

Neighbor Net

Community intranets aren't the revenue generators many thought they would be. But if done right, they can more than earn their keep.

By Charles Wardell

When Meadowmont, a 1,200-unit master planned community in Chapel Hill, N.C., donated land for an elementary school four years ago, the community's children were supposed to be guaranteed access. So, when the city floated alternative scenarios that didn't include Meadowmont, residents became alarmed. The community's association manager, Dave Hill, used the community intranet to organize them. At one point last spring, he had two days to notify parents of a crucial school board meeting, so he e-mailed everyone in the community, urging them to check the intranet. Most of the parents turned up at the meeting. In the end, the school board assured them that their kids would indeed be able to attend the school.

The story shows how an intranet can prove its worth. Of course, intranets were supposed to be cash cows as much as communication tools. A large, master planned community could offer so many potential customers that the local Domino's would gladly pay to post its pizza delivery ad on the community's intranet. Even large phone and cable TV providers would lay out big bucks for a listing. It would be a nice little annuity.

That has yet to happen, but good communication alone is proving to be more than enough reason to consider an intranet. Not only is an intranet great for keeping in touch with buyers, it's an amenity buyers can list next to tennis courts and walking trails when recommending a community to friends. Intranets can link residents to schools, local businesses, and each other, an advantage in the increasingly competitive home building industry. "It has become more and more difficult to differentiate our product," says Garrett Solomon, director of acquisitions for Terrabrook, a Dallas-based developer of master planned communities. Terrabrook hopes to set its product apart by putting intranets in each of its new communities.

Whose Intranet?

You can build an intranet or buy one. You can host it yourself or have it hosted off site. If you're building a large community, (say, a thousand or more homes), and want an interactive system with deep database capabilities, expect to pay in the tens of thousands of dollars to create it. (See "Tech Providers" for a list of selected intranet companies.)

Intranets, which are private, secure online hubs, are usually paid for by the developer and then turned over to the homeowner's association when the community is built. Homeowners pay a monthly fee for ongoing maintenance. Developers and builders

can use the intranet to stay connected to residents long term by ensuring that it includes links to them.

Terrabrook is having its intranets built and hosted by Resident Interactive (RIA) in Atlanta (<http://www.residentinteractive.com/>) and branded under the name HomeBand (<http://www.homeband.com/>). RIA also hosts intranets for Meadowmont and for Brambleton, a fiber-to-the-home development in Brambleton, Va., near Washington D.C.'s Dulles Airport. (RIA's technology is built on an Oracle database.)

While RIA customers are supposed to keep mum about costs, one Brambleton staffer told us the developer paid a setup fee of "less than \$40,000," plus an annual per-house fee of less than \$10. The community will have 6,000 homes at build-out, so the goal is eventually to purchase the technology and host the intranet on site.

Another tech provider, NETneighbor (<http://www.netneighbor.net/>), charges an intranet setup fee of less than \$100 per home. Residents pay a monthly fee of roughly \$5 per home. NETneighbor, based in Jacksonville Beach, Fla., doesn't offer hosting; the intranet resides on a server located in the community. (It can use a Microsoft Access or SQL database.) CEO David Parker says the company also acts as a technology consultant. It has relationships with phone and cable providers, and the setup fee includes the cost of the server, as well as the cost of installing a direct cable link between the server and each home. So far, the system has been installed in two developments: North Hampton and Hampton Park, both in nearby Jacksonville.

Across the country, Valencia, a 22,000-home community being developed by The Newhall Land and Farming Co., based in Valencia, Calif., didn't like any of the leading providers' offerings. "We didn't want to pay user fees; we didn't like their licensing agreements," says Newhall's marketing director, Robert Deane. So Newhall partnered with ActiveQuest, a Valencia-based software company, to build an intranet software package from scratch. Deane considers the intranet software's \$350,000 cost a good investment. ActiveQuest and The Newhall Land and Farming Co. invested another \$700,000 or so, and are selling the software to other developers under the name ePaseo for \$65,000 to \$97,000, depending on the features needed. It's meant to be hosted on site. Playa Vista, a 1,000-acre coastal development on the west side of Los Angeles, also will use the software. ActiveQuest offers integration and implementation packages.

Who Needs It?

Most developers say it takes 80 to 100 homes to necessitate an intranet. But numbers are less important than activities. If there's nothing going on in the community, you don't need technology to track things.

Intranets seem like an especially good fit as part of big plans, such as traditional neighborhood developments. These relatively dense communities usually include pedestrian-friendly streets, homes with front porches, and other features designed to promote social interaction. Meadowmont is one. "We're building an interactive community," says Jim Wiley, of East-West Partners, Meadowmont's developer. "Our intranet is an extension of that."

Management and technology types quickly embrace intranets. Buyers at Brambleton, for instance, in the tech corridor of Northern Virginia, include lots of MCI and AOL employees. Kim Adams, vice president of marketing at the Brambleton development, reports that within days of the launch, she received 50 e-mails from buyers asking for passwords — most of whose homes hadn't yet been built.

Buyers with school-age children also are enthusiastic users. Diane Diaz, marketing coordinator for Vista Lakes, a Terrabrook community near Orlando, Fla., finds that these buyers ask questions such as whether they can go online to start a soccer club, whether each family member gets a personal ID, and what school-related information will be available.

Creating Content

Indeed, the intranet's reason for existence is local content. According to Solomon, of Terrabrook, 27 percent of hits to HomeBand are to community newsletters, 36 percent go to directories of community residents, and 15 percent target community calendars. Other developers say school-related activities head the list.

Newhall put the local newspaper on its system. (The developer even helped the paper upgrade its database.) Newhall bought address and phone listings for all businesses within 10 miles — about 9,000 of them. Now, if a user clicks on "Accounting," for example, he or she gets a list of local accounting firms. Clicking on one brings up that company's phone-book listing and, if the business has added it, its e-mail address. A MapQuest link automatically gives directions from the user's home to that business.

Content is only as useful as it is fresh, however. Newhall's Deane assigns a half-time person to manage the intranet. Meadowmont's Hill spends an hour a day updating his community's system and sending e-mails. He considers e-mail crucial. Whereas some people check the intranet daily or weekly, others will do so only after getting an e-mail that something important has been posted.

Ideally, a well-managed intranet system should help build a sense of community. "Part of building a community is getting people involved in the community," says Deane. "One girl wanted to start a lacrosse club; the intranet made it a simple matter of posting a message. We've heard from people who were here over a year and still didn't know of new restaurants opening. We want to change that."

The Payoff

No one has quantified the effect of this convenience on sales, but that's not the point. "You don't know the results of upgrading landscaping, either," says Solomon. "But as part of a whole amenity package, you know it's important."

Some hope the intranet will reduce callbacks. "If buyers don't like the community, they're probably not going to like the homes and the builder," says Ginger Frailey, Terrabrook's vice president for sales and marketing. A well-managed intranet could reduce problems by letting the builder and developer answer customer inquiries faster.

Others say intranets can help builders better understand their customers. Hill sends written surveys to recent homeowners every six months, but wants to use the intranet for more frequent pollings. Among other things, he wants to hear what people like and dislike about their homes, feedback he will pass on to the builder.

Security is obviously a key issue. Some intranets let the public view general community information; some don't. Nearly all intranets restrict — to registered users — access to community calendars, lists of residents, and the like. The developer also may have to ensure users' privacy. For instance, users can't access most of the features on the intranet that RIA built for Brambleton without enabling their browser's cookies, which tell the site who is logged on. RIA co-founder Bill Roberts says the data are used only to confirm that the user is registered; none of the user's browsing data is saved. Any developer contemplating an intranet needs to decide whether that's worth the possible backlash. For example, ActiveQuest's president and CEO Ron Anderson says that while cookies aren't a big deal, ePaseo doesn't use them. "There's a bad public perception of cookies," he says.

Tech Providers
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And while the idea of sponsorship is dormant, it's far from dead. Although no one interviewed for this article has opened his or her site to advertising, they've all left the door open a crack. "We want to know it can be self-supporting in the future," says Deane. After all, in a world where everyone is a customer, a large community holds the keys to a lot of them.

—Charles Wardell is a former senior editor for Builder magazine.

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