GUIDE TO CHOOSING THE RIGHT PROPERTY MANAGEMENT SOFTWARE

BY NAT KUNES
Property management laws, regulations, and accounting standards are changing rapidly and becoming increasingly more stringent. Choosing a software that stays up-to-date with the changing landscape is vital to the success of your business.

Today, the choices for property management software are vast and feature-rich, and many providers now offer property management software as a web-based service. Here, we discuss the past, present, and future of property management software. We will also look at why and when you need property management software and help you understand how your business can benefit from the right choice.
WHY DO PROPERTY MANAGERS NEED SOFTWARE?

You may be wondering if it is worth it for you to go through this process of evaluating a software solution. Here are some business benefits of using property management software:
MOVE TOWARD A PAPERLESS OFFICE
Many property managers are moving away from using paper to save money as well as ‘go green.’

MANAGE GROWTH AND INCREASE PROFITABILITY
Good software solutions will have detailed reports and charts for income, expenses, delinquencies, etc., which can enable you to run a more efficient business.

MAINTAIN COMPLIANCE AND COMPLETE DOCUMENTATION
Getting audited is never fun, but by using property management software all of your records will be at your fingertips.

INCREASE YOUR MARKETING EFFORTS
Some property management software solutions include the ability to advertise vacancies on the Internet (your website, Craigslist, etc).
Many property management companies invested in a software solution years ago and are still using it today. Many of these products have outlived their expected life and are being pushed beyond their original design and capabilities.

**IF YOU ARE USING OUTDATED SOFTWARE YOU MAY EXPERIENCE:**

- **DATABASE CRASHES**
- **TIME-CONSUMING TRAINING OF NEW EMPLOYEES**
- **TROUBLE GETTING SUPPORT FROM THE PROVIDER**
- **OUTDATED TAX LAWS AND ACCOUNTING REGULATION CHANGES**

These problems can be a real drag on productivity, and should be a strong sign that it is time to evaluate new software solutions.
WHAT SHOULD I LOOK FOR WHEN I AM EVALUATING A SOLUTION?
The first decision when evaluating property management software solutions is whether to choose web-based or premise-based software.

Premise-based software is run on a local computer with a database, which is typically located in the property management office. Alternatively, web-based software can be used anywhere in the world with Internet access.

Here is a comparison of the advantages of each type of software:

**PREMISE-BASED SOFTWARE**
Data is stored locally in your office. Access is not dependent on Internet connection. Most costs paid up front. You own the software.

**WEB-BASED SOFTWARE**
Lower initial investment. Faster, more cost-efficient deployment. No software or hardware maintenance. Access data from anywhere. Continuous product upgrades. Training and support included.
Another important consideration point is the pricing model for the solution.

**PAY-PER-USER**
This model tends to discourage use of the software, as property management companies are forced to try to share licenses and limit the number of people using the software at a given time.

**PAY-PER-UNIT**
This pricing method scales with your business and is better suited to encourage the adoption of the software, as you can allow as many people to use it simultaneously as needed.
An important note when evaluating the price of each solution is the difference between one-time purchases and ongoing subscription services.

When evaluating the total cost, be sure to identify expenses for items such as:

- **Training**
- **Add-on modules**
- **Support**
- **Upgrade fees**
Be sure to consider any additional savings that the new property management software can offer with integrated services that you may currently be paying for separately.

ADDITIONAL SAVINGS OPPORTUNITIES:

- Ratio Utility Billing
- Tenant Screening
- Website Hosting
- Online Payment Services
To help with your evaluation of various products, here is a checklist with important criteria to consider:

**COMPETITIVE ADVANTAGE**

**SOFTWARE CHECKLIST:**

- **DATA MIGRATION**
  Can this product take all of my existing data and how easy is the data migration process?

- **COMPLETE ACCOUNTING**
  Is the accounting integrated and included? Are the reports flexible enough for my business? Will it help me comply with DRE regulations? Can I run my reports in both Cash and Accrual mode? Will it be easy to complete a bank reconciliation?

- **PAPERLESS OFFICE**
  Will this product support the elimination of paper invoices? Can I email residents and owners, and maintain records of these interactions?
**WORK ORDERS**
Can I create and manage work orders (one-time and recurring)?

**SECURE ACCESS**
Is this product secure and reliable with my data and can I restrict users' access?

**EASY TO USE**
Is it intuitive and easy to navigate? Can I quickly and easily search for all types of information?

**ELECTRONIC PAYMENTS**
Can my residents pay their rent online? Can I electronically pay owners/vendors?

**VACANCY POSTING**
Can I quickly post vacancies online, to Craigslist and on my website? Can prospects apply online?
**TRAINING**

How much training is included with my investment and are FAQs and on-demand trainings offer? If I hire additional employees, will I have to pay for more training?

**SUPPORT AND UPGRADES**

What are the additional charges (if any) for ongoing product support? How often is the product updated? Are client services managers available by phone or email when I need help?

**WEBSITES AND PORTALS**

Is a property management website included as an option with purchase? Can I have unique branding, and unique sites for each complex I manage? Can I provide an owner portal for easy access to owner statements and reports?
**PRICING**
Is the pricing clear and transparent – do I know exactly what I’m paying for?

**INTEGRATED FEATURES**
Does this product include features that will save me time and money? Consider: Tenant Screening, Tenant Insurance, Ration Utility Billing System, Smartphone Apps

**COST VS. VALUE**
Try to calculate a quick return on investment and figure out how long it will take you to realize the savings that these solutions will offer.
THE FUTURE OF PROPERTY MANAGEMENT SOFTWARE
Think ahead to the future and choose software that will continue to offer new features that will help you stay competitive.

**INTEGRATED MARKETING**

With an integrated website, all hosting duties and design work are handled by the provider, making things easy for a property management company.

**ONLINE PAYMENTS – FROM TENANTS, FOR OWNERS, FOR VENDORS**

With *integrated payments* you can accept online payments from residents in the form of electronic deposits or credit cards. You can then pay property owners via electronic funds transfer. Payments are received much faster, as you avoid the time required to process paper payments and deposit them at the bank.

**MOBILE OPTIMIZED**

Mobile use is growing quickly. Software that has a mobile app and mobile optimize applications and leases is going to be an important feature for your business in the next 5 years.
PORTALS (OWNERS AND RESIDENTS)
For residents, online portals provide a one-stop shop to see important announcements about the community, pay rent online, or submit maintenance requests. For owners, they provide a place to see all statements and tax documents associated with their properties.

SCREENINGS
If you can accept applications online, there’s no need to transcribe the prospect’s sensitive information into a system, or faxing the information to a third party service.

INSURANCE
Insurance is a great selling point when marketing to new owners, as it offers an additional protection on their investment. If you require your tenants to purchase an insurance policy, it is important that your management software allows you to track the policy information and expiration date.

FULL ACCOUNTING SUITE
Whether you run your accounting in a cash or accrual basis, make sure to select software that can support both and allow you to seamlessly run financial reports in both formats.
WHERE DO I FIND THE RIGHT PRODUCT FOR MY BUSINESS?

Clearly, a good property management software solution can be valuable for your business. But finding the right one for you can be difficult. Some good places to look can be found on the Internet through a Google search or online peer groups, blogs, forums, and LinkedIn discussions.

Here is a list of online places to look for ideas and recommendations:

- **Property Management News**, [www.propertymanager.com](http://www.propertymanager.com)
- **Multifamily Insiders**, [www.multifamilyinsiders.com](http://www.multifamilyinsiders.com)
- **Property Manager**, [www.propertymanager.com](http://www.propertymanager.com)
- **National Association of Residential Property Managers**, [www.narpm.org](http://www.narpm.org)
- **National Apartment Association**, [www.naahq.org](http://www.naahq.org)
- **AppFolio** - Leading provider of web-based property management software, [www.appfolio.com](http://www.appfolio.com)
- **Local apartment associations in your city**
THE RIGHT PROPERTY MANAGEMENT SOFTWARE CAN TAKE YOUR BUSINESS TO THE NEXT LEVEL.

By spending time evaluating solutions and understanding what the most recent products offer, you can provide a higher level of service to your residents, owners, and investors.

About AppFolio

AppFolio provides complete web-based property management software designed for the modern property manager.

To learn more about AppFolio or to get a free trial visit us at www.AppFolio.com.
CITATIONS AND CREDITS

Excerpt: How to Select the Right Property Management Software, written by Nat Kunes (AppFolio)

Nat Kunes is the Director of Product Management at AppFolio and is tasked with ensuring the effective development, communication, and execution of the AppFolio Property Manager product line. Originally Published in the book titled Successful Property Managers by Michael Levy.

The contents of this eBook were originally published in the book titled “Successful Property Managers” (Volume 1, Appendix C) by Michael Levy. Michael Levy is President of Levy Consulting, LLC, a consulting company specializing in helping individual real estate investors and property management companies manage their properties more effectively. For more information or to order the book, go to: www.SuccessfulPropertyManagers.com.

About AppFolio

AppFolio provides complete web-based property management software designed for the modern property manager.

To learn more about AppFolio or to get a free trial visit us at www.AppFolio.com.