

TECHNOLOGY

New York investors acquire Realm in Houston

BY MARY ANN AZEVEDO
HOUSTON BUSINESS JOURNAL

Realm Business Solutions Inc. has been bought out by a pair of New York private equity firms — Insight Venture Partners LLC and Lightyear Capital LLC.

In late March, the real estate technology company went through a management-led buyout and relocated its corporate headquarters from Dallas to Houston.

Financial terms of the deal were not disclosed.

Prior to the transaction, Realm had three divisions — financial analysis, commercial solutions and cash solutions.

The operations acquired by Insight and Lightyear were Realm's financial analysis and commercial solutions divisions.

Mark Kingston, who managed one of the Realm divisions involved in the acquisition, has been appointed CEO of the company.

"This (financial analysis) division was the largest and was run out of Houston, so it made sense for the company to be headquartered there," states an e-mail from Stewart Gross, managing director of Lightyear Capital.

Realm preceded the transaction by spinning off a third division — the company's cash solutions division. Dallas-based rCash Inc. is now being led by former Realm CEO Bryan Mileger, who was replaced by Kingston.

Kingston says Realm Business Solutions saw new areas for substantial

growth after doing an analysis of the global marketplace last year.

"We saw an opportunity to get more aggressive, so we approached our board and current investors about increasing capitalization and taking advantage of these opportunities," he explains.

Kingston says the cash infusion from the New York firms will support Realm's international operations, particularly in Europe and Asia where the company has offices in Japan and Singapore. Realm plans to open an office in Amsterdam in 2006.

GROWTH IN MULTIPLE LANGUAGES

Realm specializes in financial analysis for the acquisition and disposition of commercial real estate assets.

Kingston counts about 85 percent of the U.S. real estate investment trusts as part of Realm's more than 8,000 clients, which also include brokerages and institutional investors.

About half of Realm's 150 employees are in Houston. The company won't disclose revenue, but claims to be profitable.

Realm in 2000 purchased ARGUS, a company that had been based in Houston for about two decades.

ARGUS, part of Realm's financial analysis division, is an asset valuation and cash flow projection system that serves as Realm's flagship product and primary platform for pursuing global growth.

The company has created Japanese, French, German and Spanish versions of its financial analysis software.

Providing the software in multiple lan-

guages is important, says Jeffrey D. Fisher, an Indiana University professor who has written about ARGUS in two college textbooks used in the United States, Japan, Korea and China.

He says ARGUS represents "a major step to-

'We saw an opportunity to get more aggressive, so we approached our board and current investors about increasing capitalization and taking advantage of these opportunities.'



Mark Kingston
Realm Business Solutions

wards achieving a global standard to compare values for commercial income properties."

Explains Fischer: "Being able to compare value trends in different countries using an apples-to-apples discounted cash flow methodology is important to making good investment decisions."

Peter Sobilloff, managing director of Insight Venture Partners, says prospects for international growth attracted the New York investors to Realm.

Says Sobilloff: "The fragmented global market for real estate management and valuation software provides Realm with a unique opportunity to position ARGUS as a global industry standard."

Realm is tapping into a world market with increasing potential.

Jones Lang LaSalle, a real estate services and money management firm, estimates that direct global real estate investment reached \$550 billion in 2005.

REALM FOLLOWS WHITEFENCE

Realm becomes the second Houston-based real estate technology company to net a major investment in the past four months.

In early December, residential specialist WhiteFence raised \$15 million in venture capital through an initial funding round with participation from individual investors and Wayne, Pa.-based Internet Capital Group.

The low-profile company formerly called QCorps Residential has carved a niche bundling household services.

In 2003, WhiteFence was awarded a lucrative contract by the U.S. Department of Defense, making the company's national network of service providers available to millions of military members and their families who are frequently reassigned. (See "QCorps scores military coup," Sept. 5, 2003.)

About the same time, WhiteFence launched UniversityMoves.com, a Web site that allows college students to shop for and connect a variety of home services over the Internet.

WhiteFence helps people moving into new homes or apartments set up a variety of services ranging from electricity and cable television to telephones and even bottled water delivery. ■

Banking Investments Insurance

PERSONAL CHECKING
BUSINESS CHECKING
SAVINGS ACCOUNTS
CHECKCARDS
GIFT CARDS
CERTIFICATES OF DEPOSIT
BUSINESS TREASURY MANAGEMENT
COMMERCIAL VAULT SERVICES
RETAIL/WHOLESALE LOCKBOX
ACH SERVICES
WIRE TRANSFERS
CASH MANAGER ONLINE BANKING
ZERO BALANCE ACCOUNTING
CONTROLLED DISBURSEMENTS
AUTOMATED SWEEP
INTERNATIONAL BANKING
CREDIT CARDS
ACCOUNT RECONCILIATION/POSITIVE PAY

LOANS
STUDENT LOANS
HOME IMPROVEMENT LOANS
LOT AND CONSTRUCTION LOANS
HOME EQUITY LINE OF CREDIT
HOME EQUITY LOANS
AUTO LOANS
PERSONAL LINE OF CREDIT
MORTGAGE LOANS
ONLINE BANKING
ONLINE BILL PAY
WEALTH MANAGEMENT
ESTATE PLANNING
MULTI-GENERATIONAL PLANNING
LIVING TRUSTS
STANDBY TRUSTS
TESTAMENTARY TRUSTS
ESTATE SETTLEMENT
ASSET MANAGEMENT
CUSTODY SERVICES
GUARDIANSHIPS
BUSINESS LINE OF CREDIT
ASSET-BASED LENDING/FACTORING

TERM LOANS
US SBA LOANS
EQUIPMENT LEASING
LETTERS OF CREDIT
COMMERCIAL REAL ESTATE LOANS
BANKCARD MERCHANT SERVICES
CHECK IMAGES ON CD-ROM
FOREIGN EXCHANGE
EX-IM FINANCING
PUBLIC FINANCE CREDIT FACILITATION
TAX CREDIT FINANCING
TAX EXEMPT LOANS/LEASES
BOND ANTICIPATION NOTES
RETIREMENT SERVICES
401K PLANS
PROFIT SHARING PLANS
MONEY PURCHASE PENSION PLANS
DEFINED BENEFIT PLANS
CAPITAL RAISING
SELL-SIDE ADVISORY
MERGER & ACQUISITION ADVISORY


INVESTMENTS
529 COLLEGE SAVINGS PLAN
BROKERAGE ACCOUNTS
INVESTMENT MANAGEMENT ACCOUNTS
TRADITIONAL IRA
ROTH IRA
ROLLOVER IRA
SIMPLE IRA
SEP IRA
MUTUAL FUNDS
STOCKS
MONEY MARKET MUTUAL FUNDS
TAX-DEFERRED ANNUITIES
TAXABLE BONDS
TAX-FREE MUNICIPAL BONDS
FINANCIAL PLANNING
STOCK OPTION EXERCISE PROGRAM
BUSINESS INSURANCE
PERSONAL INSURANCE

SECURITIES PRODUCTS:
• NOT FDIC INSURED
• NOT GUARANTEED BY BANK
• MAY INVOLVE RISK AND LOSS OF PRINCIPAL

SECURITIES PRODUCTS:
• NOT FDIC INSURED
• NOT GUARANTEED BY BANK
• MAY INVOLVE RISK AND LOSS OF PRINCIPAL


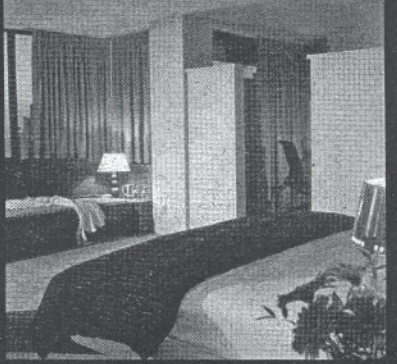

SECURITIES PRODUCTS:
• NOT FDIC INSURED
• NOT GUARANTEED BY BANK
• MAY INVOLVE RISK AND LOSS OF PRINCIPAL

Frost Bank
WE'RE FROM HERE



D HOTEL DEREK

The Only Place You Can Sleep On The Job

Visit us online for special promotions and packages or call 713.961.3000

713.961.3100 | www.hotelderek.com
2525 West Loop South, Houston, TX 77027