

| FEATURED ARTICLE



# THE RISE OF DATA INTEGRATION

By Amanda Marsh

FROM CRM TO MARKETING TOOLS,  
CLOUD-BASED TECH SOLUTIONS  
DRIVE THE BROKERAGE BUSINESS

When Morris Southeast Group president Ken Morris, SIOR, started in brokerage three decades ago, gathering property information was tedious—you had to drive around the market, snap photographs, develop them, put them in a report, and then find a rare color copier. “It’s vastly easier to do our jobs today,” he said of the increasingly digital world, where nearly every step of the business has benefited from data integration, including customer relation management (CRM), building analyzation, comp tracking, lease management, and tenant communication.

According to KPMG’s recent Global PropTech Survey, the real estate community has noticed the huge steps forward that other industries have made with the adoption of technology and is looking at how it might follow suit.

“[Property firms are] being forced to respond to the disruption-facing occupiers in order to stay relevant to their customers,” the report said. “Furthermore, as in other industries, fast-growing businesses are emerging with new solutions to industry pain-points and are coming

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## THAT'S WHAT'S MOST IMPORTANT - QUALITY OF SERVICE TO YOUR CLIENTS. HAVING DATA INTEGRATION HELPS ACCOMPLISH THAT NUMBER ONE GOAL.

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up with more effective and efficient ways of engaging with customers or transacting. Property firms now find themselves having to keep up with new competitors, as well as with existing peers."

Property technology, often shortened to PropTech, is a booming industry, serving not only brokerage, but finance, investment, architecture, construction, engineering, space management, smart buildings, logistics, and more. At the end of 2017, research firm Venture Scanner was tracking 1,613 real estate technology startups with \$46 billion in funding.

"Everyone is getting into the technology now," said MetaProp co-founder and partner Zach Aarons, whose early-stage PropTech investment, advisory, and startup acceleration firm has invested in over 90 technology companies.

"It was much different, even three years ago. Older brokers used to be resistant to adoption, but now they want to be hip, cool, and young. It's been exciting to have a front-row seat to the culture transformation that has happened... and it was faster than we expected."

The benefit of these technologies is productivity, noted Marcus & Millichap's vice president of investments Brian Smith, SIOR.

"We live in a mobile society where we can be anywhere, yet still manage clients and deal flow," he said. "That's what's most important—quality of service to your clients. Having data integration helps accomplish that number one goal."

If there is not a technology to meet a broker's everyday needs, the PropTech industry just might cook something up. One example is Daniel Levison. He launched CommissionTrac six months ago after almost two and half years of development, born from his need to track paying commissions to brokerage companies. (He also heads brokerage Atlanta Investment Properties and coworking community SharedSpace.) "There were no automation processes for brokerage back offices to deal with split plans, annuities, and outside agents after a deal was done," he explained.

### A DIFFERENT WORLD

**T**he growth in technology has increased competition exponentially, according to Morris.

"The difference now is that the data is somewhat ubiquitous, but you have to understand how to capture, analyze, and present it correctly to the decision maker, helping them understand why a market or property meets their needs," he said.

Client needs vary. For instance, they could be looking at something for lease or sale, economic drivers in a specific market, resources available on the state or local level, or pricing metrics. That data then needs to be put in a specific framework the client can digest. Morris pulls these metrics from a variety of sources, including Esri, REIS, CoStar and CREXi.

"We are evolving as a profession into strategic analyzers of the market for our

clients to ensure the real estate decision is the best for their enterprise," he continued, but warns that the adage of "garbage in, garbage out" still stands—brokers must be mindful that the data they are giving to clients is relevant and accurate.

Before data integration, Smith had to focus more attention on the county level, which was the only accurate resource regarding who owned properties. Now, he has a plethora of resources to get him up to speed on properties that have gone to market. "Even as late as seven years ago, it was difficult to find true data sources beyond county websites for property data," he said. "CoStar has worked its way to the front, and it is what most of the industry has adopted. It continues to gain market share as it acquires companies like LoopNet." (CoStar purchased its competitor for \$860 million in 2012 and fully integrated its platforms last year.)

### THE DIGITAL DIVIDE

**T**he rise of data integration is not without its challenges.

"The platforms still don't talk with each other or the various CRM systems," Morris explained. "Since all data is cloud-based these days, I'd love to see something that can uniformly communicate across all the data platforms."

The good news is that technology companies are listening. "The goal of the PropTech industry is to come up with the holy grail—one dashboard to rule them all, if you will," Aarons said. Whether push or pull, more companies will be focused on integration and cloud-based repositories.

In May, for instance, deal management platform Dealpath opened its third-party application programming interface (commonly known as API) to allow interoperability with other software systems like CompStak, Esri,

Yardi, MRI Software, and Salesforce. The goal: to allow a drastic reduction in manual and duplicative data entry, increased accuracy and workflow improvement.

However, migration of legacy data into new software can be difficult, time consuming, and costly, Levison warned. For instance, when he moved to deal management system RealNex in March, it took a lot of time to map his data and transfer everything to the new platform (four months later, he was only at 80 percent). The legacy data came from a CRM platform with a different backend software structure.

Part of the problem with integration is the legacy platforms, Aarons explained. Some were built starting decades ago, and it is hard for them to communicate in a modern way. Newer platforms have integration capability if there is a clear path to revenue generation.

Another roadblock to achieving full data integration is cost, Morris pointed out. "They're all expensive, from cloud-based marketing and CRM platforms to database systems," he said. "And their prices keep going up, instead of down. That's a barrier for smaller, boutique service providers."

Most software technology has gone to a subscription-based revenue model, Smith added. This can also be cost prohibitive for a new broker. "That's why it's advantageous to be with a larger firm like Marcus & Millichap, which provides all of the tools and resources for a new broker to get up to speed and become successful in a short period of time," he said.

Aarons noted a benefit of newer platforms is that they are easier on the wallet. "You can get a large property portfolio onboarded for \$20,000 a year," he said. "Of course, if you use multiple platforms, it adds up. But the way newer platforms charge is much different from the legacy systems. Older systems may

charge you per user, and when you have 30 people, that could run you a ton of money. Instead, systems like VTS now charge per square foot, so price is dependent on how much real estate you own."

Despite these challenges, brokers can only look forward—not back. "Commercial real estate has been slow to adapt to new technology, but we're at a point where technology adoption has picked up speed dramatically over the past two to three years," Levison said. "Millennials have grown up with technology and depend on it to do their work faster and be more productive."

Levison has been in the industry for nearly four decades and estimates only 15 percent of his age group are early adopters of technology.

"The rest need to be dragged into the future," he said. ▾

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## CONTRIBUTING SIORS AND MEMBERS



**Daniel Levison**



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