

Reconfiguring the Mortgage Business: Achieving Real Continuous Process Improvement



Financial Services

FileNet ECM in Mortgage Lending

Early adopters of FileNet ECM technology in the mortgage lending industry have demonstrated remarkable improvements in their business processes, including:

- *Reducing loan origination turnaround from seven days to 48 hours.*
- *Increasing origination volume by 400%.*
- *Cutting processing costs by 75%.*
- *Boosting cross-selling revenue from \$15 to \$50 per customer by moving this activity to the point of sale.*

Needed: A New Way to Think About Mortgage Lending

Over the past several years, structural changes ranging from market fluctuation and globalization to industry consolidation and new legislation have put intense, unrelenting margin pressures on mortgage lenders. Forced into a market with an unprecedented number of competitors, lenders are struggling to differentiate by offering the fastest approvals, the broadest line of products, and the most customer-centric culture.

To remain profitable in this hypercompetitive environment, mortgage lenders are rethinking how they do business. They are prioritizing ROI activities that will ultimately enhance market share, customer retention, and cross-selling potential while controlling costs. They are looking to transform what has been a "cookie cutter" culture by re-approaching both customers and processes in innovative and, ultimately, business-winning ways.

Escaping the "Continuous Development" Paradox

Over the years, lenders have tried various performance management techniques, such as Total Quality Management (TQM) and Six Sigma, along with system technologies such as workflow, imaging, and business process modeling, in an effort to solve business problems and achieve tangible results. Despite organizational tools, expert talent, and specialized technology, mortgage lenders continue to face pressures to improve productivity and reduce costs while adapting to ever changing market conditions.

In many cases, lenders find themselves mired in a "continuous development" paradox. Problems are identified and initiatives are introduced, but most organizations try to move forward by leveraging outdated, "cure-all" methods and technologies. By the time they identify the business requirements and create system specifications, the rules have changed and the prescribed solutions are already irrelevant. Consequently, business costs are perpetuated in missed opportunities.

Faced with complex business challenges that cannot be resolved with a single answer, lending companies must find a multi-pronged approach that addresses people, process, and technology to achieve real process improvement. To aggregate customers and reduce operating costs, mortgage lenders must learn to leverage their process, content, and connectivity.

With core capabilities that include process management, content management, information routing, and rules based decision-making, Enterprise Content Management (ECM) is ideally suited to help mortgage lenders achieve process improvement that can garner real business results.

FileNet ECM: Powering Loan Processing

FileNet ECM addresses each and every step in the entire mortgage lending process from point of sale to re-marketing the loan. This means that every activity that is part of a transaction, from the receipt of faxes to software application data input to an event becoming due, is automated. If an exception to a policy arises, ECM is designed to provide the appropriate employees with the information they need, when they need it, to resolve the exception and efficiently continue the process. In effect, FileNet ECM

"The value of integrated content, processes, and connectivity cannot be underestimated in enabling companies to respond to changing market conditions, leverage windows of opportunity, minimize competitive threats, and improve return on investment."

Mark Gilbert
Vice President, Gartner Inc.

The existing, manual loan processing process is the "Achilles heel" of the mortgage lending industry. Over the years, many lenders have applied various automation technology solutions in an attempt to improve it. But simply automating the workflow won't solve the problem if the automation cannot support the business process knowledge of the staff or the brokers, appraisers, legal counsel, and other third-party partners.

functions as a highly efficient electronic administrator for employees overseeing the process. This is much more than simply automating workflows or content. FileNet ECM supports multiple parallel processes with no human intervention – allowing for optimal speed, accuracy, and access to crucial information. This level of efficiency allows employees to manage greater volumes while providing better customer service.

Building a Better Mortgage Lending Business

With FileNet ECM, mortgage lenders can reconfigure their businesses, leveraging their investment in existing infrastructures, and core business processes to reduce cycle times and operating expenses. ECM helps create an environment for continuous process improvement and for quick, smart, and cost-effective decision-making at every level of the enterprise.

Reduced operating expenses

Traditional software solutions offer a one-time return on investment that is used to justify implementing the packaged solution. However, as FileNet ECM is designed to support a continuous improvement environment, ROI becomes more fluid and business benefits are realized time and time again. Additionally, FileNet ECM can help achieve business objectives throughout the enterprise as it is implemented in conjunction with existing software applications.

FileNet ECM helps create a digitized environment that provides everyone in the enterprise with instant access to information, enabling them to initiate automated processes to resolve customer issues and to fulfill customer requests for new products. In addition, customers can access information easily via the Web for greater customer service, and a reduced lender workload. Each automated business process helps improve overall productivity and cost management.

Efficient scalability

FileNet ECM allows lenders to scale operations in a volatile interest rate environment while continuing to satisfy the changing demands of customers, partners, and employees. As a Straight-Through-Processing-based technology, FileNet ECM is designed to focus knowledge workers' involvement on reviewing exceptions to the business process or business rule. Thus, transactions proceed with little or no human intervention and employee productivity is greatly increased. FileNet ECM allows organizations to create customized rules that mimic human decision-making processes, helping to speed loan packages through the process and minimizing exception-handling situations.

To find out how your organization can benefit from FileNet ECM, contact FileNet at 1-800-FileNet or 1-714-327-7843. To view the specific results FileNet has achieved in financial services and other industries, visit filenet.com.

About FileNet

FileNet Corporation (NASDAQ: FILE) helps organizations make better decisions faster by managing the content and processes that drive business. FileNet Enterprise Content Management (ECM) solutions allow customers to build and sustain competitive advantage by managing content throughout their organizations, automating and streamlining their business processes, and providing the full-spectrum of connectivity needed to simplify their critical and everyday decision-making.

Headquartered in Costa Mesa, California, FileNet serves nearly 3,900 customers, including 20 of the top 25 US banks, more than 350 global banks, and nearly 1,000 Financial Services organizations in total.