

Transaction Management Grows Up

by Stephen Bedikian

During 1999-2000 a number of companies launched similar products, creating a new product category loosely defined as transaction management systems (TMS). Their systems integrated communications and document management and work-flow capabilities in order to improve the efficiency of the residential real estate closing process and make it more transparent, particularly for homebuyers and sellers. Their eventual goal was to support a paperless online closing that eliminated the blizzard of phone calls, faxes, and courier trips characteristic of the traditional closing process.

Despite producing award-winning products, many companies could not survive the industry's long adoption

national players have emerged to compete in the category. This group includes two of the surviving new entrants, SettlementRoom and RealtyAssist with its partner Stewart Title Co., and several established technology providers: RamQuest, FNIS and First American's SMS subsidiary. The systems currently available or expected to be relaunched shortly by these companies have matured into a legitimate product category.

Along with the maturation of these products has come a convergence in their basic functionality. Online order entry, status tracking, and online document delivery are core features of these products. Most systems provide task checklists that are customizable



represent the majority of system users until agents and service providers have time and the motivation to really learn the system.

- **Activity Log.** By recording transaction events, the activity log helps title and escrow companies and their real estate agent and broker customers make sure all regulatory requirements such as disclosures are met. This information should also be valuable in any legal action.

While system functionality is similar, the terminology used by each vendor to describe their products can be very different. The glossary on the next page is provided to define major product functionality and establish a common basis for comparison.

All these systems are Internet-based application service provider (ASP) platforms meaning they require no client software other than a Web browser and an always-on Internet connection such as a DSL line or cable modem. For most offices an expensive T1 line is not required, making TMS implementation much more affordable.

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cycle and were swallowed up by the industry's traditional technology suppliers. Realty Plus Online and its Close Your Deal platform were acquired by First American. Fidelity National Financial affiliate FNIS purchased no less than three separate platforms: iProperty's Chorus, Reez.com's product originally called Reez.com, and Expeditrix's SmartClose. Homestore's eRealtor project, later dubbed DealTrack, did not survive the company's restructuring and has never seen the light of day.

Feature Convergence

Out of this period, a handful of

for each company's unique work flow. These checklists are an important tool allowing all transaction participants to monitor progress and make sure the deal closes on time.

Two key features for title and escrow companies to look for are:

- **Automatic Notification.** Many participants in a transactions may not be 'active' in the sense of logging into the system frequently. However, with automatic notification activated, the TMS will update all participants via e-mail, fax, pager, or mobile phone of important status updates. These 'passive' users will probably

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| SERVICE ORDERING | There are two types of service ordering: front-end and back-end. Front-end ordering allows title/escrow company clients to submit orders through a Web interface. Back-end ordering allows title/escrow company staff to place orders with their service providers for surveys, tax information. |
| ORDER TRACKING | Clients can monitor order status including open/closed tasks and documents available. Most systems offer the capability for automatic notification via e-mail or fax for status updates. |
| DOCUMENT UPLOAD | System users can upload documents into the file using a fax with a custom cover sheet or PC file upload. |
| DOCUMENT MANAGEMENT | Users can modify documents in the system with multiple document versions maintained. Some systems support OCR Conversion for faxed documents and Fax Truncation of faxes into separate pages. |
| DOCUMENT DELIVERY | Users can distribute documents directly from the system via e-mail or fax. |
| CALENDAR/TASKS | Open and closed tasks are viewed as calendar or to-do list for single order or for all orders processed by the user or company. Customized checklists that mirror a company's business processes should be supported. |
| BRANDING | Basic 'private-label' branding is supported with broker or agent branding displayed to all users. |
| USER ACCESS PRIVILEGES | These are rights to view/modify tasks or documents and create/delete participants. The most flexible systems allow brokers to establish company-level default settings for different transaction types. These default settings can be modified at the user level or document level based on circumstances. |
| ACTIVITY LOG | All activities by file users are logged by the system. This 'audit trail' is a useful tool for company management and helps increase accountability among transaction participants. |
| COMMUNICATIONS | E-mail can be viewed/created from within the Web-based system. File notes are supported via bulletin-board functionality. |

Different Design Philosophies

Although there is substantial functional similarity between these products, the design philosophy behind them is surprisingly different. First-generation products like Close Your Deal and SmartClose were meant to be open platforms with all transaction participants able to assign tasks, upload documents, and add new participants. This revolutionary approach to empowering consumers and agents made some title companies and lenders uneasy and may have contributed to their relatively slow adoption.

RamQuest. RamQuest was awarded the 2002 Discovery Award at NASSCON for its Paperless Closer. It is the kind of incremental solution that many title companies prefer as it represents primarily a Web interface to the Complete Closing Enterprise production system.

This seamless integration between transaction management and closing

applications was very appealing to Dallas-based Safeco Texas Land Title, Inc. According to Vicki Rutherford-Cearnal, chief operating officer, "Paperless Closer fit our need because it was fully integrated with our title production system, eliminating rekeying information, was Web based, and offered the client a choice. Use it or not, the information is there 24/7."

Although most title companies experience relatively slow adoption by their clients, Rutherford-Cearnal said usage has been strong, "From our go-live date in February, over 3,500 documents have been published for printing from the site. No paper. No fax. Digital retention of documents and pertinent data retrieval via the Internet will become the new standard, and we will already be there."

RealtyAssist and Stewart. Like RamQuest, Stewart expects the adoption of its private-label version of the RealtyAssist platform, branded

SureClose, to be driven primarily by the title company. Current user Sandy Cappell, president of Stewart Title of Vail, Colorado, says, "SureClose has given Stewart Title the ability to be proactive with customers, providing access 24 hours a day, seven days a week to real estate transactions. It is very important in the competitive business of title and closing products and in the escalating world of technology to continue to improve all aspects of our business."

SureClose makes transaction management features available to agents and consumers and is fully integrated with Stewart's title production system, AIM®. This is natural since the SureClose product is based on the RealtyAssist platform developed by California-based RealtyAssist in which Stewart has an equity investment. RealtyAssist sells its product independently of Stewart to both real estate brokers and title companies. It has been on the market

since September 2000, and Stewart officially released its version, SureClose, in November 2002.

SettlementRoom. The focus at SettlementRoom is on delivering a simple, highly customizable transaction management solution. President Jonathan Cutler believes this exclusive focus on its TMS product is essential, that "choosing a transaction management system is not something to be lumped in as an extra feature on other software. Transaction management takes some time and effort to get started, so you want a system to grow into." The ability to customize a solution to the title company's individual needs is what attracted Jim Brown of Commerce Title, a subsidiary of Dallas, Texas-based homebuilder, Centex. According to Brown, the staff at SettlementRoom worked closely with our various branch-level staffs and we have been able to customize the system to do exactly what we wanted. SettlementRoom has proved flexible enough to handle the wide range of order types we close and versatile enough to be used in all different parts of the country.⁴

FNIS. FNIS' work flow and communications platform, Paragon TransactionPoint™, was named at the November NAR Conference as a new Realtor VIPSM Program partner of the National Association of Realtors. "TransactionPoint enables Realtors to create transactions and to-do lists, update activities, upload documents, open escrows, and monitor the entire closing process," said Bob Goldberg, NAR senior vice president of marketing and business development and head of the Realtor VIPSM program. "TransactionPoint offers Realtors a unique discount off regular retail prices and is available to brokers for bulk purchase with even more discounts through the Realtor VIPSM program," Goldberg said. This powerful endorsement should help FNIS, which sells

TransactionPoint to real estate brokers and the StatusPoint application of the TransactionPoint platform to title and escrow companies. StatusPoint allows closing companies to communicate electronically with their customers who are on the TransactionPoint platform. Effective January 15, 2003, RealEC Exchange network clients will have the connectivity and interoperability with TransactionPoint. SoftPro users will be able to fulfill orders through Real EC to users of TransactionPoint.

SMS. It remains to be seen how different the relaunched version of Close Your Deal—now branded SMS ClosingTracker.com—will be from the original. ClosingTracker.com is expected to hit the market in early 2003. SMS president Larry Davidson says Closingtracker.com will closely reflect the needs of the company's StreamLine and VISION production system customers. "Our customers have told us they want a system that provides their clients with the ability to enter orders, view status, and receive automatic notifications 24/7, while keeping the title or escrow company firmly in control. And that's what we're going to deliver. Simplicity, ease of use, and tight integration with production systems is what will propel SMS into a leadership position," Davidson said.

Usability and Integration

An individual agency's adoption rate for a TMS product depends greatly on two related system attributes: overall usability and integration with an agency's existing title production system. While the basic features offered by these products are similar, the way they are implemented varies widely. Ultimately all the little differences add up to determine the usability of each product and their suitability for an agency and its customers.

For customers, the more powerful the platform and the greater its range

of functionality, the steeper the learning curve. If an agency is targeting the TMS to its most technically sophisticated and demanding customers, a substantial learning curve may be a price worth paying for highly valued functionality. If an agency wants to service all its customers, then the company should select the simplest product that may only support online order entry, status tracking, and automatic notifications.

For employees, nothing is more important than deep integration with the existing title production system (TPS). Generally, the tighter the integration, the less additional work required of agency employees to fully utilize the product. A truly seamless integration should mean that employees virtually never leave their production software to log in to the TMS. All information regarding tasks, documents, and participants should flow between the TMS and TPS. A loose integration is likely to result in double data entry and manual performance of various tasks to update the TMS. This could diminish potential productivity gains.

TMS products offered by existing TPS vendors like RamQuest and Stewart provide very tight TMS - TPS integration. Vendors like SettlementRoom that do not sell a TPS product will develop a customized integration for their customers. Often, though, customized integrations require assistance from the existing TPS vendor, which may not be forthcoming if that vendor offers a competing TMS product.

Business Benefits

TMS vendors point to numerous benefits of using their systems. Chief among these are increased productivity related to decreases in status calls and faxes, enhanced customer service, and competitive advantage as a result of being an early adopter in their market. The

opportunity to realize productivity gains may be substantial. A study by October Research conducted in May 2001, for Expeditrix, the developer of SmartClose, identified large gains. "The research indicates that title companies realize increased productivity and efficiency, including an over 20 percent reduction in the number of outbound calls and almost 30 percent fewer inbound calls," explained John MacFarland, then executive vice president of October Research Corp. In addition the number of faxes decreased by 55 percent and courier costs by 28 percent. As a result, direct and indirect (i.e., labor) costs were reduced by \$69 per file.

While this research may overstate the gains available since not all participants are likely to use one system for all their transactions, substantial additional benefits can also come from increased customer satisfaction. Providing customers with the ability to place and track orders on a continuous basis may be a sufficient value to justify the price of a TMS, particularly if other companies in the local market decide to offer this service.

Pricing

Pricing for these products varies with most including a per order or transaction component. Expect to pay extra fees for setup and training. This structure makes sense since it implicitly recognizes that TMS adoption by real estate agents, lenders, and builders will grow slowly, and title companies should only pay for transactions that actually utilize the system.

For its SR Enterprise product, SettlementRoom pricing starts at \$29.95 a transaction and declines to under \$5, based on volume. The lite version of this product—SR Express, which offers transaction support limited to 30 concurrent transactions—is priced at \$149.95 annually, but users can purchase

multiple blocks to increase its capacity. RealtyAssist pricing also starts at \$19.95 a transaction and falls to \$9.95 based on concurrent transaction volume. RamQuest's Paperless Closer Version 5.0 is provided at no additional charge to users of its Complete Closing Enterprise production system, but users of its ASP production system, WebCloser, pay \$15 per closed transaction for Paperless Closer. SureClose's monthly fee varies based on the number of locations using the application, starting at \$350 an office, up to \$650 total. No per file, per user or per transaction fees are charged by Stewart.

Direct Operations

For direct operations, the major underwriters are planning company-wide rollouts of new Internet-enabled title production systems that offer many transaction management features including First American's FAST product family and Fidelity's Net Global Solutions under development by FNIS. Unlike First American and Fidelity, Land America has chosen not to provide title production or transaction management systems to the independent agency community. Instead, LandAmerica is integrating its TitleWave.net service with production systems offered by SoftPro (a wholly owned subsidiary of FNIS), TitleSoft, TitleExpress, Closer's Choice and DisplaySoft. TitleWave.net is a back-end service-ordering product allowing agents to seamlessly order and receive title work from LandAmerica service centers using their existing title production system.

In addition, the company rolled out its transaction management system, the LandAmerica Connection, for its direct operations in Michigan, California, Colorado, and Texas last year. Janet A. Alpert, president of Land America, estimates a minimum operational savings of \$20 to 30 per

order for the company. "The cost savings" Alpert explained, "are a direct result of fewer copies being produced and sent out via courier. Customers have online access to their orders and finished products 24 hours a day, 7 days a week." Alpert explains further, "Customers having the ability to get order-status information anytime, online, is very convenient. Customers are able to enter the orders themselves. This self-service on the part of the customer allows staff to be freed up for other customer service activities."

Looking Forward

Historically, the industry is slow to adopt new technology. It took more than five years for Internet-based property listings to enjoy widespread usage. Bringing the transaction online is likely to take just as long, but the good news is we're now nearly three years into the process. The innovative TMS products discussed in this article, along with several other credible products targeted at geographic or industry-specific niches such as GAC's GATORS, TG Express and Closing Counsel, are beginning to find traction in the

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marketplace. Market-leading title and escrow companies are using these products to provide a new level of service to their clients and business partners and driving this next stage of our industry's evolution.

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