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## SHOPPING FOR SOFTWARE

Our company's specialized and lengthy experience in providing software, training and support for property managers and owner-operators in Southern California and the Southwest is often the basis for general questions related to property management and property management software. A key question from potential users is one directed at the process of acquiring property management software. The following observations and recommendations relate to the search, evaluation and selection of prospective property management systems. Special emphasis should be applied to the initial steps, since they provide the foundation for successful selection and implementation. Too often minimal time and effort are spent on proper preparation resulting in a poor to disastrous selection which, for some management companies, has necessitated the replacement of the software by DRE mandate. The steps in making a selection should include:

**1) PREPARE A LIST OF REQUIREMENTS.** This is a list of "must have" and "nice to have" requirements and a budget estimate for the program, training and support. It should also include a solid set of accounting, regional and technological requirements appropriately matched to fee management operations. The availability of both a "standalone" version (runs on a user's PC/network) and an "online hosted" version of the system provides additional options and alternatives to match to the user's needs.

A common mistake is the assumption that most property management systems include the necessary routines to satisfy the varied and special requirements of state and/or regional government. They don't. The various state DREs vary greatly in the extent and procedural requirements to satisfy DRE compliance. Some states apply sales tax to rental income. Their tenant/landlord laws are also varied and volatile requiring additional program routines to handle the variations. It is important to understand the special issues that relate to the state(s)/region(s) your company operates in and the appropriate due diligence

preparation in order to match those requirements. Much of the software advertising, however, tends to promote the somewhat utopian view that "one size fits all." The advertising and the associated products receive an additional benefit when they appear in magazines whose audience may have even more specific requirements and/or higher standards; such is the case with fee property managers. The recipients/readers of the magazines may assume some additional level of credibility/certification when none exists. The traditional caveat, "Buyer Beware" should be emphasized. The requirements list that was created in step one will then provide an agenda for the questions to be asked during the software presentations/reviews to follow.

**2) OBTAIN REFERRALS.** These are important "second opinions" derived from current users, trade associations and other sources that have some awareness of the program, developer and or dealer. Referrals may shortcut the search for programs and developers or dealers of interest as compared to searching the Internet which may provide thousands of property management software hits, many of which are not worth your time to investigate. Referrals need to be qualified. The source of the referral needs to be aware of, or working with, software that has the same generalized requirements as the company requesting the referral. Popular programs may be referred or recommended even when the program does not match the potential user's actual requirements, creating a mismatch of capacity, capabilities, and/or cost. The inappropriate recommendation unfortunately may take precedence over a proper investigation when abetted by a sales person willing to ignore a sales order opportunity.

**3) REVIEW THE PROGRAM.** This could be done by installing and then reviewing the system using a demonstration version of the program. A more detailed presentation of the program may be available at a scheduled live demonstration of the program or pos-



sibly over the Internet provided by the developer or dealer. Both reviews are preferred. Look for ease of use, required and enhanced functions. Examine the help routines and tutorials, reports and presence of current technology.

#### **4) CHECK FOR UPGRADES AND IMPROVEMENTS.**

Developers vary significantly in their policies and performance related to upgrades. This is an important issue if the user intends to maintain a competitive edge and lengthen the life of the software.

**5) EVALUATE THE ADD-ONS.** Many specialized property management routines and enhancements of value currently are being offered by other developers. They can be implemented much easier if the main program design is integration oriented.

**6) CONSIDER GROWTH AND EXPANDABILITY.** What financial and systems issues are activated when it is necessary to expand or upgrade the program? Consider costs and ease of implementation. This again will provide the competitive edge and extend the life of the program.

**7) REVIEW THE PRICING AND POLICIES.** Is the program for sale, lease or both? The developer or dealer may have additional financial options and resources to assist in program training and support acquisition. Some leasing programs are designed to discourage the purchase of the software and to encourage leasing of overpriced software. A weak, minimal upgrade policy just decreases the cost to value ratio and shortens the life and usability of the software.


#### **8) EVALUATE TRAINING AND SUPPORT OPTIONS.**

They will play a very large role in establishing a successful implementation plan. Training and support that is available from out of state may entail additional cost and time limitations. Availability of local support and training may be of special interest to some users. Are phone and e-mail support the only support

options? Internet based desktop support and training is becoming a practical alternative to traditional training and support techniques. Bundling (paying for training and support at the same time the software is acquired) may provide some cost savings and often aids in the planning and implementation efforts. Well-written and detailed documentation accessibility is important during implementation and in assisting new staff in working with the system later.

**9) OTHER DEVELOPER ISSUES.** Other issues that are of concern include the developer's financial stability and the developer's target market. Over the years, we have seen a number of users that gave up on their software based on the developer leaving the business and abandoning the users. We have also seen companies with a national presence refocus their efforts on a different market. They no longer match the developer's new market profiles and are abandoning their original long time customers by lack of support and suitable upgrades and new products.

**10) DO NOT UNDERESTIMATE TECHNOLOGY.** Properly implemented technology will translate into labor reduction, increased services, lower costs and an improved bottom line. It is a "force multiplier." It also promotes growth in an increasingly competitive industry. It is, however, of a lesser value for fee managers with smaller portfolios since most technology is effective operating with higher volumes of properties, units, tenants and or owners.

Systems should be thought of as more than just software. Systems should be considered as encompassing software, required hardware, staff and procedures required to accomplish the necessary operations and results. The proper software allows all of the system components to be elevated to new levels of innovation, service and productivity. Make your choice carefully and your company, clients and tenants will benefit greatly. 

**The traditional caveat, "Buyer Beware" should be emphasized.**