


In good hands



It's becoming clear that industry players with a sound technological capability will have an advantage. In a co-published feature, *MPA* asked three of the leading IT service providers to give us an idea of the support they offer

The demands of the new professional broker era are forcing brokers and lenders to smarten up on their businesses practices, and more and more of them are turning to technology for the benefits it offers.

Just as an example, as *MPA* 9.10 was put to bed, St.George announced its new commission structure combined with a new mandatory requirement that all loans be submitted electronically by brokers.

Accordingly, IT companies are responding by bringing their offerings into line with the new market requirements. Those that are ahead of the game will surely progress to play an more significant role in the future shape of the industry.

In this issue, *MPA* profiles three prominent IT service providers. We find out who they are, what they offer and how their own points of difference can assist the businesses of mortgage brokers.



Andrew Duerden

LOAN WORKS TECHNOLOGIES

Loanworks Technologies specialises in turnkey solutions for lead management, loan processing, CRM and commission processing within the financial services industry

It has been providing solutions to the mortgage industry since 1998. This experience, responsiveness and innovation means that it is the trusted solutions partner to some of the premier brand names in the financial services industry.

Loanworks Technologies enables profitable growth for broker groups, specialist lenders, mortgage managers and franchise networks by delivering quality new business and customer management protocols from paperless platforms that are easy to use.

“Our customers value our flexibility and trust us to deliver solutions that work. We know that it’s not just about the software – we have a proven track record and bring a depth and breadth of experience that acts as an instant knowledge base that our customers tap into,” says Ben Binder, managing director of Loanworks.

Next-generation enabled products

Loanworks has brought to market a next-generation enabled application for use on mobile phones and PDAs.

This cutting-edge product comes in two flavours: one which gives the customer a retail presence; and an impressive third party B2B version that supports application tracking for mobile sales forces with complex referral networks.

“It’s an interesting time in the evolution of mobile applications. On the one hand, business-focused applications are still very much cutting edge. On the other hand, with broad acceptance of iPhones, Blackberries and other next-generation handsets, we see that mobile technology has reached critical mass. There’s arguably a fine line between being an early adopter of this technology and having to play catch up when every man and his dog has a next-generation presence. In some ways, it’s where web sites were in the late 1990s. This initiative is generating huge levels of interest,” says Wayne Macartney Loanwork’s business services manager.

In addition, LWT’s core product, Loanworks Enterprise, remains an efficient sales pipeline management tool.

For broker groups, specialist lenders, mortgage managers and franchise networks the product combines processed applications through a workflow of borrower needs analysis and product selection at the front end of a transaction. It also handles document management and channel management in the middle office and has CRM and marketing capabilities to cover the client management after sale side of the business.

“Our workflow engine extends through to automatic measurement of SLA standards; including integrated credit checks, needs analysis and decisioning,” says business development manager at Loanworks, Andrew Duerden.

Loanworks has allowed LWT’s customers to go paperless, and has enabled the company to streamline every aspect of its business – from lead generation through to approval and ultimately commission processing. “Our customers have gained ISO9000 quality accreditation on the strength of the system features,” he adds.

In addition, Loan Works Technologies introduced LWT Enterprise Commissions as a stand-alone solution earlier this year. This product

Key Staff Loan Works Technologies

- + Ben Binder - Managing Director
- + Andrew Duerden - Business Development Manager
- + Wayne Macartney - Business Services Manager

is used by lenders, aggregators and broker groups, and its key features include channel management, data validation, invoicing, web portal, payments and enterprise integration.

“LWT Enterprise Commissions enables commissions to be processed efficiently and accurately. It’s a proven, fully configurable system which delivers flexibility in delivering strategic remuneration models. We’ve been benchmarking our current customers, and have been impressed by the feedback we’ve received,” says Macartney.

Manila

After spending a lot of time researching the move, Loanworks opened a development and support office in Manila, in the Philippines, in 2008.

“Team members spend an intensive induction period in Australia learning the ropes and becoming part of the company. We’ve moved second level support and some development across at this stage and will continue to grow this team. The response from our customers has been fantastic,” says Binder

Loanworks is also in discussions with business process outsourcing (BPO) solution providers. “We currently process commissions on behalf of some of our customers and see this as growth area. We know commissions, and have the system and processes in place to provide cost-effective outsourced solutions,” says Duerden.

Impact of legislation

Loanwork’s customers are well positioned to implement the changes implied by the National Consumer Credit legislation.

Macartney says he is experiencing a renewed level of interest in the company’s needs analysis and product selection capabilities – so that there’s full traceability back to the client interview as to why an applicant was recommended a particular product. “This then flows through to the automatic generation of a document along the lines of a Statement of Advice,” he says.

He says he’s also very interested to see the implications of the disclosure regime concerning commission payments: “Will this translate to a need for commission quoting capabilities?”

Meanwhile, Andrew Duerden says that the mortgage industry has evolved since the 1990s. Initially it was about volume: channel growth and

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-Andrew Duerden

getting the punters in the door. “Then people thought ‘It’s all very well to have volume, but are we making any money?’ The focus shifted from volume to cash-flow. With the GFC and beyond, the focus is now fairly and squarely on profitability,” he says.

In some ways it’s been a case of survival of the fittest, he adds. And he estimates that “perhaps 20%” of Loanwork’s customer-base has closed doors and moved out of the industry. And those still in have trimmed their sails, and looked to become more innovative and more efficient.

“There’s also an acknowledgement that with the changes in the industry, you need to write twice the number of home loans each month just to maintain the status quo. You could say that the conversations we’re having with our customers are about profitable growth: how do I get smarter, how do I systematise, how do I innovate? Many are more profitable now after downsizing than they were at the peak”

But the general consensus is that things have already started to turn around. Duerden says he’s experienced a definite spike in customer confidence levels – especially when they talk about the future.



FINWARE

As a technology partner to mortgage broker clients, Finware provides a full range of technical, software, internet and data solutions to the broker market.

“Every product in the Finware suite has been designed and built in response to a need expressed by our broker clients,” says Jason Hayden, Finware’s managing director.

Hayden says that the products are designed to increase professionalism in the industry. All of them are designed with legislative changes as standard features.

“We provide cost effective access to new technology by securely storing, backing up and encrypting the broker’s client data,” he says.

Size

Because it is independent of lenders and aggregators, Hayden describes Finware as being a small business capable of delivering big solutions.

He says its product suite offers the only integrated solution from front-end marketing



Jason Hayden

through to middle office CRM to the back-end data management.

“Our iLend solution is an installed application so you don’t need the internet. There’s no waiting for pages to refresh during client presentations or embarrassing drop-outs.

Updates and backups are fast and efficient. In seconds we do what our competitors take 20–40 minutes,” he says.

Hayden adds that updates to the Finware mortgage database occur every three hours, while its mortgage data and calculators are the most accurate, up-to-date and complete of any tool in the industry.

In addition, he says the team is as experienced as it is passionate. Its four operational managers and two directors have been in the business an average of six years each.

Positive

Hayden says that a lot has changed in the industry since the beginning. And the vast majority of it has been positive. “When we first started with iLend in 2002 most of the brokers we spoke to were

managing their client database and indeed their whole operation with a myriad of spreadsheets – or maybe an Act database,” he says.

These days brokers want to automate all of their workflow processes, Hayden believes. The penny has dropped that the client is king – and accordingly, that the real value of their business is determined by the quality of their database.

“Not just the trail book. So it seems that as an industry we have grown up. And there is a lot more change to come,” he says.

Research

Hayden says Finware researches the UK and US markets each year.

“The number one take-home for the Australian market is to understand that we are not behind these countries as so many experts would have us believe. These are three very different marketplaces. We have more complex products being sold to a consumer with different drivers in a more secure marketplace,” he says.

Similarly, he says most technical experts – both international and local – seem to completely underestimate the complexity of the Australian mortgage market.

Efficiencies

While not everyone’s hip-pockets may agree, but Hayden argues the GFC has been “great for the industry as whole”.

Commission reductions have forced the brokers still in the industry to increase efficiencies, he says.

It’s all about doing more – for less. “And that’s where software comes in. We have been inundated by existing clients calling us and saying ‘we know iLend can automate our standard letters, but we have never gotten around to setting this up.’”

“So after years of using our solutions below capacity, clients are now keen to ensure they are extracting as much value as possible,” he says.

Furthermore, as we leave the GFC behind Hayden believes a very robust industry will remain – being operated by professionals with very satisfied consumers.

Finware Product Suit

- + iLend: A complete mortgage broker solution, offering modular-based access to ensure maximum efficiency, professionalism and compliance.
- + iWeb: Build industry specific interactive websites, with connectivity to the rest of the Finware product suite.
- + iNews: An online newsletter that keeps you in touch with your clients. Use Finware’s purpose written articles or write your own.
- + iCalc: Simple to use web calculators that can be loaded to any website, or used with other products in the Finware range.
- + iRefer: An online tool to professionally manage and encourage referral relationships.
- + iControl: Reconcile your aggregator commission statement back to your loan book, or account manage your clients.
- + iClipse: Find the answers to tough, strange or hard-to-find policy questions.

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Curtis Brager

NEXTGEN.NET

NextGen.Net provides a complete range of electronic lodgement and application processing solutions.

Its electronic lodgement solution, 'ApplyOnline' is a widely used platform across the Australian industry for both lenders and brokers.

"And our mortgage processing solution delivers real straight-through processing benefits, with a highly automated workflow that interfaces with service provider's systems," says Curtis Brager, NextGen.Net's commercial director.

Comprehensive

Brager says that NextGen.Net products improve service levels and reduce costs across all elements of the industry value chain. "We continually strive to reduce the friction and increase the transparency between the broker and the lender. We work with our customers to identify the 'bottlenecks' in their processes and develop innovative solutions to address them," he adds.

To differentiate it from its competition, NextGen.Net uses open standards – such as LIXI – to enable customers to 'loosely couple' systems. This improves information flow, and maximises data reuse and efficiency. "Our customers can mix and match our solutions with their existing systems to access the benefits without the cost or risk that some of our competitors' 'whole of business' solutions demand," says Brager.

In the lending space, he adds that whiles NextGen.Net's competitors focus on large scale, highly custom solutions – requiring large investments in infrastructure, licensing and

development – its "Software as a Service" (SaaS) model allows customers to access services on demand.

"They can use our services as part of their short-term change management or use them as the core of origination business."

NextGen.Net's support for a full range of products on one platform offers it another competitive advantage. "Not just prime mortgages; non-conforming, equity release, personal loans, credit cards, deposit products, leasing and equipment finance, as well as insurance products. ApplyOnline supports them all, for both lodgement and processing," Brager says.

Continual improvement

NextGen.Net continues to innovate and bring new services to the Australian market "that add value, increase data reuse and improve efficiency across the industry."

In addition Brager says it will be launching several new services in the coming months – and in conjunction with LIXI, deliver a number of industry-wide standards to support them. "Supporting document handling, increased information reuse and open identity management will be some of our key areas of innovation in the coming months," he adds.

Grown up

The lending industry has matured greatly since NextGen.Net started out as a database-oriented software developer in the early 1990s, according to Brager. "We have seen the maturation of one of the most competitive mortgage lending markets in the western world, with an unsurpassed breadth of products available. We have seen the rise – and some would now say fall – of a healthy non-bank sector, participation of international banks in the market, as well as a range of local wholesale funding options for originators," he says.

Now, as far as Brager is concerned consolidation is the obvious outcome from the GFC – in all of the banking, non-bank and broker spaces. "Coupled with increased funding costs, commission cuts and impending legislative regulation, it has been a tough 18 months for the industry. But all signs are that the industry as a whole will emerge stronger and more resilient – if a bit leaner," he says.

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-Curtis Brager