

## The Missing Link

The real estate transaction has always been complicated by a myriad of confusing forms, disclosures, and participants. Security technologies have been the **missing link** needed to enable paperless transactions. However, most industry observers feel it may be five years or more before brokers, agents and MLSs make the shift to the trustworthy computing standards required for paperless transactions. These practitioners control 86% of residential transactions, and could be among the technology's first victims.

Most of the industry's attention has been focused on the mantra of preserving the "first point of contact." Even so, third parties have access to listings they use to obtain referral fees, eroding the margins of brokers and agents. The intrinsic ability of listings to attract consumers has been at the heart of an ongoing battle for control of the front end of the transaction process, distracting attention from the bigger **threat at the back door**.

The real estate industry is big, fragmented, struggles to protect its intellectual property, and slow to adopt technology. A decade ago Microsoft was the favorite real estate pariah. That technology icon discovered that the dynamics of mainstream real estate are difficult to navigate, budgets are small and adoption cycles are remarkably long. Desktop software and brand dominance weren't enough to transform the inherent **inefficiencies** of the industry

Structural change, if it occurs, is most likely to emerge from the FSBO segment of the market. End to end transaction services will offer to take away the pain, reduce the risk and put big money back in the wallets of the "do it yourselfer." The **core competency** necessary to achieve this result requires the rare capabilities to model a complex process, simplify the experience for a high school level user and integrate participants...securely.

The technology has arrived, and 6 million transactions that generate \$60B in fees is the biggest opportunity on anybody's radar screen. Microsoft, Fidelity, Lending Tree or Bank of America might transform real estate, but outsiders are more likely. **Intuit** is an example of several business process outsourcing firms that for the first time have the complete technology tool kit to fundamentally change the game. This month as you complete tax returns using TurboTax® or run financial statements using Quickbooks®, imagine a hypothetical on-line service called EasySale. Sellers and buyers use the Internet to find each other, establish market value, manage workflow, integrate participants, prepare documents and ensure compliance. The advertising campaign proclaims, "Save 5% or more when you use EasySale to sell your home...you do the math."

Could EasySale drive the FSBO segment up to 25% of the market? Could this competitive alternative send average commission rates for all transactions falling to 3%? Could Intuit's extensive lending relationships create further consumer incentives? When that day arrives, "Who Owns the Data" and preserving the "First Point of Contact" will be far less relevant than the lament of other industries trying to fight the last war, "**What Has Technology Done**"... to our business model?