What Appraisers Want from Valuation Software

by John Simpson, MAI

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Valuation software is often criticized for failing to meet users' needs. Software companies try to fill the niche by giving their software a new look, reorganizing it to be more user friendly or offering new features. But as users become more sophisticated and request more features and greater ease of use, these companies have a hard time keeping up with the demands, and the cycle repeats.

Most appraisers are relatively content with the capabilities of their valuation software. Rather than adding new features, software developers should simply improve on the basic capabilities characteristic of good software.

User friendliness

In valuation software, the term "user friendly" is overused. User friendliness, while desirable, is often at odds with upgrade features. Having more features means there's more for users to learn, and user friendliness becomes of secondary importance.

What is user-friendly software? It is software that is easily understood and organized well. Appraisers who use it can concentrate on appraising, not learning how to input data into a cash flow model. It is not software that requires you to cross-refer unnecessarily to the manual for help with basic input problems.

One measure of user friendliness is how quickly an appraiser can become proficient at it. Its commands should be easy to remember even if you have not used the software or valued a particular property type for some time. The program should allow only occasional, if any, duplication of various entries in different sections. User friendliness should be apparent through the demonstration disk's walk-through examples.

Customization

Valuation software vendors rely on their users to tell them which program features need improvement. Trying to incorporate these ideas in a future release can be difficult because appraisers have a wide range of needs and few of them actually take the time to speak up. Often if changes are made, the developer might be more programmer oriented, rather than appraiser oriented, and ultimately fail to address the difficulties that users were experiencing.

Beware when vendors say their programs need very little support or if the cost for support is not volunteered. Support can be very expensive.

The solution is increased customization. If you yourself can write the formulas that will perform the calculations and specify how and where that information is to be used and displayed, you can make any necessary changes to the program immediately and get more power out of it. To stay in touch with users' needs, the software company could design a group of files that would contain changes users made to customize the software and offer incentives to send the changes to the vendor's office. Users who contribute could be given a discount on telephone support or courses or free upgrades.

Printouts

Providing simplified printouts to the client is important in determining the integrity of the analysis and is a way to ensure that entries are processed correctly.

To simplify the way that entries in a program are reported, some software vendors provide "assumption printouts." They are a good idea, but they can cause more problems than they are worth. If the printouts are presented in a narrative prose format and are either hard to read or do not fully explain the entries, the client will get confused. A better way to organize this data is by showing the basic input for each period of the projection in tables. Taking it one step further, vendors could even provide an "integrity printout" that would show the formulas used to calculate each number in the report. Some programs produced by larger software companies, such as Lotus Development Corp., can print each cell's formulas in a spreadsheet, so that both you and your client can verify the integrity of the program as well as the entries.

Customizing printouts can be beneficial. It lets power users meet atypical needs and gives clients more informative, relevant printed data. Although customized printouts have become more common over the past several years, it is still the exception rather than the rule.

Manuals

I have always been amazed at how poorly valuation software manuals are planned. Appraisers might receive hundreds of pages of material, but they do not have time to read them all. Even if used as an occasional reference source, the manual is generally unclear and lacks helpful information.

The manual is often written by programmers, without input from

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appraisers and writers. Problems range from simple spelling and grammar to omission of key information. Next time you flip through a manual, check for duplication of information. This oversight is a sure sign that the manual is organized inefficiently.

We could all use a manual that presents an advice and "key tips" section wherever relevant. Appraisers who use a program can master the basic input system easily enough, but rarely is important information on the interaction of numerous related variables presented in the manual. Discovering how entries and variables interact within a program becomes part of the learning curve. A simple reference card noting which variables interact could save you from having to make so many telephone support calls. This information would also be helpful presented as subheadings throughout the manual.

For instance, if you are calculating unit construction costs within a residential subdivision cash flow, you might be multiplying the construction cost per square foot by the average unit size per square foot and then by the average balance of units under construction. Deriving the average balance could also require a series of calculations. A handy flow chart or a section for each feature showing the construction cost calculation would indicate which variables derive this number and would help you understand how the cost is completed.

After a specific program feature is described, a subheading could follow, explaining that feature's applications. For instance, if the feature described is tenant improvements, a subheading titled "tips" could caution the reader to apply the feature to an industrial building's office space only, not the entire area, and then explain the process.

On-line help modules are useful too, but most companies do not provide extensive ones because they are very expensive to develop. Nevertheless, combining informative subheadings and tips with on-line help would make you less dependent on the manual.

Power

Software vendors are dedicated to providing more power, but often the features that are added to the programs have limited or no use for your particular application. Furthermore, the problems with the software remain unchanged. For instance, a portfolio module for a software program may help a company sell to a wider range of customers, but it will do little or nothing for most appraisal firms that do not provide portfolio analysis to their clients.

A user often pays a high price for more power. As the program files get bigger, the software gets slower. This is known in computer circles as "bloatware." Someone who upgrades can end up with a program that is bloated with unnecessary new features and performs less efficiently. Users would benefit from receiving a list of upgrade features from the vendor and arranged by type of use (portfolio, appraisal or accounting). You could use the list to decide whether the upgrade is worth the added disk space and consequent reduction in speed. Better yet, the ability to install just the upgrades to any of your modules means greater customization and usefulness.

Telephone support

All valuation software vendors provide some telephone support that the user usually pays for each year. This can be very expensive. For software companies, this service provides an important source of additional revenue. Beware when vendors say their programs need very little support or if the additional cost for support is not volunteered.

Unfortunately, telephone support is usually necessary because many valuation programs are inflexible and their software manuals are unclear.

Beta testing

Large software vendors, such as Microsoft or WordPerfect, have many beta testers. These are experienced software users who evaluate preliminary releases of a program. Unfortunately, beta testing on valuation software is limited, if it's done at all. Beta testers can determine the practical and theoretical problems with software and offer valuable advice on how a program can best serve the needs of appraisers.

Because beta testers are unpaid, finding power users or appraisers highly experienced in certain property types to do a beta test is very difficult. Yet they can provide the most valuable input on every area of the software, including customization, user friendliness, and manual friendliness. It might cost software valuation companies more to invite these professionals, but the results would be well worth the expense.

Comparison shopping

Comparing valuation software is like negotiating a maze. Some companies have demonstration disks; others rely on literature to do the selling; and some rely on personal salesmanship. Because a software company would naturally emphasize the program's strengths, you might have difficulty finding faults in the program. Try to get all the information you need to make a wise purchase.

An excellent way to begin shopping for software is to comb through periodicals, like *QB*, which publish objective reviews. Even more helpful is a demonstration

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disk that allows you to try out all the program's features for a limited time. But note that many demonstration disks walk users through the software, accepting only predetermined input. These disks do not expose inherent design problems or features the program lacks.

The sales literature may compare the program's features with those of other programs. But you should note any important features that are not mentioned. Ask an independent source to provide a list of features of major valuation software packages, indicating how well the programs meet users' needs.

When a software salesperson comes into your office, don't expect an unbiased account of which other programs may serve your needs. Faults in the program he or she is selling may be underplayed or not mentioned at all. A much better way to comparison-shop is to order a fully functional demonstration disk, obtain literature on the program's features, try out the demo disk on numerous property types and then consult the salesperson. By using this approach, you can ask the salesperson questions related to your specific needs and avoid a hyped sales presentation. QB