Rechanneling the Revenue Stream
at MARK SYSTEMS

A Revenue Stream Runs Through It spotlighted MARK SYSTEMS, Inc. (MS), a developer and distributor of a home builder management system, in the 2005 issue of *The BASIS International Advantage*. This article explained how MS spawned a flourishing revenue stream with a GUI release of their already successful software solution. In addition, their strategic move to a transaction-based pricing model introduced a low-risk point of entry for their prospects and consequently attracted many new customers.

At that time, the home building industry was strong and growing.

Life was good.

The Devastation

Then, in less than a year and without warning, the climate dramatically changed. Disturbing reports of the scorched home building market deluged the media (see **Figure 1**). Building was at a record low and devastated businesses spanned the nation.

The Resurgence

MARK SYSTEMS managed to survive this devastation and now, six years later, enjoy the biggest boom in their history.

How did they accomplish this feat amidst the devastating economic drought and destructive building market?

How did they nurture a revenue stream that flourished in 2005 to one that has surged forward into a swollen stream during this brutal economic drought?

Follow along with their key steps – **Survey the Ruins, Position for Survival, Remodel the Model** – to ultimately **Reap the Rewards**.

Survey the Ruins

As the building market began to crumble across the country, MARK SYSTEMS (MS) realized their survival depended on taking the initiative to help their customers through their struggles and in turn, secure their own future. While many
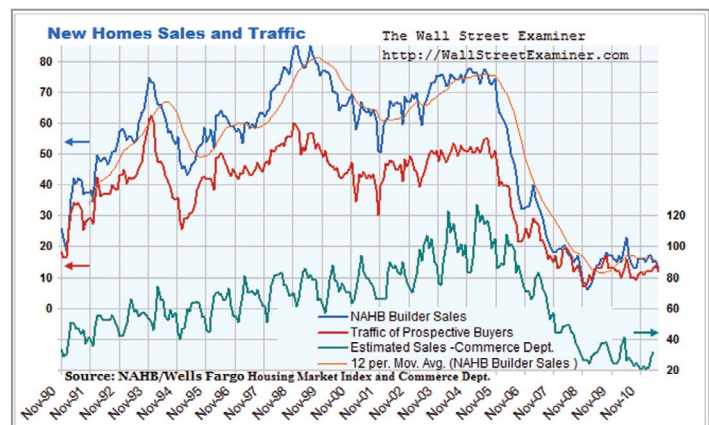

Figure 1. The scope of the building downturn

builders literally closed their doors, others slashed the size of their staff in proportion to the reduced number of "house-starts" that dwindled from an average of 300+/yr to only 20-30. Similarly, those surviving home builders and MS alike took measures to change their processes to be more efficient and to "run a tighter ship."

How could MS continue to deliver their Integrated Homebuilder Management System (IHMS) as a viable business solution for the now greatly scaled-down builder while keeping the outlook bright for themselves?

Position for Survival

Without foreknowledge of the hard times to come but with a keen sense of market trends and business savvy, MS made some key decisions prior to this point in time that positioned them well for the downturn. **> >**

By Susan Darling
Technical/Marketing Writer

Licensing

Don Scattergood, principal of MS, recalls the logic of their move from the industry-common per-seat license structure, "*Our anticipation was that as companies grew, they would add more users. But what happened was, because the software was so efficient, customers were able to increase production capacity without adding people so they never ended up adding seats and we never made any more money. The other problem is that a seat-based licensing scheme front-loads a lot of revenue to us as a BASIS customer but also a lot of expense to the builder. We were trying to come up with a way of lowering that upfront cost, so we went with an annuity model where they pay for it by the month as they use it and license it for each house start. In other words, as they would buy door knobs and cabinets, they would purchase a software license for that house build.*" This licensing model was one key change that helped to buffer MS through the downturn.

Web Services

Also, years earlier just after BASIS released the BASIC Web Utility, MS developed and introduced the Internet ToolKit or ITK. This solution provided subcontractors and field personnel with Internet-based Job Starts, scheduling completion and Work Order authorization that update all back office information in real time. During the downturn, surviving builders relied even more heavily on such software tools for increased productivity and to take over where their dwindling staff left off. This was another key in buffering MS through the slump.

Remodel the Model

No one really knows how a 17th century quote morphed into today's adage "desperate times call for desperate measures," but this charge was certainly most applicable to the prevailing situation. While many builders in the throes of this dried up and diseased market clung onto this mode of survival, MS embraced the opportunity and, looking at their "glass half full," capitalized on what they had.

"*What we had was still the best single-source management solution in our industry, gaining major ground against our largest competitor that touted a 'best of brands' solution. This best of brands competitor bundled five different products to do what our IHMS' single and seamless product offered in one solution...one source, one point of contact, one database...one very well-oiled machine,*" said Scattergood.

Beginning in 2008, when the market was still slithering towards its all-time low, MS concentrated their efforts in two key marketing areas; product and promotion.

Product - Move to BBj

First on the list was completing their planned move to the newest BBx® generation, BBj®, whose Java engine would help deliver new efficiencies, increase performance, drive significant cost reductions, and present a modern look and feel.

Thin Client

One of the biggest draws to BBj was thin client deployment. MS could now host IHMS on their own in-house server for their customers to access remotely. Delivering software as a service, or SaaS as it is commonly known, meant builders could run IHMSWeb on minimal hardware over the Internet while someone else maintained the server. That "someone else" was MS. Builders would no longer have to purchase multiple licenses and full software but could now pay for the IHMSWeb service on a monthly basis and only purchase a license for each house start.

Why is this such an attractive and viable option?

Existing customers upgrading from the Visual PRO/5® solution to the BBj version would likely have to upgrade their hardware to gain the full benefit of the new and faster functionality. As several MS customers have done, upgrading to the Web version of IHMS[3] bought them time until they were able to purchase their own hardware and eventually install the application onsite. In some cases, however, customers have elected to stay on IHMSWeb as their permanent solution, forever leaving the hardware requirements and maintenance headaches in MS' hands.

For new builders starting fresh with IHMS[3], Scott Duman, Vice President and CTO explains, "*Often they would say, 'We will have to delay the installation until after we are able to upgrade our hardware.' Now I can answer 'No problem, we can get you up and running tomorrow on our hosted version until you are ready to upgrade and install it onsite.'*" IHMSWeb helps reduce initial startup costs and the risk factor while delivering immediate benefits. Saving customers the overhead of hardware, software, and licenses creates a win-win situation for all and secured their current customers while drawing in many new ones. Builders could now more easily afford and justify this tool. IHMSWeb pay-for-what-you-use model for the building management software and BASIS license becomes a line item in the cost of building a home, just like the concrete package, framing, HVAC, licensing and permits, and so on.

Web Utility

The ITK was even more viable now than ever before for subcontractors and field personnel as the increase in productivity kept many builders lean. With the growing popularity of mobile devices and the rise in use of Apple products - iPad and iPhone - MS saw the niche and recognized the need to include full support for Apple products in IHMS[3].

In August 2010, MS announced the release of full iPad integration for the IHMS Executive Vision strategic dashboard and the ITK Home Builder Field Portal. Superintendents in the field now have instant access to every schedule, job start, change order, purchase document, plan and drawing for every home in their communities. Equally important is the homebuyer's experience as they can now view >>

available option selections dynamically, including full images and specifications, and can select options and configurations anytime, from anywhere.

Forms

While the new Java-powered BASIS UI-engine brought a contemporary look and feel to IHMS[3], the printed forms still were reminders of the CUI past and were in great need of an overhaul to equal the slick look and feel of the new screen interface. Using their own custom extensions to the BASIS BBjForm object, MS redesigned all the reports to give them a fresh new look and feel. Users who may want to generate different reports can easily create them with iReports or other ODBC or JDBC compliant reporting tools to suit their exact needs. **Figure 2** shows both a sample report in legacy "CUI" look and feel and the redesigned beautified version.
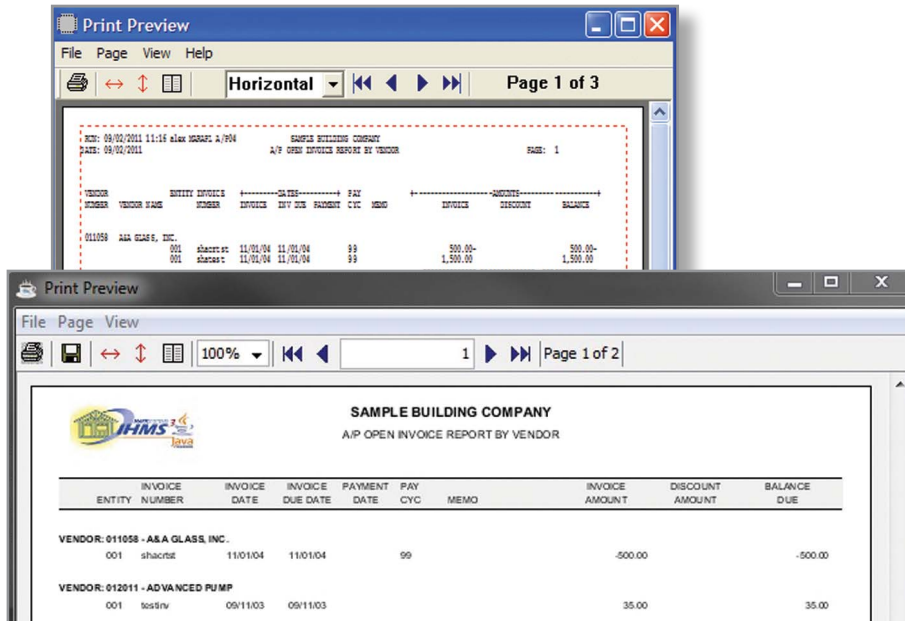

Figure 2. Before and after CUI/GUI views of a sample MARK SYSTEMS report

Product - Sell Efficiency and Productivity

Given the current times, MARK SYSTEMS knew the builders had to change the way they did business too. As builders dramatically trimmed their staff and resources, it became paramount for them to also trim the excess in their operations and processes. Efficiency and accuracy became key priorities to the builders, so tools like IHMS that could deliver that need and help keep the builder on track became a necessary next step in ensuring the builders' survival.

Another very powerful tool that MARK SYSTEMS distributes is the IHMS InternetToolKit Mobile Web Portal. Linked directly into a builder's existing website, the ToolKit's mobile access creates dynamic, personalized "home pages" for each field employee. From their page, superintendents can review Job Starts and Change Orders, request VPO's, review and update schedules - virtually every piece of construction-related information. With the introduction of mobile devices for such web apps, productivity now extends into the field.

Promotion - Make the Product Visible

Next, were some much-needed revisions in sales strategies and marketing efforts for MS to take a bigger leap into the market and make their website, and therefore their product, more visible and palpable for their customers and prospects, ensuring that all-important 'stickiness' that is the mark of great websites.

Redirect Marketing Efforts

The greatest challenge was to get the word out more effectively about this enhanced award-winning product. IHMS[3] and its IHMSWeb sister are now Java-powered, have a modern look and feel, are faster than ever before, and have a powerful Internet portal. In response to their tradition of "continual improvement based upon

customer feedback," MS included in the new release "tighter controls on option selection and emails to the sales manager when prospects register from the Website, as well as updated features for job costing and purchasing, sales and warranty, and accounts payable and system administration, among others."

Prospects weren't exactly knocking at their door so they concentrated on changing their marketing efforts by redesigning their website as the Internet is now the most relied-upon tool for "shopping." It was time to look at virtual efforts rather than traditional methods of mailings, referrals, etc. Their primary goals were to increase their search engine visibility and to make it much more usable for their prospects and customers.

To increase the search engine visibility, Scattergood explains. "*We focused on content, keyword density and third party links. We started out by identifying the keywords we were interested in, particularly the "long tail" keywords - 'integrated home builder accounting software' instead of 'construction software', for example. Then we re-wrote every page of content to 1) include more content, and 2) include the keyword phrases as part of that content. We also added keyword phrases to alt-text on every image, and made the image and page names descriptive from a keywords perspective, For example, we changed: page2.html to home_ builder_sales_software.html, .*"

In addition to these changes, MS also added images and videos to the website. This was rather "out of the industry norm" as competitors possibly feared exposing their trade secrets. But any risk was worth it to MS. Google likes images and videos in the content (such as the video at links.basis.com/ihms3) so by just adding these elements, MS moved up to 1st position after the paid ads in the resulting search on the long-tail keywords 'integrated home builder accounting software' (see **Figure 3**). This addition also resulted in MS appearing on page 1 instead of page 10 when searching on major keywords!

There are still many more enhancements MS would like to make to their website to take them to the next level but already by shifting heavier efforts to web-based marketing, they are experiencing builders coming to them, up to five in-bound requests a week! **> >**
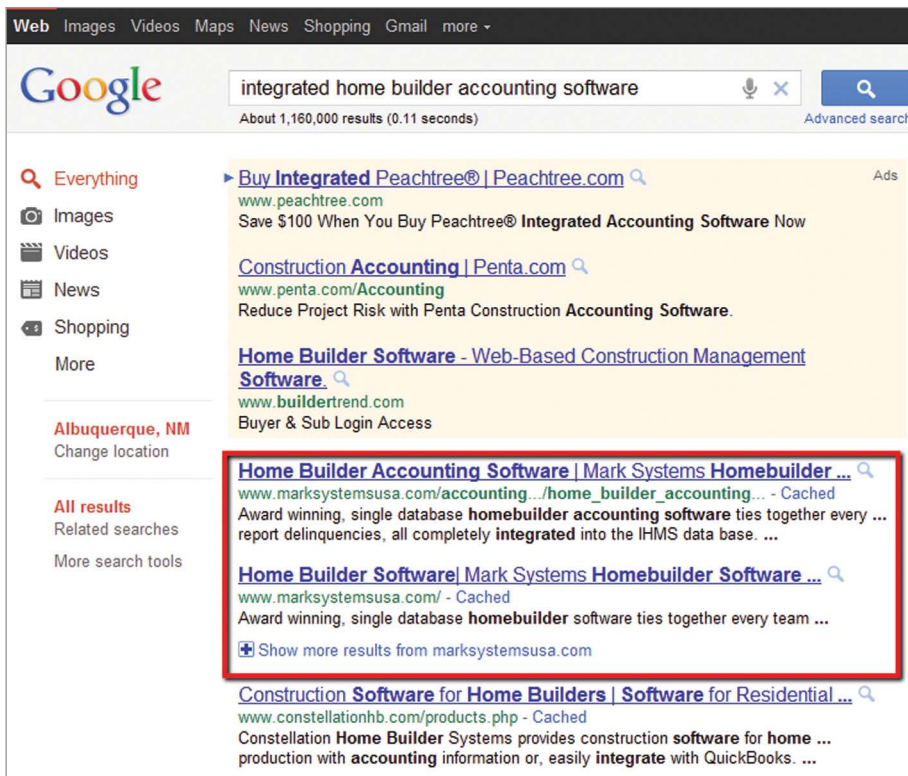
Figure 3. Long-tail keyword search lists MARK SYSTEMS first after ads

Figure 4. MARK SYSTEMS expanded Web page with press releases, videos, expanded search

Marketing - Add More Value

Provide more content

While adding content to their site helped optimize key word searches, it also delivered more useful information to both current customers and the prospects (see **Figure 4**). Today, people rely heavily on the Internet to search for answers to questions, research new business solutions, and learn about new updates and enhancements. MS chose to publicize their milestones with press releases to not only trumpet their accomplishments but to also provide a searchable and public archive of this valuable information.

Provide more video training

Getting the software sold and installed is only part of the process. Real success and productivity is directly dependent on "the person in the cockpit." MS conducts regular Web-based training but saw an opportunity to capture some of the training experience in online videos.

Reap the Rewards

As a result of their change in licensing from several years ago, the introduction of the ITK, their move to BBj, and introduction of IHMSWeb, to name a few, MS looks back on 2010 as the best year ever in unit sales and dollar sales volume. They saw a 172% increase in total units and 211% rise in total dollars over the combined sales of 2008 and 2009, eclipsing the previous sales record in 2006 by more than 19%. To top it off, they ended the year with the largest sale in their history to a customer who builds homes in 50 communities across five states.

Build References - Share the Success

Moving to IHMS gave one new five-state builder the opportunity to remodel their own business practices along with implementing the new software. With these two changes working hand-in-hand, supervisors in the field reported a three-hour a day increase in productivity! And if that wasn't exciting enough, those supervisors using iPads to access their data and run the ITK from the field realized increased productivity of up to five hours per day. Astonishing? Yes, but considering MS has spent years blending their expertise and power of BBj with field experience from their customers, their vertical application delivers built-in efficiencies that are refined and proven. This new customer realized the great wealth of business process intelligence they were inheriting so chose to invest in it **> >**

for their business. Streamlining their processes with a fully integrated single solution with a single database versus a loosely coupled best-of-breed approach with multiple databases paid off in exponential proportions for themselves and MS alike.

Prepare for the Future

What is downstream for MS? Their landscape is filled with significant enhancements. Leading the pack is a move already in progress to BASIS' BUI to open up seamless deployment of their application for the mobile device. **Figure 5** shows an example of their existing BWU application for ITK with an example of the BUI version embedded in the screenshot.
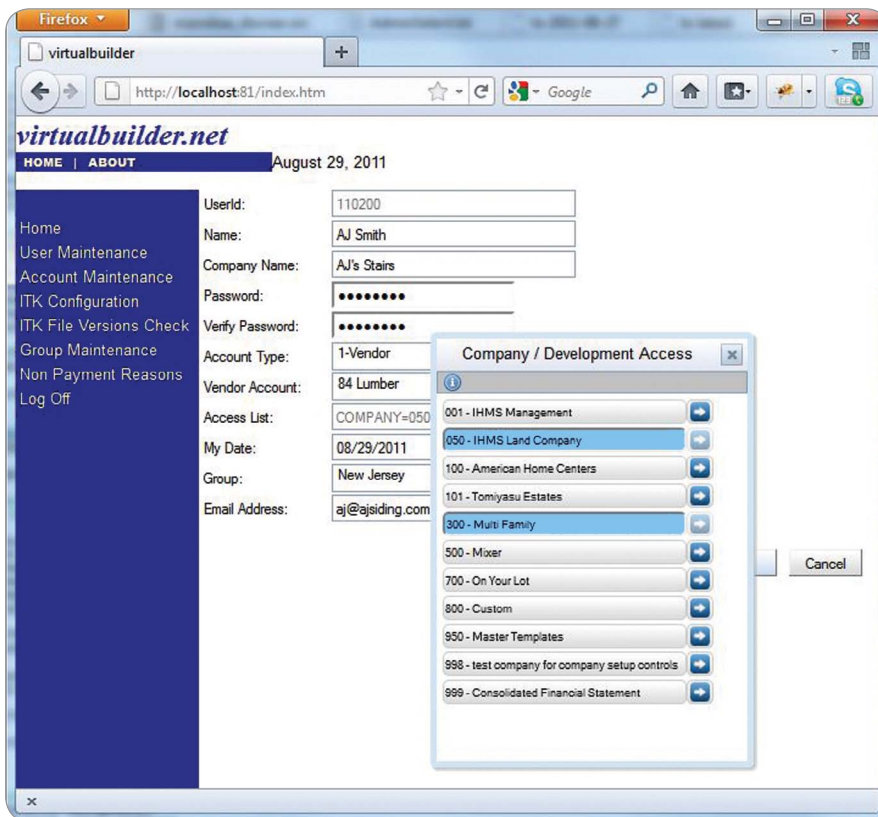

Figure 5. The a sneak peek at their move from BWU to BUI

Next is the integration with Google to provide support for their mail and calendar applications, and integrating geolocation functionality. With the success of hosting IHMS on their own servers, they look forward to hosting their application on the cloud. BBj opened the floodgates to the reality of easily adding these important capabilities to MS products and expect these extensions will likely blow their competition out of the water. ■

MARK SYSTEMS, Inc. develops and distributes integrated technology solutions for the home building industry. Over 30 years ago, MARK SYSTEMS began designing their Integrated Homebuilder Management System (IHMS) to adhere to National Association of Home Builders' best homebuilding practices. IHMS, the industry's only single database enterprise software package, offers full support for back office and field operations and provides state-of-the-art information processing tools for the homebuilder. Today's versions, IHMS[3] and its hosted version IHMSWeb, are the results of continual improvement based upon customer feedback, migration to the Java-powered BBj, and access via the Internet.

Once again, Construtech honored MARK SYSTEMS in this year's "50 Hottest" most influential construction technology providers (www.constructech.com/awards), adding to previous honors in 2009 and 2010, and multiple "Top Product" and "Vision" awards dating back to 2008.

Visit MARK SYSTEMS at
www.marksystemsusa.com

Editor's note: This is a prime real-life example of the results of employing the 4Ps and 4Rs. MARK SYSTEMS was spot on in their attack of "P"roduct, "P"rice, "P"lace (convenience), and "P"romotion, with specific refactoring of Product, Price and Promotion. But more importantly, with regards to a knowledge-based product such as software, paying attention to the 4Rs was essential. MARK SYSTEMS removed the "R"isk factor, improved the "R"ealization of performance, used "R"elationship marketing, and leveraged their strong base of "R"ecommendations and references. If you are not minding your Ps and Rs or would like more assistance in doing so, contact your BASIS account manager to set up a brainstorming session. Your success is essential for our success.

- Read the prelude to this story and details about their move from seat-based licensing at
MARK SYSTEMS – A Revenue Stream Runs Through It
- Figure 1: Adler, Lee. The Wall Street Examiner | Be Prepared. Stay Ahead of the Herd. Web.
wallstreetexaminer.com/2011/06/15/housing-market-tanks-again-say-builders