, we can handle it in our system

As evident from the list above, putting together a full featured platform for international real estate is not a simple job. It is so much more than any one piece and integration is key.

Danger, Challenges and Expenses

Many who decide to take on the task of developing their own technology tools often think only about the initial development and the associated costs, missing many other challenges and expenses that come with every project. Developing technology tools requires much more than the initial development costs and the truth is, these costs are ongoing and significant. Consider the following:

Design & Specification

Before you can build technology tools you need to design them. Creating software tools without detailed specifications would be like building a home without a plan. It just doesn't work. Does someone from your company do this? Do they have the expertise? What happens to the work they were doing before they were assigned to this project?Do you hire someone outside your company to do this? Do they understand your requirements and needs? How much time will it take from your current staff to contribute to this design project and how will this impact your business?

Who Does the Development?

When it is time to take your specification and do the coding, who does it? Do you outsource to a development company, or do you create your own development team?If you decide to become your own technology company, think of the time needed to hire your development staff as well as the expense. Think of turnover and losing people halfway into the project. If you work with an outside company, think of the amount of time required to interface and who will do it?

Who Manages the Development?

Whether you have inhouse developers or work with an outside company, someone from your company is going to ·be responsible for interfacing with them and ensuring that development is being done to specifications? This is truly a full-time job and requires that the person taking it on understands development as well as the specifications and needs of your company. Does this person exist today? What will it cost to hire someone if they don't exist?

Maintaining Browser Compatibility

Browsers are free but being free doesn't mean they will work forever with your software. It is a guarantee that you will have to make changes to whatever you develop, over time, to maintain compatibility with the changes in browsers.You will also have to decide on what browsers you will do this for as each has different requirements. Apple lovers may be using Safari while Window users are on Chrome or Firefox. It's a moving target! Then there is the issue of version. What version are your running? This can be very costly so make sure you understand that you are taking this on when you develop your own solutions.

Hardware Investments

Hardware and memory have become less expensive over time, but it is still a significant cost. It also doesn't last forever

Cost of Upgrades

What many "would be" developers don't realize is the cost of maintaining and upgrading software. Truth be told, your software is already outdated by the time you release it. As you are planning your current release you need to have another team working on the next version. If not, that wonderful, self-made platform is going to be an anchor that holds your company back in very short order. It will not only underperform, but will also cause unrest within your company, which can be very costly and changes in technology can make it obsolete. Make sure you have hardware upgrades and/or replacement in your budget when you are considering in-house development. The same is true if you are using cloud servers as all or part of your solution.

support. We bring in marketing expertise. We hire incredible salespeople, etc. The same is true when we look outside our core expertise. Jeff Bezos might decide to build a rocket, but he doesn't do that himself. He has enough money to get people who already have those skills. He doesn't cannibalize people within his business and assign them to tasks that they aren't expert at. Remember what made you successful and what you are good at. Do that and work with others that are good with technology!

Don't Underestimate the Impact To Your Company

I have mentioned the need to find people to manage everything from design, to development to support, and it goes beyond that. When you become the company providing technology to your offices and agents you also become the target of their dissatisfaction if you aren't totally successful. You also impact your company internally by repositioning people that already had full time jobs and were good at them, to help with this new development project. Or you bring in new people that must be trained to understand how your company works and people that already have full time jobs have to train them and get them up to speed. Either way, it impacts your company. Things once working smoothly, won't! Things once done on time, will be late. On top of that, people may not like your technology, so you will be creating some amount of discord within the ranks. This will spill all the way down to the end user as it is inevitable that your plans won't go perfectly. When the end user is unhappy the broker is unhappy. When the broker is unhappy, they share this with the company. Company leaders who once had great relationships with brokers and agents find they don't even want to take calls anymore because they can't solve the problem themselves. Worst of all, they aren't free to do what they love, their original job. So, keep your eyes open and understand how taking on a project like this has a ripple effect that will echo throughout your entire business.

You may believe that acting as a general contractor that puts technology pieces together eliminates all the issues mentioned above, but this isn't the case. In fact, you face many of the same problems along with new ones!

Competitive Reviews

Ok, so you came up with a design and you have someone to manage the initial development and rollout of your in-house technology.

As noted earlier, that technology is most likely outdated by the time it is ready to launch so who is doing competitive reviews for your company and planning the next generation of your product? This is a real and serious issue and if you don't plan for this you will eventually own a nice, outdated, worthless piece of technology that doesn't serve your company and may serve as the exit door for many of your agents! When you serve independent contractors, remember, their loyalty is based on the money they make. If you aren't providing them what they need to be successful they will go to the company that does provide that!

Know What You Are Good At!

I have provided you, hopefully, with a couple of things to think about when it comes to developing your own technology.It's not for the faint hearted and it isn't easy. Look at all the companies that have the skills I have mentioned and still fail?What makes you think you are better and smarter than them? I call it Ego Transference! Put simply this applies when someone is truly successful in one vertical so they assume they will be successful in another. Yes, it can happen, but honestly it is rare. When you look at the most successful businesspeople in the world, they all have one thing in common. They know how to delegate, and they know what they aren't good at. Within a company we do this all the time. We bring in strong financial

Design & Specification

At first glance, you may feel that using pre-made components take away your need for design and specification requirements since your plan is only to plug different solutions together. Unfortunately, this isn't true. One of the big problems with plugging things together is the fact that each unit will have a totally different interface. Each unit may also have differences in how they share and receive data so plugging them together may not be a simple job. Someone must research this, understand this, and manage this process. It takes time so all the things mentioned above still apply! On top of that, you no longer have control of design in terms of what that unit or product will be in the future. Will it fit your needs? Do end users like it? It's a lot to think about.

Who Does the Development?

If you work with an outside company and third-party product, think of the amount of time required reviewing and manage the process. You can't just pick some products and expect them all to connect on their own without issue and oversight. It takes management and adds the extra issue of finger pointing when something isn't working. Finger pointing and resolving issues also becomes much harder with multiple products and companies and can create issues that are extremely hard to unravel. In the meantime, who suffers? The end user suffers, which creates problems we have already discussed.

Who Manages the Development?

While you don't have to manage development you now have to manage integration. With integration, when one thing goes wrong, data is lost, and different products no longer work together. Identifying what broke and managing multiple integration can be a daunting task.

Cost of Upgrades

While you don't have to manage upgrades with 3rd party products you may very well have to pay for them. You may also not get exactly what you want since this isn't your product.

Upgrades will also require tweaks to integrations and how a given unit will work with another unit. Any change to one system will impact multiple other systems, which means money, time, and management.

Maintaining Browser Compatibility

Hopefully this is one area you won't have to worry too much about if you are using 3rd part products. This is their responsibility. The only issue that could occur is if one or more of your products making up the bigger system become incompatible with a browser version while other products do not? You don't control this anymore, but this will cause confusion and dissatisfaction amongst your user bases.

Hardware Investments

With third party products you may or may not need your own in-house hardware. In most cases you won't, which means a particular unit being used in your system is being hosted by that vendor. As a result, you are subject to any downtime they may experience or any connectivity issue they experience. With multiple products being used this can be a real headache resolving issues when they occur. There will be problems!

Competitive Reviews

No matter what products you use, you will want to stay aware of other solutions out there to make sure you have the best components. This is definitely easier in this model, but it does take work. Make sure you plan on who will do this.

Managing Your Partners

Innate to this model is the need to manage multiple partners that are going to have to work together to create a complete system. There will be contracts with each, with different terms and payment and people within each company to interact with. Look back at all the components in an International Real Estate system and think about the hours it will take to do that. You will have multiple things to consider:

· contract issues
· personnel issues
· payment issues
· data issues
· performance issues
· support issues
· training issues
· upgrade concerns

Know What You Are Good At!

In the end, every business is about making money. Ask yourself whether the dangers and challenges you take on in either model really help you to make money or detract from your core competency. I think the answer is clear!

Don't Underestimate the Impact To Your Company

We addressed this earlier, and everything said still applies.

Reality and Benefits of Working With a Proven Technology Partner
The Compromise that Makes Sense

There is no question, when you choose to work with a technology partner that provides a full, integrated product for your international real estate solution, you will have to accept certain facts:

Compromises

- You won't have total control of the product
- You may have to lobby for upgrades or product changes
- You may have to work with product features that work, but may not be exactly how you would have designed them
- You may have to forgo certain localizations that you would create if you were in total control of the product

While these facts are true, you also need to consider all the benefits that come with a professionally built, integrated real estate solution:

Benefits!

- Using this technology will not impact your current management or work force, who would be required to take a roll in internal development
- Costs to implement and use this technology is known. With internal development costs are a moving target.
- Implementation is predictable. New developments rarely get done on time or on budget!
- One of the most important elements is the fact that the user interface for the entire, integrated product, is the same. This is a huge benefit for your offices and agents in the learning process.
- While there are multiple units from marketing and listing management to collaboration tools the unit integration is all managed by a single vendor.
- Upgrades are all done by the single vendor
- Keeping base with browser upgrades is the vendor's responsibility.
- Researching competition and handling all aspects of future product design and specifications is also the vendor's responsibility.
- The enormous risk associated with technology development is no longer an issue for your company.
- You can focus on "what you are good at", the real estate business!

Conclusion

If you look at the most successful businesses in the world, that have all the financial capability to build anything they want, you will see a consistent trend. These ultra-successful companies focus on their core business and outsource most of the tools and technology they need to be successful in their core business. Obviously, size, and financial clout give them more ability to influence their technology partners but, in the end, they use systems and technology created by specialists in each area, whether that is finance, CRM, sales, help desk, etc. The same is true for international real estate. Large franchises aren't developing their own software. Some have tried, or bought technology partners, but by and large, they are working with established technology partners.   It just makes business sense!

Moving outside of your core expertise to take on the design, development, management, implementation, and support of a huge technology undertaking is going to have a massive, negative impact on your current operation, even if you create a decent solution. It will create unescapable demands on your current management team as well as costs that are truly unpredictable.   Ask anyone in the technology business. One of the rarest events in technology is a project that is delivered on time and on budget. While the allure of total control may be tempting do not fool yourselves in believing your costs will be less with a "do it yourself" solution or that ongoing management and support will go smoothly. It's a full-time job!

Technology is one part of your business where you should work with those that do this as their core business, allowing you to focus on yours.