

California Association of REALTORS®
HIGHLIGHTS
Business Plans For
California Statewide Data Aggregation Service &
California Statewide Multiple Listing Service

FOR DISCUSSION ONLY

The MLS Working Group has thoughtfully reviewed and provided input on the report now before you and are presenting it for discussion only. They are interested in your input and are not recommending the implementation of either option at this time. The California Statewide MLS Aggregation Service and the California Statewide MLS Business Plans represent two distinct directions. The MLS Working Group is asking for input on which direction, if any, the C.A.R. Board of Directors wants to pursue.

The report has been prepared in direct response to the California Association of REALTORS® (C.A.R.) Directors' request for business plans for both a Statewide MLS Data Aggregation Service and a Statewide MLS service. The requests were in the form of three motions passed by a majority of directors at the January 2007 Business Meetings. The motions are as follows:

1. That C.A.R. authorize the MLS Working Group to develop a detailed business plan to create an aggregated Statewide listing database for review at the June 2007 Business Meeting.
2. That C.A.R. authorizes the MLS Working Group to develop a detailed business plan to create a Statewide MLS that would comply with the 6 principles, for review at the June 2007 Business Meetings. In addition, local MLSs and Associations are encouraged to limit long term contractual commitments extending beyond December 2008.
3. That C.A.R. Business Plans should take into consideration the technological and value proposition of current data aggregation initiatives in Northern and Southern California.

In order to meet these objectives, C.A.R. staff interviewed various consulting firms who have expertise in the MLS arena. Innovative Solutions, Inc. was selected to assist the MLS Working Group and C.A.R. staff in developing the Business Plans. The two plans are summarized below:

California Statewide MLS Data Aggregation Service: Existing MLSs would continue to operate independently and collect revenue from their subscribers. The Statewide Data Aggregation Service would collect and make available from one source all the active listings and associated photos from all 70 MLSs in the state. Adoption of statewide uniform rules would be required for participation. This "one stop" data service would save an estimated \$2 - \$4 million per year for the state's brokers and an additional \$2-\$4 million per year for web and third party authorized users. Agents would no longer have to pay subscription fees to search data in other MLSs and an estimated \$2 million of these fees would be eliminated. Some of the efficiency gains to web and third party data users could allow MLSs to charge them higher fees. This added revenue could be used to reduce fees to participants or enhance MLS services. It is estimated that the cost of setting up and operating this system would be \$5 million per year. Note that inclusion of solds and off market data may increase costs.

Net Savings: \$3.6 - \$5.6 million per year (See Report, pg. 18 for detail on costs)

California Statewide MLS: This service would consolidate the current 70+ MLSs serving the state's MLS subscribers into one single MLS. The local REALTOR® Associations would be utilized as the local service provider and rules enforcement entity with the central MLS staff providing technical customer support. Each association would retain the authority to set its own price on MLS related services. The rules would be uniform for the state. Creation and operating of this service is estimated to deliver a \$52 million per year savings to the MLS subscribers in the state.

Net Savings: \$52 million per year (See Report, pg. 33 for details on costs)

The MLS Working Group does recommend that the Board of Directors allocate up to \$500,000 for a Statewide Information Engineering effort. This effort is essential to both business plans and will be valuable even if neither is adopted. It can also be completed relatively quickly. Specifically:

Statewide Information Engineering: This task would map all existing MLS data fields to a single, statewide, unified schema. This schema would allow all MLSs to participate in statewide data sharing initiatives while maintaining direct control of their existing content and maintaining their existing fields. A unified database would be created from this schema to allow for a uniform representation of all of the state's active listings in the Statewide Data Aggregation and/or the Statewide MLS. This Information Engineering effort will provide the basis for developing statewide standards for MLS content while facilitating the use of all existing systems. It provides high value, a relatively low cost, leverages the current efforts underway, and can be implemented and completed quickly. This effort is recommended regardless of the decisions made on the specific business plans.

The Six Principles: Based on input from the key stakeholders across the state, the MLS Working Group developed the MLS Working Group Statement of Principles. These principles were adopted by the C.A.R. Board of Directors at their September 24, 2005 meeting.

- 1. MLS data needs to be fully standardized with local options for data field variation.**
- 2. California REALTORS® should have universal access to all MLS data.**
- 3. Use of MLS data and its distribution to third parties should be controlled by the brokers who provide the data.**
- 4. MLS entities should exist for the benefit of participants and subscribers.**
- 5. MLS rules should be uniform and enforced consistently.**
- 6. The MLS Board of Directors should include broker owners with appropriate regional representation.**

For more detail on the Six Principles go to www.car.org and search for "MLS principles".

Opportunities to hear more about this report and ask questions:

Member and Director Forum Wednesday, June 6, 4:30 pm – 5:30 pm, Exhibit Hall D, Convention Center

MLS/Committee & Business Technology, Thursday, June 7, 1:10 pm – 2:50 pm, Room 314/315, Convention Center

Caucuses (members of the Working Group are available to speak to caucuses)

Your comments are welcome at mlsinput@car.org