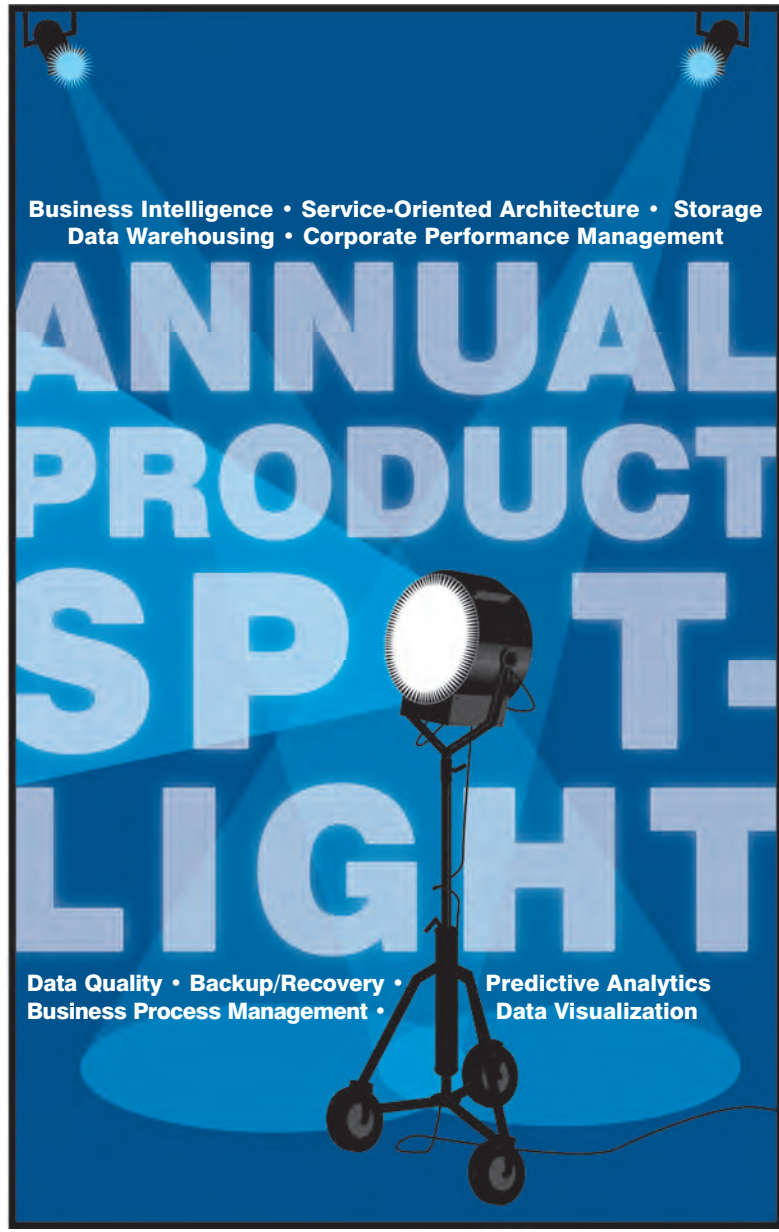


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PRODUCT REVIEW

Archstone- Smith Utilizes QL2 to Capture Web-Based Pricing Data

QL2
software

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Archstone-Smith Utilizes QL2 to Capture Web-Based Pricing Data

REVIEWER: Montgomery Blair, assistant vice president of Pricing and Revenue Management for Archstone-Smith.

BACKGROUND: Archstone-Smith is in the business of apartment investment and operations. With a current total market capitalization of more than \$20 billion, the company's portfolio is concentrated in many neighborhoods in the Washington, D.C. metropolitan area, Southern California, the San Francisco Bay area, the New York metropolitan area, Seattle and Boston. Archstone-Smith has pioneered the use of revenue management in the multifamily industry, developing a sophisticated pricing system known as lease rent options (LRO).

HARDWARE PLATFORMS: Sun hardware with Solaris 10 OS and a Windows 2003 server with Oracle 10g RDBMS software.


PROBLEM SOLVED: We needed to enhance the competitive information that feeds into our pricing system. The apartment rental industry poses a unique set of challenges, such as inconsistencies in pricing at the community level itself. Our industry is catching up to offer consumers information on the Internet to not only conduct research, but to rent online. The Internet now delivers rich and detailed information such as real-time pricing, floor plans and pictures, so consumers can do the initial legwork by surfing instead of driving. These factors create the opportunity for collecting richer competitive data from online Web sites, precisely what QL2 delivers.

PRODUCT FUNCTIONALITY: Archstone-Smith uses QL2 to capture and consolidate data from numerous company-owned Web sites along with premier consolidator sites. The

initial goal was to develop a more systematic, automated method to capture a richer set of competitive price data, but we're seeing new analytical opportunities in market research, acquisition and disposition, and price parity among consumer marketplaces.

STRENGTHS: QL2 specializes in delivering consistent information regardless of the initial representation of the data. Each Web site also has a unique way to get the information, where the visitor to the site clicks through from state, city, to community level and then, depending on the site, they may click through from unit type to ultimately get pricing information that may be in the format of an actual price or a range of prices. Again, QL2 does all this for thousands of permutations and delivers the data in a consistent and consolidated format. QL2 also does an excellent job of consolidating the data and solving for individual Web site differences. An example of this is the variation among unit type descriptions where nearly every Web site uses a different description of bed-bath combination. One site may describe it as two bedroom two bath; others abbreviate it as 2bed, 2bath, 2x2, or countless other possibilities.

WEAKNESSES: One weakness is that many of the Web sites are still in their infancy and are undergoing constant changes. The critics would be quick to point out that the underlying data - that which is represented on the Web sites - may not be accurate. It is what the consumer sees as they shop online, relative to other methods of collection. Another weakness of QL2 could be in the final use of this data. Because this is new and different than most other indus-



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tries, this data is actually just the starting point. It necessitates a system, like LRO, to actually make good use of it.

SELECTION CRITERIA: When Archstone-Smith looked around at improving the competitive part of our system, we weighed the different options, including internal development. After a six-month trial of QL2, we made the decision to purchase the product.

DELIVERABLES: The deliverable is the ability to define and manage the shopping criteria and then receive via FTP the output in the form of consolidated data.

VENDOR SUPPORT: The support we have received has been excellent. It has been a great working relationship, where for each and every issue a fine-tuning recommendation is immediately provided. The speed at which this company can develop a new Web site and/or adapt to changes in the ones already live is phenomenal.

DOCUMENTATION: The online support and "phone-call away mentality" is far better than any outdated documentation would be. Since this work is new and will be a moving target for months, if not years, to come, it necessitates more online support and intuitive online interfaces than any hard copy manuals could provide.