

Secure Content Group



Perspective...

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The Broker Trust Gap

Real estate brokers assist with the largest and most important consumer financial transaction, and increasingly they manage many forms of sensitive consumer and business information. To date, they have not been required either by regulation, competition or consumer pressure to protect information from misuse or compromise. This “grace period” is coming to an abrupt end.

Legislation is likely, but technology is certain to change how real estate manages information. New technology standards are **transforming the Internet** from a communications tool to a platform capable of managing complex multi-party transactions. The benefits will include drastically simplifying the information flow, collapsing the process cycle time, and reducing risks and costs for practitioners. These technologies will arrive this year, and begin their inevitable migration to the desktops and browsers of consumers.

Like the Internet in the 90's, the new technologies for integration and interoperability have re-written the strategic equation. Banks and other information services companies are binding consumers to their brands through---information, trust, market insights, on-line distribution, process control and pricing power. Real estate brokers have been subjected to claims of pending competitive climate change for years. Intuit, Lending Tree, AOL, Yahoo, Acxiom, ChoicePoint, Microsoft, and others have long been regarded as potential, but unsuccessful threats to the \$60-\$80B annual revenues of brokers. The **core competencies** to package workflow, secure information and mitigate risk will re-structure real estate as it has other industries.



Brokers have already experienced the financial pain resulting from the deterioration of their information franchise. The next blow to their market position is the growing **“trust gap”** between brokers and competitors to secure and deliver all the information that real estate consumers want and agents need to add value. Business frameworks similar to those that have revolutionized consumer lending are emerging to ensure the security, control and the eventual monetization of real estate

information. New entrants have already successfully challenged long standing business rules because of their capability to secure and integrate transaction information. Security challenged brokers will find their path to growth blocked by competitors who leverage sensitive information like financial services companies.

The next step will be secure transaction tool kits for consumers who are demanding more control of the transaction. Consumers will get the keys to a secure infrastructure to post a listing, qualify buyers, drive the settlement process and negotiate fees. To compete, brokers, vendors, MLSs and other participants will be forced to pursue new strategies for differentiation and service delivery.

The National Association of Realtors® began the process of moving brokers toward the “**standards of care**” already achieved by others. Real estate is learning what most information intensive industries already know, information security is a pre-requisites to top and bottom line growth, and denial is not an effective strategy.

The digital component of any mature business is generally worth many times the value of the core analog business. Brokers have a choice, they can evolve toward new information access and sharing arrangements called “**federated trust models**”, or expect new business rules and proprietary platforms to be imposed on them by their “partners.” They can assert control of their digital assets, or continue to have their profitability “hollowed out” by banks, portals and others. The trust gap will be measured in market share, brand equity and valuations.

Secure Content Group serves associations, government, financial services, pharmaceuticals and real estate. Read more about Secure Content Group's unique perspective on digital governance in real estate.

Jack Horton Managing Partner 703.909.2427

J.T. Hardy Partner 240.351.6955

Contact info@securecontentgroup.com

visit our site: www.securecontentgroup.com