



The Year in MRI

 REDIRECT

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INTRODUCTION

At REDirect Consulting, our clients depend on us not only for system selection and implementation but for our insight into industry trends that can affect their bottom line. That is the reason we stay well-informed and make sure to share the knowledge we gained with our constituency.

2015 saw the debut of MRI Version X. The successor of 4.5, Version X heralded MRI's renewed commitment to enhancing the platform's user experience with new functionality, an enhanced interface, global search, and more. We'll tell you all you need to know about Version X and how to optimize the way you use your MRI software. In addition, we'll bust common real estate software myths, and make sure that your real estate management firm is prepared for severe weather.

It's vital to the businesses depending on our expertise that we know all the facts in order to properly advise them on how to not only move forward with new systems but to help achieve maximum ROI on the ones they currently use. Here, within the pages of this eBook, it is our intent to share the MRI intelligence we've gathered in the last year in the hopes that it will help our friends and clients reach and exceed their goals.



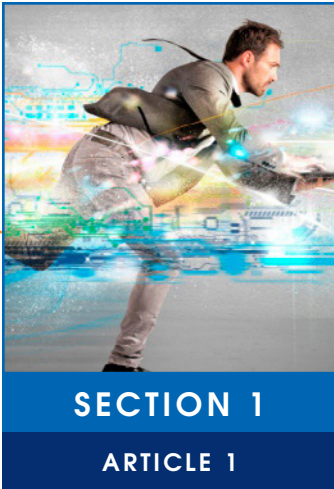


SECTION 1

NO MORE GUESSWORK

It's clear that the leading property management and real estate investment firms are those that are staying at the forefront of technology. Investors, both private and institutional, are more likely than ever to demand high quality, automated reporting, and on-line access to their data. Many of those firms rely on REdirect to help them evaluate their options to meet reporting needs. We help them by staying on top of the latest in MRI and other software platform's functionality.





Software Be Nimble, Software Be Quick

Gone are the days when a competent real estate investment manager satisfies all of his or her investors with a single, slick, generic quarterly report. Today's private equity real estate is the wild, wild west of investment: rules and regulations are in constant flux, reporting standards remain elusive, all while investors' appetite for information is increasing. To survive and thrive as a real estate investment fund manager in this space requires a new level of sophistication.

In 2016, successful investment fund management requires an ability to effectively wield a fund's data in ways that can satisfy the needs of the players across the fund: whether you need to aggregate data from various property managers, drill all the way down to underlying leases to satisfy a query from a limited partner (LP) or an LP consultant, or satisfy a new requirement from the SEC, reporting demands on a real estate investment manager aren't for the faint of heart. And the only commonality between these disparate players' requests is that they all want their different reports fast.

Simply put: general ledger software just won't cut it.

The only way to ensure that you can stay on top of the field is to implement a system that is nimble enough, quick enough, and accurate enough to earn your LPs' trust and money.

Determining which real estate management software solution is right for your fund management needs can be a challenge, especially if you don't understand the options and the requirements. There are considerable pros and cons of the "single stack approach" (such as that utilized by software powerhouse Yardi) as well as those that harness the "best-of-breed" approach (where MRI dominates). How large are your assets under management (AUM)? How many operating partners does your fund require? Is your time most spent fund raising or fund managing? As real estate technology consultants, we posit these questions to you in pursuit of one core determination: how nimble do you really need to be?

Answering these questions can also help you wade your way through another trend in real estate investment: the decision to keep accounting and reporting in-house or to outsource it. Large investment firms are increasingly farming

out these tasks to fund administrators, such as the Boston-based State Street, which is administering nearly \$300 billion AUM. Like the debate over single-stack vs. best-of-breed, the benefits and drawbacks to outsourcing this back office work depends on the needs of your firm and your investors, but the same root question remains: how much value do you—or should you—place on functionality?

One day, data agility may no longer have such a high premium for real estate investment managers. ILPA—the Institutional Limited Partners Association—is working to establish standard reporting templates, an industry-wide “ILPA-compliant” report that would satisfy all the LPs in any given fund, similar to the standardization that governs reporting on stocks and mutual funds. But until that day occurs, being nimble and being quick will likely remain key to real estate investment management success.





What to Expect from MRI X

MRI X is causing a lot of excited buzz, not just by MRI users, but across the industry since the official release of the newest version of its award-winning real estate software system.

In case MRI v4 users fret that they are being asked to leapfrog over six versions, rest assured that the X is meant to signify it is the next generation of real estate software solutions, and not the Roman numeral for 10. It is also a nod to MRI's continual ode to flexibility (emphasis on the x in that keyword, too), a way that MRI aims to adapt as each client's business grows, changes, and "eXpands." It is also an alliterative fit with several new MRI apps and features, such as the MRI Application eXchange—MAX—or the MRI Information eXchange—MIX.

Here are the top five most notable features of MRI X:

1

It is browser- and device-agnostic.

No matter what your browser of choice—Firefox, Chrome, Safari, or Explorer—utilized on any device of your choice—your desktop, tablet, or smartphone—MRI X is optimized to look beautiful. Its elegant, streamlined, and device-agnostic appearance is matched by an equally clean, intuitive, and enjoyable user experience.

2

Cloud options abound...

MRI offers three options for users looking to use MRI X Software-as-a-Service (SaaS), known in laymen's terms as a cloud-based service. The three cloud options are Core, Flex, and Prime, in order of cost and benefits, with Prime offering the highest security protection.

Also notable is that MRI X—unlike some of its real estate software competitors—can be hosted on your own servers, which may be a huge factor for some companies—particularly those with their own, robust, in-house IT departments.

3

... and the view from the cloud is spectacular.

Previously, MRI users who migrated from MRI Windows to MRI Web had been disappointed that the web-based version no longer included the Report Search function. In MRI X, the Report Search function is back, and better than ever.

In other ways, too, earlier web-based versions of MRI weren't as user-friendly as the Windows version. This was particularly true for commercial clients and back-office users. But with MRI X, the same clean, beautiful, and intuitive interface that users know and love on their desktop is perfectly replicated on their iPad or Android when they're out in the field.

4

Retain your customizations.

Users will quickly realize that one of their favorite new features of MRI X is its ability to retain, or "favorite," your unique customizations, such as custom reports, oft-visited pages, etc. These favorites are stored and displayed in the dashboard view, giving you a quick glimpse at all the information that you need at a glance, whenever you need it.

(Note: MRI users who are still using Windows will have to update their user-interface "view" customizations to web pages.)

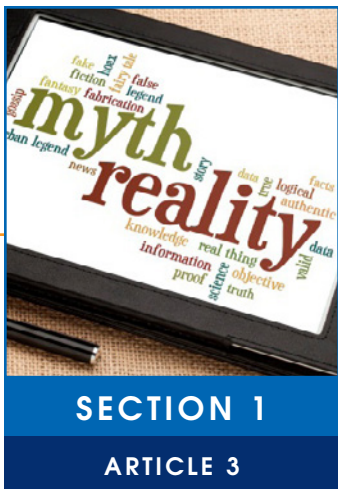
5

Smart, Simple, Strong Search.

Saving the best upgrade feature for last, surely the most notable and crowd-pleasing new feature of MRI version X is its smart, intuitive, comprehensive, yet incredibly easy search function: MRI • GO.

Imagine this: You're a property manager with 1,001 things to do today. You receive a phone call from an irate tenant, upset that a blue Honda is parked in his parking spot. Simply type in "blue" in the MRI • GO search box, and it will instantly pull up the record of every tenant, guest card, or vendor who has the word "blue" in any of their fields. In just seconds, you can discern that tenant John Smith owns a blue Accord, and you can immediately drill down to get his contact information and ask him to move it.





Mythbusting: The Real Estate Software Solution Edition

For many real estate investment and management firms considering investing in a real estate management platform, the cost and commitment of such a robust, system-wide investment—to say nothing of the requisite implementation process—can be foreboding. To minimize the dread—and perhaps even defray some costs—far too many succumb to some common feel good myths.

While we don't relish the role of bursting anyone's bubble, we do take pride in the fact that we always deliver the truth, even if it is difficult to hear. (We haven't become successful trusted advisors for hundreds of real estate property and investment management firms because we are pretty liars, after all.)

So, in the REdirect tradition of truth-telling and sagacious advice-giving, this blog's intent is to shatter these myths of false comfort and to help you establish realistic expectations:

1

The new real estate software solution is going to save us tons of time and money... this quarter.

The first part of this sentence is absolutely, unquestionably true; it is that latter, post-ellipsis bit that is slightly problematic.

Once fully implemented, a state-of-the-art property management software solution like MRI will streamline your work, reduce the risk of error, eliminate redundancies, and maximize profits. As groundbreaking and advanced as this software solution is, it isn't a magic bullet, and does not come "out of the box" ready to go. The cold, hard truth is that configuring a complex system to meet the particular needs of your company, your people, and your assets can be a long, slow process. After the trainings, after the tabletop exercises, and after that all-critical test period, that first month after "go-live" can still be fraught with problems. The fact is that a system such as this takes time to learn, though with the right trusted advisor guiding your way, this learning curve can be greatly expedited. Even still, you cannot expect to reap the financial benefits of this investment immediately.

2

Our IT department can handle the implementation.

Underestimating the human resources required for implementing mission-critical software is a common pitfall of property management companies across the country, and often with long-lasting effects. (For more on this, check out our ebook, "[Avoid These 5 Costly Real Estate Management Pitfalls](#).")

In reality, software implementation is a fairly complex and somewhat difficult process that could take anywhere from a few weeks to a few months, depending on the needs, strengths, and weaknesses of your particular company. With all due respect to your IT team, the solution to implementing your software solution isn't strictly a technical one. Learning how to use this robust database and getting it configured to meet the reporting needs of your investors and managers takes as much industry know-how as it does with IT prowess.

For us, the best implementation cases have been with firms that appoint an implementation liaison on their team to work hand-in-glove with us, the consultants. This small but critical delegation strategy establishes a clear line of communication, ensures that the whole firm stays on top of the implementation process, and helps everyone meet deadlines and stay on budget. To believe that such a company-wide project is solely a task for the IT department, or that it can be entirely managed by outside consultants, is a misguided notion that will ultimately cost your company more money—and everyone more headaches—in the end.

3

And if we still have questions, we have vendor support.

As we recently discussed on this blog, the good folks over at MRI are informational powerhouses and real estate property and investment management game changers: the software system that they created has literally changed—and continues to change—the game. But the inherent limits of any particular software preclude it from solving 100% of the possible scenarios at every company, and thus, they can't always solve all of your company's business challenges and obstacles.

Vendor support goes a long way toward dealing with most common challenges, but it doesn't go all the way. Read this [recent case study](#) to see how an independent consultant, like REDirect, can help fill the void.

4

Google can find us the best software solution, and the best consultants to help implement it.

As Pereview Software CEO Jeff Wilson and his EVP Matt Rosen once wrote, "Contrary to your instincts, hold off on Googling providers. The goal is to find the provider that matches your needs, not retrofitting your needs to match a provider." They go on to offer a helpful selection process plan to guide you in evaluating and choosing the best system.

In the similar vein, Google is not necessarily the best tool to find the consultants to help you implement it. Keep in mind that what worked for one firm may not be the best fit for yours.

In choosing the right team to help guide yours through the implementation process, there are five key questions you need to consider, and—spoiler alert—whether or not they had a paid Google ad is not one of them.

5

We've been running MRI for years. We don't need outside consultants.

Perhaps you implemented MRI several years ago. And while the memory of implementation seems all too fresh, you and your team use the core modules with the ease and fluency of the seasoned pros you are.

But what about all those other bells and whistles that likely sold you on the software years ago? Are you leveraging MRI's customization toolkit? What about its incredibly powerful Budgeting & Forecasting module? Automated notifications?

If you've been ignoring some of these key functions, a Customized Gap Analysis can identify ways big and small that you can optimize your current software and ensure ROI.

Keep in mind, too, that just as your business has likely evolved over the past few years, so should your software. Those "bells and whistles" you implemented when "Millennials" were still in college may not be optimized for your current portfolio. More than simply adapt to the needs of your company today, your software system should—and can—accommodate future strategic directions it might take.





Real Estate Investment Management with MRI

Recently, a lot of our clients have been asking about MRI's Investment Management module. Since investment management software solutions can potentially cover a wide range of functions, it's no surprise that real estate investment firms with a broad range of assets under management (AUM) are inquiring about this powerful tool.

The Complexity of the Investment Management Software Space

Property management software is easy to define. While there are differences between the major players, they each offer the same core components: Accounts Payable, Accounts Receivable, Lease Management, Work Orders, etc. All of these sub-ledgers feed into reports and populate the General Ledger. When you're shopping for property management software, most property managers know what they are looking for. It is rare that we run across property management companies that still use home-built products or attempt to manage significant square footage with Excel.

The investment management software space is another animal. If you Google "real estate investment management software," [one article that pops up](#) says that Microsoft Excel is the #1 Real Estate Investment Software Program. The other nine offer a mixed bag of functionality, from customer relationship management (CRM) to analytics to modeling to calculators. Our experience confirms that many companies continue to manage millions or even billions of dollars of real estate assets using complicated, home-built Excel spreadsheets. The functions they drive using Excel include investor contact management, fund accounting, contributions and distributions, waterfall calculations, valuation, performance, and debt management.

Many real estate investment companies are beginning to explore software that will enhance efficiency, accuracy, and transparency. But navigating the options can be a challenge. "Investment management" can mean completely different things depending on which software vendor you ask. REdirect can help you navigate this convoluted space by creating an inventory of functions that you currently execute manually, determine where you spend the most time (and

where you are therefore most likely to make errors), and then evaluate which software packages can help you automate those functions.

Investment Managers, Meet MRI

MRI, which has long been one of the most powerful, flexible, and popular software solutions for property managers, also offers a robust real estate investment management solution. MRI's Investment Management suite includes the following components: Global Property Valuations, Global Asset Management for Portfolio Valuations, Property Debt Management, Fund Modeling for Risk Management and AnalytiX Business Intelligence Portal Reporting. The suite extends from a single property view through to complex portfolio and fund modeling, inclusive of partial ownership structuring and complex debt modeling.

MRI's investment management capacity leapt forward in 2015 when it purchased Cougar Software, a company with over 20 years of experience building custom valuation, asset management, and budgeting solutions for clients around the globe. They have since focused on standardizing this functionality into the configurable solutions listed above as part of an effort to bring the greatest value to the largest number of clients and fill what they see as gaps in the investment management software marketplace.

One of the more compelling components of MRI's Investment Management solution is the Global Property Valuations module, which forecasts cash flows and value for the most complex of commercial assets. It allows users to pull in existing rent rolls easily via Excel and add market lease assumptions. Multiple "what if" scenarios can be created and applied to analyze changing market conditions. Given Cougar's long history of working with international clients, this out-of-the-box offering can accommodate many global methodologies such as Discounted Cash Flow, Capitalization, Cost Method, and Term and Reversion.

Other important features include mobile compatibility and an extensive report library.

You're Not Alone

Navigating the complex contours of the investment management software space can be a tricky undertaking. The MRI Investment Management solution is just one (albeit powerful) platform that is proving to work for a variety of real estate investment firms looking to increase their efficiency and productivity. If your firm is growing along with the size of your AUM, it may be time for you to explore this space, too.



SECTION 2

BREAKTHROUGH

The 2015 International Users Conference took place in October in Las Vegas, Nevada. Our consultants spent those four days learning and sharing with countless friends, colleagues, and partners on ways that MRI Version X is helping property managers and real estate investors break through the day-to-day chaos and get things done.





SECTION 2

ARTICLE 1

The Buzz from “Breakthrough” in Las Vegas, Nevada

This year’s MRI International Users’ Conference (IUC) was the largest and arguably most successful MRI IUC to date, with a whopping one thousand people in attendance and an almost palpable, positive energy that suffused the entire four days. This dynamic, electric air was in large part due to the contagious excitement and jubilant, animated energy of CEO Patrick Ghilani, whose enthusiasm about MRI’s real estate technology solutions and MRI’s commitment to its partners and users set the conference tone and distinguished it from conferences past.

“Breakthrough”—the IUC’s official theme—solidly focused on two core elements: Cougar, MRI’s investment management tool, and, of course, MRI X, the newest version of this award-winning real estate software system.

It has been less than a year since MRI acquired Cougar Software to expand its solution suite into the global investment management space, and development of this product continues its exponential trajectory. In addition to its existing asset, portfolio, debt, and valuations capabilities, at the IUC, we learned that MRI has in-the-works plans to significantly expand these investment management capabilities to include accounting, capital transaction management, investor reporting, and more.

According to the MRI folks, nearly 75 percent of their client base is already using MRI X—a pretty impressive statistic for a platform that was only released last spring. And if any IUC participants weren’t already on X, they left Vegas desperately wanting to upgrade: plenty of speakers, workshops, demonstrations, and other marketing accouterments touted the many amazing new features of MRI X, the new and improved Corporate Accounts Receivable Module; budget and forecasting module; improved financials; workspeed; and more. (For a quick rundown of our favorite X features, check out our recent blog.)

MRI did a fantastic job laying out its “Roadmap,” highlighting recent achievements and upgrades made and informing users on further improvements that are on the MRI horizon, both near and far. As real estate technology consultants, we have heard dozens of company “roadmap” presentations, and even for we industry veterans, the transparency, sincerity,

and informative utility of the MRI presentation was quite striking.

The roadmap focused on three categories: bug fixing (particularly as regards usability and decision support responsiveness), architectural investments, and new features. Conference participants were given the straight-up low-down on soon-to-be-released upgrades such as, improved manual payments functionality, web inquiry enhancements, new reporting and mobile picture capture solutions for workspeed, and the new Condo Plus module. Those a bit further down the pipeline included: major improvements on Prospect Connect, DHCR, and Bostonpost; as well as tighter integrations with Rainmaker LRO, Blue Moon, and Vaultware.

Undoubtedly, the Budget & Forecasting (B&F) session was another highlight of the MRI IUC. MRI has now officially rolled out a capability to directly import straight- line rent, much to the visible delight of session participants. Other formatting issues that had plagued B&F users are also remedied, including those related to formatting and screen views.

In sum, the MRI IUC in Vegas reinforced MRI's reputation as a responsive, forward-looking, award-winning real estate technology solution company. As a sponsored partner, REdirect particularly appreciated the organizers' sincere acknowledgments of our partnership with them, and we look forward to continuing to share what we've learned in Vegas with our MRI clients across the nation.





SECTION 3

GOOD ADVICE

2015 has been filled with exciting developments in real estate and investment management technology. Everyone at REdirect takes pride in the fact that our research and counsel help to clarify and put into perspective some of the most intriguing developments from around the industry. We look forward to delving even deeper in 2016 to provide you the intelligence and analysis you need to stay informed and ahead of the curve. Until then, we invite you to read on for some free advice that you might just benefit from.





SECTION 3

ARTICLE 1

5 Functions of Your MRI Software You Aren't Using (but Should)

There's a syndrome affecting the majority of newly minted MRI users. It's undermining ROI. It's eating into productivity. It's even killing trees. And if you are like the majority of those who have recently implemented a new enterprise property management accounting solution like MRI, you're probably a victim, too.

The culprit? Implementation fatigue. It strikes after you've emerged from Phase I and your core management and accounting functions are finally performing smoothly. Part bliss, part exhaustion, implementation fatigue results in the neglect of key functions, including a lot of the features that serenaded you into investing in this cutting-edge property management accounting solution in the first place.

In the name of maximizing the return on your investment, we'd like to highlight some of the key functions of MRI that you are likely underusing—or even ignoring:

Customization Toolkit.

1

One of the great strengths of the MRI platform is its unique ability to be customized—using built-in tools—to accomplish virtually anything you could ask from a property management accounting system. With MRI's Toolkit, you can modify or add to existing tables, views, web pages, and reports to tailor your system in ways undreamt of by MRI's authors. These modifications are fully supported by MRI and persist through software upgrades. The power to create the system you truly want is already at your fingertips.

Automated Notifications.

2

The event notification features of MRI's Web version can be configured to ensure that you never miss a critical date. Use it to stay on top of your portfolio—to monitor events before they occur—in time to take action or make a more informed decision. Sleep better, knowing the system is keeping an eye

on the "time-bombs," those triggers that involve painfully costly consequences if not addressed in time.

3 Powerful Budgeting & Forecasting.

MRI's Budgeting & Forecasting module empowers you to create sophisticated budgets and forecasts accurately and efficiently. It makes the most of the data already in your database while providing you complete flexibility to layer in your assumptions globally or granularly. The beautifully designed interface permits easy and secure collaboration so you can leverage the participation of the most appropriate resources for each budget component. You can create unlimited variations of each model for "what if" analyses and reforecasts. Implement Budgeting & Forecasting and transform your budgets from painful annual necessity to a dynamic performance decision-making tool.

4 Accounts Payable.

You were probably told that MRI partners with the best-of-breed providers of A/P automation. Its time to take advantage of it! With MRI, you can go totally paperless with your entire A/P workflow, from invoice generation to vendor payments and purchases. You're welcome, Planet Earth.

5 Viewpoint.

MRI's ViewPoint is a powerful executive information tool that provides an immediate top-level view of a portfolio across all asset classes. ViewPoint is organized according to the way you define your property, portfolio, or portfolios. Slice and dice by any attribute, measure performance, and drill down to the transaction level data with the click of a mouse. ViewPoint puts the power to understand and maximize the value of your real estate assets in the hands of your organization's decision makers.





SECTION 3

ARTICLE 2

Is Your West Coast Real Estate Management Firm Prepared for Severe Weather?

Although the historic El Niño kicking in this winter may have some welcome benefits for drought-plighted Californians, it should also be raising red flags for California real estate property managers and investors. If the [floods that ravaged parts of the Pacific Northwest](#) last week are any indication, California property owners should start preparing for severe weather.

And this includes ensuring that your property management software is up to snuff.

Whether you're battling floods or wildfires, a cutting-edge real estate software system can help you budget appropriately, communicate more effectively, recover costs quickly and fairly, and give you the tools to help rebuild efficiently.

Clearly, preparing for severe climate events should include maximizing your real estate management software solutions.

Even before disaster strikes, a system like MRI can help enhance a property manager's disaster preparedness efforts. By configuring the budgeting tools to account for climatic predictions (or even regular seasonal expenses), your budgets and forecasts won't get lashed by the rains, snows, or winds.

And when the inclement weather does strike, the device-agnostic communication platform available in MRI will enable you to relay all the critical information to your tenants and staff in as timely and efficient manner as possible.

Beyond insulating your bottom line from severe weather damage, an MRI real estate software system can help you prepare your properties, too. MRI's Workspeed—fully accessible by any mobile device—can help track

preventative maintenance, such as roof inspections and enhancements, which are likely to increase as we face California's biggest rainy season in years. Construction or Job Cost modules, too, can be incredibly powerful tools for even more comprehensive projects, such as those necessary for earthquake preparedness.

As any seasoned California property manager knows, seismic retrofitting and refurbishments can be an incredibly complex undertaking, requiring robust software to help you keep track of tenant relocations, as well as multiple construction workflows.

Clearly, preparing for severe climate events should include maximizing your real estate management software solutions. If you already have a cutting-edge real estate software solution like MRI, you may want to consider undergoing a gap analysis to ensure that you know how to utilize all the features available to you to help you with these efforts. Managing the repercussions of El Niño using mere spreadsheets may just leave your property management firm unable to weather the storm.





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