



**Michael Mino** is president and CEO of PropertyBoss Solutions. He became a landlord in 1977 when he purchased his first rental units. A serial entrepreneur, he has started a number of software technology firms. For more information about Michael or PropertyBoss Solutions, visit [propertyboss.com](http://propertyboss.com) or call Michael at 864.297.7661 x26.

## *Has the Plug Been Pulled?* p2

We have described the three phases preceding the loss of your software supplier: vendor selection, danger signals, and disconnection. Let's examine a number of actions and strategies available to you at each of these phases. The most important thing to remember is that you always have options—even when they may not be evident.

### **SELECTING YOUR SOFTWARE PARTNER**

Here are some questions to ask to qualify a potential partner:

- **Longevity:** When did you first sell this product series? Ask for a specific date rather than a general response of "two or three years." The "10,000-Hour Rule," repeatedly referenced in the book *Outliers: The Story of Success* by Malcolm Gladwell, asserts that it takes ten thousand hours to become an expert in a field. For an organization, this translates to five years (10,000 hours divided by 2,000 business hours per year) focused on a specific product.
- **Financial Stability:** Have you been profitable for your last five years? Financial statements are readily available for public companies, but private ones will generally not provide them. They should be able to answer the profitability question.
- **Right-sized Company:** The company should be large enough to have the resources you need, but not so large as to not care who you are.
- **Data Ownership:** What is your policy regarding availability of my company data? Obtain a written statement that you have the ability to retrieve your data anytime at your option. Identify any specific fees and the format of the data provided. Apply the same methodology as you would to your on-site data backup, including conducting a test by requesting and reviewing the data. Make sure that you have the legal right and mechanism to obtain your data in the event the vendor declares bankruptcy.

Often the software application (which implements the processes and procedures of your business) is as important as your data. There are a few approaches to preserving your use of the application.

The simplest method is to obtain a perpetual license to use the software. This means that you must host the software yourself, on your workstation or server, but it provides maximum control and protection from loss of use of the application. This rules out products only available as hosted by the vendor.

An often talked about, but seldom practical solution is to enter into an escrow agreement with the vendor. This is an arrangement in which the software vendor places a copy of their software into an "account" held by a third party referred to as the escrow agent. The escrow agent is typically an attorney trusted by both parties, or an organization setup specifically to offer this service. The terms of the escrow agreement set the circumstances when the software is released by the escrow agent. Typical conditions are: bankruptcy of the vendor, failure to maintain the software, or other breaches of the software license agreement.

There are costs to setting up (\$1,000 to \$5,000) and maintaining (\$500 to \$2,000 per year) an escrow arrangement. The more significant cost though, is the oversight of maintaining the expertise and development environment to be able to actually utilize the software source code should it be made available to you. This later cost and required sophistication makes this option only viable for very large businesses.

### **DANGER SIGNALS**

We have described three of the danger signals preceding the plug being pulled on your software: changes in the relationship, atrophy of the product, and lack of marketing and sales effort. To quote a catchphrase from Douglas Adams' book, *The Hitchhiker's Guide to the Galaxy*, "Don't panic."

If you have not already done so, use the alert to implement some of the strategies mentioned above. If the vendor maintains a users group (often enabled by online technologies such as Yahoo! or Google),

join in on the discussion and see what others in the same situation as you are thinking or doing. Your local NARPM® chapter can be an excellent forum to seek out other users of your software package and collaborate on options.


If you cannot find a user group or established network for your software, consider starting your own group. You can setup an online group with Google (<http://groups.google.com>) or Yahoo! (<http://groups.yahoo.com>) at no cost. Compile a list of e-mail addresses of known users of your software and invite them to join your online group using the group tool.

#### YOU RECEIVE THE FORMAL NOTICE

The adage "One man's misfortune is another man's opportunity," may be your salvation. Look to third party support organizations that are familiar with the software product, and offer support packages to abandon users of your software system. These groups may have provided implementation and training services to users of your software. Since there will not be any new installations of this software, they can redeploy their consultants to provide the software support you previously received from the software vendor.


Other software vendors with competitive offerings will now have a number of prospects to justify developing an automated translation program to convert the data from your existing system (remember how you included this capability into your original contract) to their system.

#### THE FINAL WORD

My final reference, to Benjamin Franklin's classic "An ounce of prevention is worth a pound of cure," certainly holds true here. There is no substitute for picking the right software partner. They will work with you throughout the span of your relationship and will pro-actively provide you with options should the worst come to be. Of course, picking the right partner can be a challenging endeavor. Should you choose poorly, remember that you have alternatives. 

**Continued from page 8.**

management fee percentage partly because all owner fees are included, but also because tenant fees are factored into the total. Property managers get a more accurate view of the impact of a new account when taking all sources of revenue into consideration.

Most property managers are so involved in all of the day-to-day activities that stepping back and better analyzing existing accounts is not regularly done. Taking time to review management revenue and associated expenses per unit can be very beneficial for future pricing and profiting from the management of property. 

It's not about selling your properties,  
it's STILL about filling your vacancies.



options

**The Transitional Buyer Program®** - designed to provide Professional Residential Property Managers with incentive building tools which:

- quickly fill your vacant homes with high quality renters.
- keep your renters with you for the duration of their leasing years.
- supply additional motivation for renters to pay on time and maintain your properties.
- save time, money and hassle with insured renters.
- generate new income streams from existing resources without adding to operating costs.
- help further build and maintain great relationships with each of your homeowners.



**Strategies for Success - Without the Cost.**

For Program Information Without Obligation: Email - [PropertyManager@TransitionalBuyer.com](mailto:PropertyManager@TransitionalBuyer.com)

For Immediate Assistance, Call: 704.517.0607

**Please help us welcome our new Insurance Solution Provider:**

**UNITRIN** *direct*®  
*preferred insurance*

**After a year in development, there's finally a practical program for Residential Property Managers to offer their clients. Find out more about this win/win solution.**

**We're excited to join forces with an industry leader!**



**HEROPM**   
Property Management Online

**The combination of our program incentives and the array of expert Property Management tools offered by Hero PM will bring renters to you like never before.**

© Rent2Buy America. All Rights Reserved.