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MLS 2018: EXAMINING THE CHALLENGES AHEAD

A SPECIAL REPORT BY THE CENTER FOR CALIFORNIA REAL ESTATE
About

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Background
The Center for California Real Estate (CCRE) is an institute founded by the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) dedicated to intellectual engagement in the field of real estate. Its mission is to advance industry knowledge and innovation with an emphasis on convening key experts and influence-makers. CCRE reflects C.A.R.’s increasing role in shaping the future of the industry by advancing innovative policy solutions and active dialogue with experts and industry stakeholders. Additional background on CCRE and C.A.R. can be found at centerforcaliforniarealestate.org.
INTRODUCTION

There comes a point in the course of most debates when the facts have been presented and the time to make a decision has arrived.

That may be on the horizon for California REALTORS® whose local Boards and Associations have resisted consolidation or failed to establish a data-sharing arrangement. After more than a decade of spirited debate, experts say the time may be right to re-engage local REALTORS® organizations as the consumer landscape has altered dramatically.

What are some of the factors that history has demonstrated have the greatest influence on the decision to enter into a MLS consolidation or data-sharing arrangement? And what is the primary cause of a local Association’s indecision?

HOW DID WE GET HERE?

The first computerized Multiple Listing Services (MLS) became a reality in 1975, and by the early 1980s, replacing traditional paper MLS directories was becoming a reality. Over the years, NAR has launched many programs designed to help the industry take advantage of computer technology – most recently through Realtors Property Resource, LLC, (RPR) a wholly owned technology solutions provider and NAR subsidiary. RPR currently is developing two systems – Upstream, a listing management system for brokers, and AMP™, or Advanced Multi-List Platform, a solution for smaller MLSs.*

The CALIFORNIA ASSOCIATION OF REALTORS®, meanwhile, pioneered the development of a statewide MLS with the adoption in 2007 of its “Six Guiding MLS Principles” and, in 2009, with the introduction of calREDDi™. Despite the success of this initial experiment, calREDDi/CRMMLS faced a number of challenges – among them struggles with vendors and resistance from many Boards and Associations that opposed the C.A.R. Board of Directors’ aggressive approach to change. Eventually, the development of platform-neutral software and mergers kept the concept of a statewide MLS alive.

In 2010, calREDDi merged with the Multi-Regional Multiple Listing Service, Inc. (MRMLS) to create the California Regional MLS. This new entity merged with SoCal MLS in 2011 and today is among the largest MLSs in the country with 92,000 members representing 37 Associations of REALTORS®. Recent growth arrangements with other Association MLSs. Today, although still connected contractually to C.A.R., CRMMLS operates as an independent entity.

HOW BROKEN A SYSTEM?

It’s safe to say no one would model a contemporary MLS system based on these ancient specifications:

- Highly fragmented data that is difficult to manipulate for the benefit of consumers;
- Information that in some cases is inferior to that available to consumers via third party platforms (Zillow, Trulia, etc.);
- Arbitrary boundaries that require brokers to join multiple MLSs in order to serve a single marketplace;
- Outdated technology with little or no standardization or compatibility.

It also is safe to say that the MLS most REALTORS® would choose to create would be easy to scale and able to serve a large geography, such as a region or state, with a front- and back-end that is standards-based for maximum efficiency and compatibility. Data would be easily accessible and provided on a timely basis. It also could be customized, for example, to measure how many offers a staged property receives versus a property that is not staged, or the average days on market for a property that is staged compared with one that is not.

Of course, there are some downsides. While data-sharing arrangements provide significant benefit to REALTORS®, the MLS must retain and cover the cost of operating duplicate systems. That’s one reason why C.A.R. continues to evaluate a single statewide MLS with multiple front-ends of choice. The technology for such a system is available and could be installed and in operation in a matter of months – if local REALTORS® and their Board and Association directors agree to participate.

Costs also remain a concern in an industry unaccustomed to the high cost of establishing a high technology company, which can climb into the millions, tens of million or beyond. MLS vendors and representatives from the larger brokerage operations argue that such is the reality of competing for the consumers’ attention in a high-tech world.

Finally, what might cause members at the local level to maintain the status quo rather than implement a system targeted toward keeping the REALTOR® at the center of the consumer’s real estate experience?

Admittedly, politics and inertia often are the cause, particularly among Boards and Associations that fear consolidation with larger Associations will result in a loss of power, not to mention membership and, in some cases, jobs. The pace of change can be slow to occur and painful to implement.

2018: THE TIME FOR ACTION?

So, is the time for decisive action now?

That was among the conclusions reached recently during “MLS 2018: Examining the Challenges Ahead,” a panel discussion and livestream broadcast sponsored by the Center for California Real Estate (CCRE), an institute of the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). Held at the Omni Hotel in downtown Los Angeles on January 10, the panel featured many key MLS stakeholders and brokers. The panel was moderated by C.A.R. Chief Executive Officer Joel Singer.

During the wide-ranging discussion, presented below in condensed form, panelists explored the barriers to wide-spread adoption of a statewide, or national, MLS – resolving to progress discussions with all involved parties in the year ahead.

* Subsequent to this panel RPR announced that it was suspending its AMP project, effective immediately.
PARTICIPANTS

The Center for California Real Estate gathered together the nation’s leading MLS-figures, and some of California’s top-performing brokers, to set the agenda for industry discussion and change in 2018.

MODERATOR

Joel Singer, CEO, California Association of REALTORS®

In 2018, CRMLS will serve 92,000-plus real estate professionals from 37 real estate organizations.

Art Carter, CEO, California Regional Multiple Listing Service (CRMLS)

David Charren, Chief Strategy Officer, Bright MLS

Rebecca Jensen, President/CEO, Midwest Real Estate Data LLC (MRED)

Sandra Deering, Broker, Coldwell Banker Residential Brokerage

Quincy Virgilio, Chairman, MLSListings, Inc./Broker Associate, Coldwell Banker

David Silver-Westrick, Partner, Keller Williams OC Coastal Realty Owner, Keller Williams, Southern California

Mark McLaughlin, CEO, Pacific Union

Jeanne Redstick, Broker, Century 21 Tobias Real Estate, Bakersfield, CA

Craig Cheatham, President/CEO, The Realty Alliance

Jeremy Crawford, CEO, Real Estate Standards Organization (RESO)

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Mark McLaughlin, CEO, Pacific Union

A California brokerage with 1,800 real estate professionals. Last year closed 11,000 transactions for $1.6 billion in sales.

David Charron, Chief Strategy Officer, Bright MLS

Based in Rockville, MD, and King of Prussia, PA, this 84,000-agent organization covers 40,000 miles of territory in the mid-Atlantic states and is owned by 43 shareholder Associations of REALTORS®.

Rebecca Jensen, President/CEO, Midwest Real Estate Data LLC (MRED)

A Chicagoland MLS serving 45,000 REALTORS® throughout Illinois and bordering states.

Sandra Deering, Broker, Coldwell Banker Residential Brokerage

Corporate Broker for Northern and Southern California Companies, which are part of Coldwell Banker NRT.

Quincy Virgilio, Chairman, MLSListings, Inc./Broker Associate, Coldwell Banker

An active broker associate and founder of technology company that delivers MLS services.

David Silver-Westrick, Partner, Keller Williams OC Coastal Realty Owner, Keller Williams, Southern California

Joel Singer, CEO, California Association of REALTORS®

Wes Burk, Owner/Broker, Patterson Realty

Independent brokerage based in San Luis Obispo, CA.

Craig Cheatham, President/CEO, The Realty Alliance

Consists of 70 formerly independent, full-service real estate offices with 19,000 salespeople.

Jeremy Crawford, CEO, Real Estate Standards Organization (RESO)

Non-profit MLS and technology standards organization representing 900,000-plus brokers and agents and comprised of 750 member organizations.

Jeanne Redstick, Broker, Century 21 Tobias Real Estate, Bakersfield, CA

Served on the NAR Mergers & Consolidation Task Force.

Dale Ross, CEO, Realtors Property Resource, LLC

Wholly owned technology solutions provider and subsidiary of the National Association of REALTORS®.

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JOEL SINGER: We are delighted to have this panel today. I’ve been asked the question by some of the panelists: “What do you want to get out of this?” What we want to get out of this is a very deep and, quite frankly, apolitical dialogue about the future of the MLS, because we all recognize this industry has been historically built around the MLS. We also recognize that changes in the environment, particularly the consumer side, have given the consumer, in part because of the data the MLS delivers, the ability to have information that is equivalent, if not superior, to what agents have in the field. However, the question is: “Can this current structure survive?” Or, “Should this current structure survive if it doesn’t adapt?”

CRAIG CHEATHAM: I think we all agree that no matter what role we have, there are some issues, there are some changes, and there are some great opportunities. We love the “coopetition” in this industry, and we love that we can work with our direct competitors on making things better, which ultimately affects the consumer.

JOEL SINGER: So, what is the biggest challenge or biggest change you want to see?

CRAIG CHEATHAM: We are looking from the brokerage perspective at efficiency and at data security. We’re focused on data right now, but for our large brokers who are in multiple markets, efficiency takes on several roles: Multiple MLSs, different data structures, all those kinds of things. But No. 1 is efficiency.

SANDRA DEERING: When I was preparing for this session, the same things kept coming up over and over again: Inaccurate data, outdated MLS systems, consolidation and solutions are needed. We’re talking about the issues, but we’re not seeing solutions, and that’s what I’d like to focus on: How we solve the problems we know exist.

DAVID SILVER-WESTRICK: Like Sandra, I’ve been part of these discussions in the past. I was the president of a big MLS a couple of times and it seems to me that we’re fighting the last war in the MLS world. We’re talking about consolidation, stuff we should have done 20 years ago, stuff we should have done 30 years ago. Those trains have left the station without us. What I’d like to see is some discussion of how we, as an industry, reinvent our relationship with the consumer, which is going to be a core of the MLS in some form. We need to incorporate some of the knowledge we have, of some of the experience we bring to the table – more than just bedroom, bath counts, price, that sort of thing. I’d like to see some discussion around that.

DAVID CHARRON: My hope today, Joel, is that we can address the political, geographic and data boundaries, which are largely arbitrary, and that we’re able to break through those at last long – if not today, then certainly in the weeks and months that follow. I also think it’s time for us to jettison our parochial thinking as it relates to what could be done in this industry for the benefit of our brokers.

DALE ROSS: RPR is a technology solution provider, and as you ask where the industry is going and what’s going to be done, there are two initiatives we’ll get into today. One is called Upstream, which is the broker’s initiative, and one is AMP® [Advanced Multi-List Platform*], which we’re developing for some of the MLSs. Both are designed to help the industry and the constituents of NAR. Part of the discussion today is not only posing what the question is, it’s what are the answers today that we can look forward to as we move the industry forward.

JEANNE RADSICK: My hope today is that we find some way to make everything more efficient for the end user. We talk about the brokers, and I understand that’s the way we’re structured, and that is the servicers we look at, but as someone who lists and sells real estate, I need it to be more efficient. I don’t want to have to go to multiple sources to find what I’m looking for. I’m going to mirror what Craig said – that I want to see efficiencies, and that I want to see them done in a way that makes them valuable for me in the field.

ART CARTER: From a challenge standpoint, my dream for 2018 and beyond would be that the political realities of doing some of the things that the brokers have talked about here – creating efficiencies, communicating and connecting with the consumer in a new and different way – that those political realities would drop in honor of a future for real estate professionals in California and nationally that things could really change. I think there’s an opportunity that is fast-fading for this MLS community as a whole to make meaningful change. If we do not do it shortly, then we will forever be chasing others who most likely will

* Subsequent to this panel RPR announced that it was suspending its AMP project, effective immediately.
“take the handles” and move forward.

MARK McLAUGHLIN: I would say that in an industry where information became transparent maybe seven or 10 years ago, we have invested millions and millions of dollars in delivery systems and data for our clients, who are real estate professionals, and to their clients, who are consumers. We think in an industry where the brokerage community owns the data and also is the revenue stream to the MLSs, the MLSs have to be far more responsive to the brokerage industry. Until that happens, we will continue to look for alternatives to the MLS.

WES BURK: For me, the issue boils down to a rather obvious reality: The MLS structure itself is a legacy organizational chart, and I think it has led to a bureaucratic roadblock to what should be our primary objective, which is serving the consumer. I think until we shift our focus away from what we can do to protect ourselves within the transaction, and shift our focus to what can we do to deliver a higher level of service and a better experience to the consumer, I think we’re going to be stuck.

JEREMY CRAWFORD: Our goal is to work on the challenges that were mentioned today, and to find a way through all of the efforts of all of those organizations coming together to provide consistent data efficiency and try to break down what we like to call “data silos,” which are huge pain points in brokerage communities, and which cause profitability issues, so that agents have data flowing into their hands for any product and service and any type of information, such as home sustainability information, that consumers really need to improve their homebuying experience. We want to provide those solutions and break down those data silos that are causing pain points in the industry.

QUINCY VIRGILIO: Our customer is the brokerage community. We want to be able to empower them to compete with the consumer sites that are out there that their clients, and my clients, too, live by. The challenge is that this all costs money. Everyone is in a race to the bottom in what to charge for our services, and I think that stops us from being able to do what we need to do for our brokerage community.

MARK McLAUGHLIN: The first step is how cumbersome it is to get our data. There are times when I have to pick up the phone and call the CEO of the MLS and say, “Hey, we’ve been asking for this for so long, why is it you can’t deliver it to me today?” They constrain our ability to move in a nimble capacity. Recently, we were engaged with a really important project when our MLS told us they did not have the resources to deploy. Just before that same conversation, they shared with us that they were buying their own building. I said to myself, “Are you kidding me? You don’t have the resources to support the broker, who is your client, and you’re buying your own building?” If we want to invest in real estate, we’d invest in real estate. But we’re investing in data management, data information and, in many cases, the MLS is constraining our ability to deliver.

JEANNE RADSICK: Frankly, I think the first step we need is to have one type of system. That’s probably a heretical thing to say, but it is ridiculous to have to go to multiple sources to get what you need.

We don’t have issues in terms of having our MLS being responsive to us. I don’t want to tell tales out of school, but one of our biggest things is that the people who sit on these boards are not well-informed. They may be well-intended, but they are not as well-informed as they need to be. When I list a house, I get the information that I need, because I don’t have to go to multiple MLSs. I don’t want to go to a different system, where I have to get a 24-page report. I just want a simple CMA. I want to look at, I want to be able to say, “This is where I’m going to dig deeper; this is where I’m going to go further.”

JOEL SINGER: These responses indicate you want to grow scale to avoid the multiple MLS back-end issue. But is it more of a problem than just scale?

ART CARTER: Yes and no. I think what has been described by both Mark and Jeanne has been the need for one database, a database that the brokerage community in California can rely on that is primarily a broker cooperative. We maintain data on behalf of the brokerage community, and we maintain clean data, and we maintain a dataset that adheres to rules and regulations, and that’s something that is absolutely invaluable to this industry. But I understand the angst brokers have getting their own data back out of the system. At the CRMLS level, we’ve been through this road for seven years since the merger between what was MRMLS and calREDD® in 2010. We’ve been through the political process, and we recognize that the issues we face up and down the state have more to do with the politics of bringing these disparate entities together. We’re doing everything we possibly can to consolidate and, we’re building technology to allow that consolidation to occur. As much as Jeanne talked about the angst some people have for certain front ends, we don’t think the MLS should be defined by a front end. The Multiple Listing Service should be defined by the data that are residing within that system, and we are pushing forward and releasing front-end-of-choice. We’re trying to put down as many of the political barriers to have multiple people and multiple organizations join CRMLS. We hear REALTORS® hate change. For whatever reason, REALTORS® have an extra anti-change gene somewhere in their make-up. If we can take that barrier down and allow people to use the system they are used to, that is going a long way toward consolidation. We also don’t really want agents

- JEANNE RADSICK
outside of their area of expertise selling within our market area. Whether you want it or not, it’s occurring anyway. We’re a firm believer within the CRS MLS. We feel the consumer has been empowered with such a greater breadth of information than the professionals who serve them. From an industry standpoint, we’ve created that problem. CRMLS is a firm believer that there needs to be one database for the entire state of California, and maybe even one across the western United States. There need to be some possibilities for large MLSs in the country, through the RESO standards, aggregating our databases and working together. From our standpoint, there needs to be one database to serve the brokerage community, and whether or not there are multiple nodes that sit on top of that, or multiple MLSs that sit on top of that, that’s great. Whatever works in a local marketplace, but there needs to be one database.

JOEL SINGER: David, you’ve been seminal in the thinking on scale. I’d like to ask the same question: What’s the quickest way to get to the efficiencies like those desired and expressed by the brokers in the room?

DAVID CHARRON: There are no technical challenges in doing this. It really is the human and political factors that stand in the way of greater cooperation and consolidation in our market. My partners and I sat down and talked about what we might be able to do with our respective organizations, and we decided maybe the best thing to do was to blow ourselves up. That got a lot of attention! We didn’t mandate fair weather, but I think the key was to say, “We’re willing to start with a blank slate, would you join us in this discussion?” We kind of forced it to happen; smashing all those databases was no easy task, but it wasn’t impossible. Politically, I give credit to our leadership, who has brought together these very different personalities and has everybody pulling together in one direction.

Nine stayed, and I’m pleased to say that within one year we were able to stand the organization up, and after a year there will be about $85 billion in residential real estate transactions conducted across that backbone that we created in 2017. So, suspending judgment, bringing everyone together, realizing that once you put all the cards on the table everybody agrees with 85 to 90 percent of what the guy believes in, and then you’ve got to navigate that other 10 percent. We didn’t mandate fair weather, but I think the key was to say, “We’re willing to start with a blank slate, would you join us in this discussion?” We kind of forced it to happen; smashing all those databases was no easy task, but it wasn’t impossible. Politically, I give credit to our leadership, who has brought together these very different personalities and has everybody pulling together in one direction.

DALE ROSS: Sure. RPR is a national, property-centric database that has thousands of characteristics of each property. It has partnerships with 95 percent of the MLSs to feed their MLSs with data into the national database, and then we aggregate 300 to 400 of the sources to make that property record into 1,000 or 1,200 fields. Then an agent can know more about that property than the customer—the buyer or seller—would know. So, that’s already being done for us and others are doing the same thing.

We built MRIS 22 years ago, saying that within one year we were able to stand the organization up, and after a year there will be about $85 billion in residential real estate transactions conducted across that backbone that we created in 2017. So, suspending judgment, bringing everyone together, realizing that once you put all the cards on the table everybody agrees with 85 to 90 percent of what the guy believes in, and then you’ve got to navigate that other 10 percent. We didn’t mandate fair weather, but I think the key was to say, “We’re willing to start with a blank slate, would you join us in this discussion?” We kind of forced it to happen; smashing all those databases was no easy task, but it wasn’t impossible. Politically, I give credit to our leadership, who has brought together these very different personalities and has everybody pulling together in one direction.

If I may make one other comment, there should be a wall of shame for those MLSs that don’t provide you with the information you rightfully deserve, and who lump us all in as obstructionists. That is short-sighted and it’s incorrect, because a number of us really are trying to do the right thing. So, I ask in the future that when someone doesn’t give you the data, call us out and tell us somehow it will change in a timely fashion.

JOEL SINGER: I want to see if I can posit something here based on what we’ve heard so far, and the posit I would suggest is that if you were rebuilding the system today, you would not build it to look anything like the current system with hundreds of MLSs. Does anyone disagree with that? Let me go a little further: You’d create a certain amount of scale. I heard all of California, or maybe the western states. Let me posit even further that it seems to me that the scale would be a standards-based national back-end, because it is technically possible and almost by definition is the most efficient, isn’t it? Does anyone disagree that that should be the goal? It’s in process in several ways right within the MLS system and outside the MLS system, and I think that’s kind of the message for those of us within organized real estate. So, Dale, why don’t you speak to that; and then I’d like the discussants to come in with any questions or observations they have.

DALE ROSS: Sure. RPR is a national, property-centric database that has thousands of characteristics of each property. It has partnerships with 95 percent of the MLSs to feed their MLSs with data into the national database, and then we aggregate 300 to 400 of the sources to make that property record into 1,000 or 1,200 fields. Then an agent can know more about that property than the customer—the buyer or seller—would know. So, that’s already being done for us and others are doing the same thing.

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think if you went to any of the local Associations that have their MLSs, they would agree they want data in one spot. However, when it comes time to have that Association allow that data to be used in either a regional or statewide database, there’s fear inside the Association-owned MLSs that they’re going to lose some revenue from people who are going to go somewhere else. They may join Art’s or somebody else’s MLS. It’s that piece that prevents this. The whole state could be in one database right now. We share a database that has most of the data in the state, but all the MLSs don’t participate in either Art’s or our back end. How easy is it to map data right now? It’s the fastest thing we’ve got going, and it can be done in a matter of months. When Art was talking about the multiple choice front end, you could let the Associations decide what they want to use to lay on top of the database. That’s up to them, and they can serve their subscribers and their clients in any way they feel is best to provide the value they think their clients need. It’s a matter of getting past the fear that once that data is in one spot, the Associations that run the MLSs will lose members to other MLSs. I think that’s a challenge that has to be wiped out somehow, some way. I don’t know what the answer is to that, but that’s what stops us from having it now.

MARK MC LAUGHLIN: Obviously, I’m not the only broker on this panel, so I don’t want to speak for everybody. I think that I can speak for businesses to drive efficiencies and economies of scale is very important to us, especially in the race to zero. The only way to do that is to have one database, and I think the initiative that The Realty Alliance started years ago and is now in the hands of 40 or 50 brokerage firms is to build that single database to give the two-person shop and the Coldwell Bankers of the world one back end, which then we can control and syndicate it to give it to different Apps, to different technologies, and to use it internally in our businesses in a way that is meaningful to the business and the consumer. It’s a matter of having the entire data set, my dear brokers, I don’t think you’re going to see brokers in the United States controlled in the hands of an MLS with the structure and the relationships that we have today, because it is really, really hard to be nimble, it constrains our ability to engage with our clients, and it constrains their ability to engage with the consumer. So, it is a long game, and if it takes another five years to get Upstream up and running, we will be there every year writing a check to keep it going.

QUINCY VIRGILIO: What’s interesting is the consolidation of Upstream is that it could have been accomplished a long time ago. There were politics involved and those politics had to do with how data was kept in the box. Every MLS in the country could have sent that data to a box and it’d be ready to go. NOEL SINGER: Let’s posit one other thing: The MLSs are shut down by a court order from ApartmentSearch.com, Zillow, Trulia, Redfin go dark because of that? No. They already have relationships with the brokers; they have efficiencies. It’s not going to cost them some money, the data won’t be as clean, there’s a RESO standard or another standard. The fact of the matter is that from a pure technology standpoint you don’t need 700 of them. You need one node, intergallactically. Now that’s not to say you don’t want 700 entities making for a regional or statewide database, but the rules are enforced in your marketplace and doing all sorts of other things. I would even posit that, as a broker and I would want to choose my own front-end software. I don’t want it selected for me. And then let me do the back end. I have some experience with this. We can map any MLS. We’ve mapped 600 of them, but every time we map them, we’re talking about three to nine hours of work, because even with RESO, which is a great standard, everybody’s got their idiosyncrasy, so 12 costs you millions. The industry that is driving to give you the technology, to those who are acting as vendors, and I’ll speak from the zipForm® standpoint: The cost you’re imposing on yourself that way is also significant. So, you can go through the MLS, but part of the problem is that I don’t think there’s been an honest discussion. I think this discussion has been very honest about saying, “Yeah, we all agree, one database,” and how you get there is debatable. But I think you have to start with that post. Upstream will work for a whole series of reasons, but it’s not an ideal construct from a technology standpoint. It’s made to sit on top of an existing structure.

DAVID CHARRON: If there’s one thing we can get out of today’s meeting, if we can start to build with a bridge over that gap that says, “Look, whatever happened in the past happened,” because the way in which we are okay in which role rolled out in the past has been anything but constructive, in my opinion. We haven’t all been collaborators in this process. Second, there are things like CRMLS best practices and things like I get to go out there and talk about regarding how MLSs should perform in response to broker initiatives. Third, there are initiatives that the world isn’t standing still while we’re waiting for Nirvana. We’re all waiting for that moonshot to occur. I really don’t believe we can do it right now, this year, to pull everybody together — to say whether it’s the CRMLSs or the Brights, or the MREDs, or the Grid, or whoever it is — to come together and say how we make this happen. I think you’ll find my peers say let’s go a little bit step to step, and we’re tired of the noise that comes from all the peripheral stuff — the soundbites, the people irresponsibly responding to blogs and things like that — because that’s the tone that people accept. We’re happy to sit down and figure out a way to make this thing work; fast, painlessly, quickly, inexpensively.

REBECCA JENSEN: I would like to add that it also solves the entire broker pain point problem, because data gain is just one part of it. But it’s part of what we can do for the broker, it’s part of the rules, and having the entire data set, my understanding of Upstream is that it could be completed in a reasonable time, if it’s going out, or all of the data — it’s only that brokerages’ data. So, that’s why when we were creating the Grid, we said, “Okay, we want the full solution here,” because it’s time that we create a structure, not unlike Upstream, because everybody can say what happens with the data in one utility that is the MLS Grid, and it’s really not that expensive to do so.

JEREMY CRAWFORD: I get complaints often from brokers and questions about how to navigate the MLS world, which is a local world. The No. 1 complaint I get reiterates Mark’s statements: access to the data. And the brokers who call me do not realize there’s an NAR policy mandate. In C.A.R.’s months to approve access. This is an NAR policy mandate. In C.A.R.’s world, even with regard to how MLSs need to state statewide reciprocation agreement. It’s awesome. Other states don’t have

CRAIG CHEATHAM: I agree with David, and I love the term “moon-shot.” I support RESO as a logistical mechanism to get to a unified data-base. Where I have some heartburn is where the current strategic path is consolidation. David, hats off to you for what you did on the consolidation front. But I have significant concerns about whether that path gets us across the finish line in time. I belong to a local organization that had a regional data share, and toward this greater goal of a statewide database, we joined CRMLS and, in so doing, took up a regional database and took a step backward. The fact that I have personal experience causes me to have the confidence that consolidation is the right approach.
that, so the MLSs and Associations work more tightly together. There are policies in place to help the brokers that may not be enforced. There are brokers who complain they don’t get solid data. They’re supposed to get solid data and they’re not getting solid data from the Associations and the MLSs in certain markets. The enforcement of those policies and the ability to bring everyone in the state of California, and across the nation, as California has modelled, into that reciprocation environment of working together, sitting down together, knowing the technology can be figured out inexpensively. But a lot of those hurdles are that last 15 percent of “give Mark a response in five business days.” I hear that day in and day out at RESO. I get more complaints from those aspects than actual technical data standards and technical barriers. We are now in a great place; you should adopt RESO standards. There are over 100 MLSs in the nation that are not doing that, and there’s an NAR requirement to do that. How do we go past the hurdle to get them to adopt the NAR policy mandates, the C.A.R. Model Rules, the reciprocal aspects, and get Mark the access that he needs, get David, Sandra everyone the access to the data they need that is theirs? I see that as a hurdle that really needs to be overcome in the industry, and people are talking, people are working toward it. But I think we can move faster to eliminate some of those issues.

DAVID SILVER-WESTRICK: I’m always struck by conversations about consolidation in the MLS world or efficiencies that the elephant in the room is a lot of people are employed doing this stuff. A lot of people are employed at the local Board level, at the MLS level, and so the push-back we get is natural enough. “Yes, I’m willing to move toward the future so long as I’m still here.” I think we have to discuss that, because what has to happen is a lot more revolutionary than evolutionary. We’re talking about perfecting a VCR in a world of streaming virtual reality. We need to leapfrog that. So, what do you do about that, guys? What do you do about the career incentives of very talented people working in MLSs who all say, “We can do this better, but we want to still be here to do it.”

SANDRA DEERING: I agree with everything that has been said – that a national database and all that would be very, very helpful. I’m a member of 25 different MLSs, and just managing the licensing and the payment process is a full-time staff person for us. I think that the politics on the local level - they don’t have the bandwidth to see beyond their day-to-day operation and their day-to-day positions and jobs. All they’re looking at is paying their mortgage, so I don’t know how to overcome that because, quite honestly, they don’t care who I am. How do I overcome that?

JOEL SINGER: NAR has given mandates, and the mandates are not being observed. Part of that may be that the resources aren’t there. If you’re running a small MLS, you want to protect your job for sure. But even if you did want to protect your job you’ve got a resource situation. From my standpoint, if you create the scale, you change the environment. That’s what I can’t get away with, and a lot of cost goes into saying, “Well, we’re going to preserve this structure and here’s how we can best preserve this structure by this overlay and that overlay and the next overlay.” But that’s not the way it works in the real world. The best standard is if you are the only standard, and Zillow is the only standard for Zillow, Realtor.com has its standard, and Trulia and Redfin have their standards. They don’t need to have standards because they own the standard. Well, REALTORS® should own the standard, but they can’t do it given the structure they have currently of hundreds of MLSs statewide. As a result, you get all these other anomalies that we talk about.

DAVID SILVER-WESTRICK: Can somebody explain to me if you have what you’re thinking of, a national database, and you had what some other folks have talked with brokers choosing front ends, what is the role of a local MLS?

ART CARTER: I think it’s very important. From the CRMLS standpoint, Quincy, you said you view yourselves as a technology company. We view ourselves the opposite. I run a broker cooperative, and the primary thing that I do from an organizational standpoint is maintain a database that brokers and agents can rely upon and make sure that there is a level marketplace where compensation and cooperation is offered. That’s what we do. Zillow, Realtor.com, none of the others are ever going to step up to govern a database to that level. The technology is absolutely key, but it takes a backseat to that primary purpose of what it is that we do. You talk about serving the consumer, the Multiple Listing Service as a concept is the biggest gift that the brokerage community has ever given to the consumer. As a structure, probably not so much so. We’re not whining about the concept. From my standpoint, the concept is still a gold standard for the consumer, for the brokers, and for the agents – whether or not it is in one database or multiple nodes of databases that all talk to one another. We’ve disadvantaged our brokerage community, and it needs to stop.

REBECCA JENSEN: I’d like to also echo that. There’s a difference between the technology and the politics, and they both have applications. The technology we’ve been discussing with a standard database, I think we all agree, so where are the politics there? It’s just a matter of getting it done. But the political aspect of the MLS is very important, because it speaks to the local marketplace and the rules that govern it.

MARK McLAUGHLIN: David, your question about why a national database and how does that help people in California? I think the reason for the national database is so that brokers large and small will benefit from the same technology. It’s not about wanting national data; it’s about the three people in a phone booth running a brokerage firm in a place that can’t invest in technology should have the same rights to this platform as those like Coldwell Banker who could do this all themselves.

JOEL SINGER: The fact that there’s a national database doesn’t mean that the brokers are going to say that their business practices allow somebody to use it. What it does do on the technology side is create efficiency, and it creates capacity. When you’ve got scale, you can do other things. But you’re not going to solve the local political problem of “Let’s stop them at the tunnels, let’s stop them at the passes, we don’t want anyone not from our area selling here.” That’s a different issue, not a technical issue at all.

CRAIG CHEATHAM: I might have been the one person who was almost disagreeing with the one database, but it’s all about how you define that – and I think we’ve hashed that out since you asked the question. As I talk to our brokers, it’s not necessarily about a one MLS or one database. It’s, “I just want to have access to my data or my marketplace’s data.” Yes, I have members who have 60 MLSs that they have to deal with, but we don’t extrapolate our solutions for the future based on that firm. That’s the anomaly. We have members in Chicago. One MLS. With Bright they’re in one MLS, but they still have these issues around wanting to have my data, my market data and as we ask our brokers, “Well, how many MLSs should there be?” They don’t say one, they don’t say 10, it’s someplace between 50 and 250. There’s some real value locally in defining a market regionally, where we can set some practices, where we’re closer to the action to enforce and curate this MLS. On this panel, we have the good performers sitting at the table and they leave angry because we talk about what needs to be better and think we’re talking about them! We have the 200 that are not perfect but doing a great job, and they’ll tell their staff people this in their local markets, and then we’ve got say 500 that Mark is talking about, where we can’t even get the simplest data. Although NAR
I think the reason for the national database is so that brokers large and small will benefit from the same technology.

- MARK MCLAUGHLIN
Panelist David Silver-Westrick

to step up to the plate, how do we get there?

ART CARTER: You already know my answer to that. It’s becoming a lot more aggressive. There’s really no other answer. Consolidate with the willing and data share with the unwilling to consolidate and go around those who are willing to do neither, and I think that you are going to see a lot of MLSs in the state – and not necessarily in this state, but nationwide -- that are going to step in immediately after the brokerages and communities outside of areas that they naturally control with their underlying Associations.

QUINCY VIRGILIO: I think the pressure needs to come from the brokerage community. You know, it takes 10 years to be able to use other neighboring MLSs’ data, but forcing the brokerages to get them to make it faster is the way to go and those markets are out there.

ART CARTER: We need to communicate to the agent base, because a lot of brokerages in my meetings up and down the state aren’t willing to move to do anything that their agents aren’t in support of. So, we’ve got to answer that question for them first because the brokerage community is not going to risk relationships with their agent base just to have a consolidat-ed database.

JOEL SINGER: Everybody can send their data to a box. I’ve always wondered why the brokers didn’t send all their data to the box, and what Art is talking about is giving them an op-portunity to send it in a box that is not a traditional box and, obviously, that is one extreme versus the innovative efforts we’ve seen to create efficien-cy by the MLSs themselves, and to create scale as a means of getting to efficiency. So, you’ve got these two warring alternatives, and so perhaps it is going to take both. I’m going to leave it there for a second, because I do think we came to some pretty inter-esting comments on the efficiency.

I want to make sure we have plenty of time to talk about the issue that was raised. David, I think you were the first one who raised it, on the consumer and how we let the conSUMER down. And I wasn’t quite sure, were you talking about the consumer being the end consumer, or are you talking about the consumer being the agent broker who consumes the data, or both? Why don’t you frame the question for us and let’s get into that discussion.

DAVID SILVER-WESTRICK: You know, the voices you haven’t heard so far are the people who drive every-thing that happens in this industry, which is agents and consumers. Fundamentally, the MLS needs to serve both of these groups in ways that are meaningful to them, and I think in the time that I’ve been in the business, we serve them less and less well with every year. Not because we don’t intend to solve their problems, but because the world has moved on and we’re unwilling to. What consum-er want is not what we’re offering in the form of a traditional business model in which agents sell real estate to consumers. I think it’s very likely that we’ll see a national data base, however clean that data is or not, with an App-based lockbox and an App-based offer mechanism for con-sumers. How will they feel about that? We won’t know until it happens, but we just need to be aware that we’re on the cusp of that. So, solving our technical problem is very important, but reimagining our relationship with consumers and the agent’s relation-ship with consumers has got to be at the base of what we do. We all get distracted by the hats we wear, and I’ve worn a couple of them. But I’m also an agent and I’m struck by the innovation far the consumer is beginning to drift from what agents have to offer.

JEANNE RADICK: I think what we have now is adequate for our agents to conduct their business. I think that what they’re going to have to do is up their game. We have not done a good job articulating what we bring to the table and what we are able to do on behalf of the clients. That’s the biggest deal.

JOEL SINGER: From the standpoint of giving the broker and the agent the ability to compete, are we miss-ing the ballpark there? I guess I’ll tell a little story. I buy a house to live in every 32 years or so. And I did that last year. I had a terrific broker, did an amazing job for me, the other side was competent on the deal but the one thing is, my broker and other brokers I talked to started sending me data directly from the MLS. Quite frankly, that didn’t compare very well so the data I got when I signed up with Redfin. Now, I had no intent, my apologies to the Redfin guys because we work with them as well, very close-ly, but I had no intent of using one of their agents. It just didn’t work for me the way I could get the real local expertise I was looking for. But the data was great. The presentation was great. Is this a problem for us? Do we need to give our agents in par-ticular the same type of value when they’re dealing with their customers as the customer gets directly from a Redfin or Realtor.com or Zillow or Trulia. This is the embarrassing part for me, the MLS when it started, used to be at the vanguard. In the ’70s, it was the technology leader. We were one of the few small businesses that at the time used elite technology to create informational advantage for our members. Does anyone want to argue we’re still doing that?

DAVID SILVER-WESTRICK: If I can jump in, the world of big data doesn’t seem to have come to the MLS in any meaningful way. Fifteen years ago, I spoke with Supra and they said it would be technically possible for you to display showing data in the MLS. I have a three-bedroom, two bath house, $650,000, and I want to know what other houses like that are doing. How much they’re being shown. And Supra said, yeah, they could do that. That was 15, 20 years ago. We’re not doing it. So, I think we’re missing the boat on lots of big data opportunities to the extent that consumers have better tools than we do. We’ve just become irrelevant. All of this stuff about data efficiencies becomes irrelevant. We have to appeal to con-sumers, we have to know more than they do. We have to leverage our knowl-edge and I think that’s the next step in the evolution of the MLS if it’s going to survive is figuring out ways to leverage that data. Figuring out creative ways to do it. Doing it before Zillow does it.

JEREMY CRAWFORD: If I may, the MLS is poised to be able to empower brokers and agents, and we had the discussion earlier about the 200 vs. the 500. Home sustainability infor-mation is something consumers are dyeing for. Home energy efficiency products, how efficient the house is, it doesn’t just matter in California anymore, it matters across the nation.

There are MLSs that are taking the lead to give agents that information, such as Chicago, Portland, CIRMLS, where they’re doing it. There was an Obama open data aspect to free up energy information, and MLSs can certainly add to the property record. What we’re seeing is that, from the RESO perspective, we’ve mapped that data to the Department of Energy and all of the local energy companies. The data are now available to be integrated into the MLS. The barrier has been the MLSs in certain markets refusing to allow data to go from the trusted source of the energy entities into the hands of agents and brokers, and I see just from my initial position that in those environments it’s actually in the boardroom of the MLSs that the consumers are going to get that data in. It’s not a technology cost, it’s not a technology barrier. The data could easily flow, just like tax data flows into an MLS today. So, the question is, have all that home energy information that you see on portals. We have to find a way in the boardrooms of those MLSs to open those up. There’s a heavy resistance to expanding some of the data opportunities that are out there, and it really isn’t a technology barrier, it’s a matter of just getting across this and opening those doors.

DAVID CHARRON: I think David is correct in his re-imaging the consum-er experience. It really resonated with me. I absolutely believe that those years from now we, as practitioners and MLS providers, will be providing actionable data to our customers such that we would’ve never gotten that along without it. So, I absolutely believe that’s the kind of information we can supply to a broker without diminishing our value in the value chain. If we give it to the entirety of the marketplace, the smart brokers will figure out how to use it even better, so I really like that idea, David.

DALE ROSS: We have energy scores in RPR and, quite frankly, we got pushback from some of the local
things that we’re long-term planning for within this MLS system is an entire business intelligence idea that puts more information in the hands of our brokerage community. Really unshackling the data. The days when we’re going to be able to compete against some of these entities that are consumer-facing on a user interface standpoint are probably long gone. But what we can do is unshackle the data and give our brokerage community and those vendors that are servicing that community an opportunity to utilize that data and put our brokerage community back into the position of being the information leader.

QUINCY VIRGILIO: I’m going to echo that, because when I first started to speak I was saying that the amount of data that we can provide to brokers and agents to be able to enhance their business and create opportunities for them is huge. You’re going to meet the consumer where they are. Right now, the consumer is where they are: Redfin, Zillow, Trulia. I don’t think you’re going to change that. I don’t think we’re going to be able to come up with an App from an MLS standpoint that’s going to be better than what’s there. So, meeting the consumer where they are but empowering the agent with more data that’s available through the silo we’re trying to break down will make the MLS more valuable than it is today, I agree, Art.

DAVID SILVER-WESTRICK: Just to follow up on that, the industry made this great leap many, many years ago when we started consolidating information and we started sharing information with one another. Is the next step for us what Art was talking about — knowledge management? What we bring to the table as REALTORS®? What we know about neighborhoods, what we know about the HOAs in the neighborhood, what we know about what it’s like to live in a place in the neighborhood. If we can share that with one another; if we can make that the next step in the MLS business to share that knowledge, scrape through that barrier, and say, “Well, I’m going to give up a little bit of competitive advantage in order to get a much bigger competitive advantage.”

CRAIG CHEATHAM: When I talk to our board members, there’s nothing like the MLS business we have here in the U.S. compared to globally. That I know exactly when we get to work, I sell one of Quincy’s listings. That cooperation, compensation, the MLS’s here aggregating that data and cleaning it up, that doesn’t exist in most places in the world. So, we have to remember that the MLSs are a terrific concept, and that it has worked for 50, 75 years. That should not be thrown out. So, the business rules and other things that are added into the MLS should be looked at, but we can’t give up that process of the fluidity of the transaction through the MLS and that’s very important to remember, that concept, and not try to stifle it because we’ve got all these other pressures from us other areas.

MARK McLAUGHLIN: I want to share a perspective, because it seems like it’s all coming together and we’re going to have one database in California in 90 days. First and foremost, I think the cooperation and compensation of the MLS is the greatest thing this industry could ever have. The fact that we as brokers compete with each other and cooperate with each other is fantastic. My real estate professionals and we as a brokerage company are 100 percent driven by consumer behavior. There isn’t anything that goes on, any day of the week, that we don’t think about the consumer. So, that’s kind of item No. 1. No. 2 — data, for us — is things that we need to put into delivery systems to send to the consumer. The delivery systems coming from the MLS are not fit for the consumer to consume. The database by which we deliver data has to be controlled by the broker; we have to own that database. So, if in one jurisdiction we can have one database, we’ll deliver it to the MLS. Remember, the cooperation and compensation is absolutely fantastic.

We have not done a good job harnessing our own company’s information until about three years ago, when we started a big data project and we went to a company like CoreLogic — it was CoreLogic; I just can’t remember the name of it. We paid $1,100 to them and bought back the data on 25,000 of our more recent transactions and put it in a big database, and then we began to augment that. Now, in our closing sheet — everyone has one in their shop. It’s a commission demand; there are 12 questions, the brokers have figured out that if they fill out four, they still get paid. The company does nothing else with the information, so let’s just fill out four. Now we have 24 questions that we ask and we have about 12,000 trades now in that database, and we know how many offers a staged property gets vs. a non-staged, what the median price was of staging vs. not, what the average days on the market with staging vs. not. We can go down to a ZIP Code of price, so we’ve taken exhaust into information and give to a consumer. That’s what the broker wants, and I don’t think the MLS can solve that for us.

JOEL SINGER: Final comments and action items?

DAVID SILVER-WESTRICK: I believe the consumer will get what the consumer wants at the end of the day. No matter what we decide we want to do, the consumer will win.

REBECCA JENSEN: Don’t underestimate the power brokers. If brokers are not behind it, it will not happen.

QUINCY VIRGILIO: The one action step this year I think I’d like to see is a meeting of the MLSs that are not a part of the data share or a regional MLS to get together and figure out
how we pull them into one data set.

**JEREMY CRAWFORD:** From my perspective and to highlight David’s point, we’re working on standardization efforts with lockbox, showing data, all those other aspects that are outside the property listing. But from RESO’s point of view, the brokers need to be at the forefront of that. We grew our broker participation by 80 percent last year. I want to see more brokers at the RESO table telling us what are their business needs, what efficiencies can be directly impacted from a standards perspective, and let’s move forward with making solutions to do so.

**WES BURK:** I’d like to see C.A.R. through leadership and the Board of Directors take an aggressive stance toward the building of one database for the state.

**MARK MCLAUGHLIN:** We’re members of 12 MLSs; I think one is present, so my action item is to improve our relationship with our 12 MLSs.

**REBECCA JENSEN:** With respect to the issues we’ve discussed here, my focus and time is going to be on the MLS Grid, because I think that it solves a lot of problems.

**ART CARTER:** I think from CRMLS’s standpoint, we’re pretty open and clear that we’re going to be receptive to anybody who wants to come in and share data with us. Our goal this year is to push our 70 percent coverage of the state for our membership over the 85 percent level.

**JEANNE RADSICK:** I think what I’d like to see is actually mirroring a couple of comments that were just made. One, getting the people who do not share, consolidate or data share get together in a room, probably without some of us at the table. Because that’s where you’ll find they’ll come forward and they’ll tell you what the issues are and why they’re resistant to it. Add to that, help promote the end result from the Mergers and Consol-idations Task Force that I was a part of for NAR. They put together a very nice package with the biggest thing being a glossary of terms. Because I think that the MLSs and brokers out there don’t know the distinction between the data share and the mergers or consolidations. They don’t know what that means, so if we can help move that out, I think that would be a big step.

**DALE ROSS:** From an RPR perspective, we’ve been building two technology initiatives: One is called AMP®, one is called Upstream. The Upstream project is for brokers for listing management, which is what we talked about today. For some of those MLSs that are smaller, that have technology issues around the country. AMP® is going to be the solution for them, and I think this all benefits the industry long term, and those are both being launched this year.

**DARREN CHARRON:** I think, as evidenced by today’s discussion, past successes are a seductive and almost irresistible force. So, the moment of truth for everybody in this room is that we have to recognize that much of what got us this far probably isn’t going to take us much further. I will have a shameless plug for a paper that we put out four, five months ago: 2020: MLS Agenda. If you haven’t read it, it’s at mlroundtable.com and it talks about the future of MLS, and I think it interviews a number of people at this table and in this room. It would be a valuable discussion-starter for you within your local markets. Lastly, for those 500 who are on the shame list, go to CMLS best practices and get smart real fast.

**DAVID SILVER-WESTRICK:** I’m pretty confident that the consolidation piece of this is going to happen one way or another. I’m not sure what the mechanism will be, so what I’d like to see is a discussion around the hard-to-quantify part of the MLS database – what it is that REALTORS® know they are bringing to the table.

**SANDRA DEERING:** I’d like to see C.A.R. spearhead discussions between the MLSs, and I think Art said it really well: Find out who are the ones who are willing to have the one database, who are the ones who are least willing to data share, and leave the others behind and move forward with the ones who want to cooperate instead of pounding our head against the wall.

**CRAIG CHEATHAM:** My focus is to move forward to have a different conversation in 2018 than we’ve been having since 2013, which would be to focus on the 500. Someone facilitate, maybe it’s the state Associations, with the help of NAR, with the help of RESO, with the help of CMLS, whoever else will not spook the audience, and bring those local Boards and Associations and MLSs together who are part of the 500 in the room. I think these are bright, dedicated people who really have the best interests of the industry at heart, but who may not realize what’s on the horizon. In these limited situations, you have to keep your head down and do your job and you don’t have the luxury when you’re a smaller MLS to do like Art and look at the horizon, look out 20 years, and have that vision document. Get them together, I think they’re smart enough to connect the dots if we present what brokers are needing and what customers are being offered outside of our institutions. It may turn into consolidation, it may solve in other ways.