



Allied Cloud and R1 Companies

R1 Stays Ahead of the Curve in the Tech-Driven Real Estate Industry



About R1 Companies

Managing realtor commissions, complying with regulations, retaining top talent, and staying competitive with other brokerages are some of the most common challenges that real estate companies face. And the more offices and realtors those brokers have, the greater the opportunity for error in a heavily regulated sector where top realtors have their pick of offices to work with.

Well-versed in the core challenges that individual realtors face, Michael Taylor founded R1 Companies in 2014 with the goal of building a more realtor-friendly company. At the time, most brokerages were still offering unfavorable “splits” (i.e., the share of the commission dollars on every sale), high fees, and caps that limited the earnings of real estate professionals.

“NetSuite bridges the gaps between our information and allows us to more easily manage multiple subsidiaries, our customers, and our vendors, all in one place. The ERP also automates the tedious task of processing about 900 1099 forms at the end of each tax year.”

Brianna Meyer, President of Operations, R1 Companies

Taylor's mother, a realtor herself, was the inspiration for the company's origination.

"She worked tirelessly in the real estate industry, but the traditional brokerage she was a part of had high commission splits that were incredibly unfavorable," said Brianna Meyer, president of operations for the New Mexico-based brokerage. "The founding principle of R1 Companies, inspired by her struggles, is rooted in the belief that those doing the work should receive the majority of the money. That business model was unheard of in New Mexico at the time."

The idea took off. Today, R1 is New Mexico's largest real estate brokerage and home to about 900 realtors, up from just five in 2014. The company operates in more than 100 markets across seven states, and its realtors have generated more than \$16 billion in sales since the company's inception.

"Our books were a mess."

As R1 expanded, the company stretched its QuickBooks accounting system with imperfect fixes and workarounds. Taylor is a serial entrepreneur who was always trying new things and exploring new markets, which further strained R1's system.

"We were operating out of three different instances of the software, which is never fun," Meyer said. "Our books were a mess."

In particular, the company's realtor commission management process was cumbersome and lacked transparency, Meyer said. Realtors are both paid like vendors and invoiced like customers, which only heightens the complexity and presented the need for the company's multiple instances of QuickBooks.

"Our setup was the furthest thing from efficient that you've ever seen," she added.

Finding an ERP that can flex to R1's needs

Ready for a change, Meyer began looking at industry-specific platforms like BrokerSumo, a cloud-based commission/realtor management system. She wanted to

avoid extensive customization but realized that the niche industry system would likely struggle to meet the needs of a company that already had more than 500 realtors. With that in mind, Meyer broadened her scope and began researching ERP platforms.

After some initial research, Meyer realized that NetSuite, with some customizations, would be the best fit for a company that runs a brokerage and print shop, manages deferred payments that allow realtors to make purchases on the brokerage's account, and provides commission advances.

"We have so much going on that when I was looking for a new solution, there was nothing that was even close to encompassing everything we do," Meyer said. "We would have to fit into a mold, which we've never really been good at doing."

All the data needed for those 1099s, including realtor commissions, is updated in real time. Realties and realtors can review transactions through an online portal, including any changes to those, to see how much and when they will be paid.

A strong partner makes the difference

R1 implemented NetSuite in 2020 with the expertise of NetSuite Alliance Partner Allied Cloud. It's using the ERP's core financial functionalities and handles all onboarding for new realtors in the system, making it a more transparent and efficient process. R1 has also integrated NetSuite with DocuSign, Stripe, and Shopify.

Allied Cloud handled all of the customization R1 needed to adapt the system to its unusual business model. For example, it added a commissions module and built the portal for realtors, giving realtors direct access to the system. And Allied Cloud configured the ERP to reflect real estate rules and regulations that differ by state.

Meyer was very pleased with R1's NetSuite implementation, with Allied Cloud also providing—and continuing to provide—a high level of training and support.

“We still work actively with Allied Cloud,” Meyer said. “Without them, we wouldn’t have achieved our ERP implementation, integration, and customization goals.”

Gaining efficiencies, visibility, and trust

With NetSuite in place, R1 has been able to keep headcount down thanks to major efficiency gains. Digitizing document storage has been another critical win for a company that deals with a lot of paper on every single transaction. In addition, not having to use three different versions of its accounting software to run the business has made a world of difference for the growing company.

By offering realtors a single platform to refer to for almost any commission questions, R1 has also strengthened its trust with those valued stakeholders.

“They love being able to access and review information in the system,” Meyer said. “And while some of our realtors were initially hesitant to move to the new system, they’ve since become very appreciative of it.”

More growth in the cards

R1 has not slowed down since implementing NetSuite, entering several new markets. More corporate expansion is in the cards, according to Meyer, who can now readily pull and act on performance reports and other data in the ERP.

“Being able to pull production reports and quickly view our historical numbers has been great, particularly in an industry that’s been crazy over the last few years,” she said. “Coming into 2024, we were able to look at what went on over the previous 12 months; that visibility is important to us.”



Company Snapshot

Company: R1 Companies

Location: Albuquerque, N.M.

Industry: Professional Services

ALLIED CLOUD

Partner name: Allied Cloud

Location: Gilbert, Ariz.

