

## **Collaborative Workflow- Leveraging Technology to Improve the Customer Experience and Improve Corporate Profitability**

By Jordan Brown – CEO, MarketWise Advisors LLC

### **What is the next innovation that is going to change the way that mortgage lenders work everyday?**

Collaborative workflow is the development of the organizational process to flexibly allocate and utilize both human and technology resources to effectively complete a task. In order to accomplish this objective, mortgage firms need to evaluate and build a solid technology backbone. The limits of geography, static processing and dependencies on external vendors that create bottlenecks in the process are eliminated. Technology is a core driver but the true innovator is the mortgage lender itself in its definition of their business practice, principles and their ability to define the right strategic relationships with technology-enabled partners.

Collaborative workflow incorporates both automated workflow in a loan origination system with the concept of fulfillment resources that may be located across the city or the globe to complete tasks necessary to drive the business. It is a relatively simple concept with tangible results—cost reduction, cycle time compression, parallel task execution, touch-less service ordering and resource balancing. There are three steps in achieving collaborative workflow.

#### **Step One: Establish a Solid Loan Origination Platform**

The first step in establishing collaborative workflow is to deploy a solid loan origination platform that has the operational flexibility to incorporate workflow, file imaging, a product and pricing engine, automated underwriting and the ability to inter-connect partners through web services. The combination of the five core components is essential to reach optimal operational effectiveness.

#### **Product and Pricing**

A product and pricing engine (PPE) is often confused with a custom automated underwriting system (AUS). The function of the PPE is to provide instant product eligibility decisioning to the point of sale whether a retail loan officer, loan broker, consumer or branch manager. The eligibility of a loan is tested and the individual loan attributes are used to determine the true price or rate/point combinations available to a consumer. The benefit of a PPE is that a lender can ensure that eligible loans are entering the transaction platform. The PPE is a separate component that may work interactively with the AUS to deliver both an underwritten result set and the pricing options to the point of sale (consumer, loan officer, broker or correspondent).

#### **Automated Underwriting Systems**

Access to investor or internal automated underwriting systems is an essential function of the transaction platform to provide decisions quickly to the consumer. The most effective firms use the automated underwriting function as a marketing tool to capture loan

transactions. Collaborative workflow is highly dependent upon the integration and investment in automated decisioning technology.

### **Web Services Architecture**

In order to connect to the wide array of service partners and technology providers that are involved in the mortgage origination process, it is important that the loan origination system has an open architecture which supports web services. Optimal efficiency is achieved when all internal and external participants in the mortgage lending process are connected through the transaction platform. Often, web services can be deployed to transfer loan data electronically eliminating duplicate data entry and costly data quality issues.

### **Workflow and Image Management**

Workflow is the heart of what makes collaborative workflow achieve its goals. The workflow tool can potentially sit on top of any loan origination system with an effective product and pricing, automated underwriting and web services architecture. Automated workflow must aim at creating an electronic business process where the number of human touch points for processors, underwriters and closers are minimized. Document imaging is an important element of the workflow in that it enables the manual file to become an interactive work file that contains the electronic images that can be reviewed without human interaction through a series of business rules or across the globe by a processor that is an expert in a particular work task.

## **Step Two: Organize the Process to Leverage Technology and Achieve Business Goals**

Once the technology platform is in place the next step is to clearly establish the business process steps to leverage the investment. The important principle, however, is not only to develop/deploy the right technology, but rather view technology as an investment to achieve a specific business goal/metric (cost per loan, channel profitability, customer satisfaction level).

The process should be mapped out for each loan from point of sale through loan closing. A keen eye will often reveal duplicative steps, significant wait times and bottlenecks. Careful attention should be directed to identifying business processes that can be done in parallel such as instantly ordering services without human interaction (title, flood, credit, fraud detection, appraisal, etc.).

The business process is modeled to meet the objectives of an organization. One clear objective may be to utilize all resources in the most effective manner. This may include a mix of staff employees, offshore or outsourced resources. Collaborative workflow provides the flexibility to allocate work to resources anywhere and anytime based on resource availability, work group skill set and level of task complexity. Lenders should evaluate and develop a business flow that establishes work queues for resources to effectively complete their assigned tasks. Some loan processes can be fully automated entirely such as electronic file image stipulation clearing while other processes

may still require human intervention. Business rules can be setup to handle virtually all normal situations and exception queues designed to provide an appropriate level of manual intervention. A healthy balance needs to be struck between exception management and automation to ensure that corporate profitability goals and customer service levels are met.

True automation is possible when resources work interactively within the technology framework to fulfill a loan. A review of process steps to organize and leverage technology to achieve the business goals of a mortgage lender are the following:

- Evaluate the current business process
- Develop interactive work queues
- Parallel task execution (appraisal, credit, title, flood and stipulation clearing)
- Exception management (use work queues and business rules to automate)
- Integrate onshore, offshore and in-house resources into work queues

### **Step Three: Measure, Monitor and Focus on Key Performance Metrics**

Collaborative workflow is the intersection of technology, people and business process to effectively deliver a service. Every step in the business flow needs to be managed, monitored and focused upon. Open partnerships that embrace both interactive technology and resources create the operational environment to leverage collaborative workflow and drive profitability, quality and ultimately the customer experience. Once the technology and process are in place, key performance metrics can be put into place to dynamically measure, monitor and ensure profitability goals and a positive customer experience.

#### **About the Author**

Jordan Brown is CEO of MarketWise Advisors, LLC which provides technology consulting and investment banking services to the mortgage industry.