THE MORTGAGE TECHNOLOGY REVOLUTION

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In a not-so-distant past, lenders were pushing paper around on carts, hoping their intern or temp staffer was properly classifying files, and wishing there was a better way. Crazy to think this was reality just before the turn of the century – with some riding far into the 2000s with this approach. Now, it's almost expected that our entire world be digital. Not just digital, but truly advanced in a way that supports even the industry's leading lenders' competitive goals. In our world, we call this "enterprise-grade" technology. The definition has changed throughout the ages; let'stravel through time to take a look back at enterprise-grade and what is required now to earn the title.

BY PAUL WETZEL

As early as the late 80s and early 90s, we started to see traction from Application Service Providers (ASPs) who would host custom applications on behalf of customers. At the time, customers understood that ASPs could offer improved efficiencies in hosting these applications, so that they could focus on subsets of their technology portfolio that were more difficult to outsource and those that were more critical to daily operations.

Still, with new technology, came skepticism, leading many financial institutions to insist on hosting their own proprietary solutions to maintain control and security. The dominant thinking over the subsequent 10-15 years among the largest financial institutions (including those in the mortgage industry) was that the benefits of having their own, in-house solution outweighed the benefits of ASPs.

However, during this period, something notable started to happen in smaller and more nimble organizations. They chose to embrace Software as a Service (SaaS), which is widely considered the successor to the ASP trend of 20+ years ago. Similar to ASP, the provider hosts the software, but under a pure product model: one version of the code for all customers.

The acceptance of SaaS trended as one would expect. Driven by the high visibility and success of Salesforce.com, organizations first used SaaS in non-mission-critical and non-sensitive applications like Customer Relationship Management tools. As customers with mixed technology portfolios experienced more and more success with SaaS, the contrast grew between this and the reality of the costs, risks, and distraction of maintaining and hosting their own applications, further accelerating the adoption of SaaS.

Fast-forward to today and SaaS is the new standard for all applications (even mission-critical) for all mortgage organizations (yes, including top-tier lenders!).

SaaS is only part of the answer, however. Top-tier lenders need the benefit of SaaS without giving up the flexibility and extensibility that they've come to expect with one-off solutions. This means that the solution must be highly configurable, allowing the lender to remain adaptive to changing business pressures and objectives – also known as enterprise-grade technology.

So what does enterprise-grade mean in 2016?

Compliant. Aside from all the expected, cross-industry benefits of SaaS, when applied to the US mortgage industry, the model gives customers assurance that they can remain compliant. Due to the frequency and breadth of regulatory changes, providers can only apply the changes to the latest release of the platform, and non-SaaS models make it far too easy to fall behind. PC-based software, multiplied by the hundreds or thousands, is a needless hurdle in this fight to stay current. Each version that is delayed increases the risk of non-compliance.

Current. When customers stay current on the latest release, they benefit from all the latest enhancements, not just those required for compliance. As lenders know better than anyone, every advantage in the mortgage market makes a difference. True enterprise-grade providers publish a release schedule, make training and documentation accessible, and are available at every step to make sure even the largest organizations can reach, and stay, in a cadence of change. Ask your current or potential platform provider for a list showing the number of active versions of their software and the number of customers on each version. If the list contains more than one active software version, it should be a big red flag that the provider lacks the processes and rigor to keep their customers current, and the next customer that falls behind at their peril may be you.

Scalable. If you are truly partnering with an enterprise-grade solution, your provider is likely growing their customer base at a quick pace. You shouldn't experience any growing pains, however, thanks to the provider's multiple tiers that scale quickly and efficiently, both out and up, as required.

Secure. With increased reliance on web-based solutions, providers that offer enterprise-grade technology stand above the rest by backing their solutions with global best practices and standards related to security.

Reliable. When designed properly, cloud technologies are the perfect building blocks for mission-critical solutions. Enterprise-grade technologies have maximum uptime to ensure users experience fast and reliable service. Multiple datacenters with independent backups are essential in order to guarantee uptime in case of server failure.

Integrated. For ease-of-use, lenders are seeking fewer integration points that are theirs to manage and control. An enterprise-grade system includes a combination of the needed third-party integrations and a wide range of web-based and API connectivity points that allow lenders to make the required connections to back-end systems.

Enterprise-grade technology, regardless of size and business model, reduces risk, provides configurability to avoid a one-size-fits-all approach, stays current with industry expectations, and is always available. When enterprise-grade technology is obtained, previous obstacles are removed. Removing obstacles empowers people and allows businesses to thrive. ❖

ABOUT THE AUTHOR
Paul Wetzel has led Product Development and Product Management activities through most of his 20 year enterprise software career – over the last 10 serving the Financial Services industry. In his current role, Paul manages both customer and industry requirements to drive product enhancements while also ensuring Mortgage Cadence leads the way in innovative loan origination technology. Through collaboration and partnership, Paul is committed to providing the last lending technology customers will ever need. Paul began his career with Accenture in software development where he rose to the level of Director, Business Development for an Accenture subsidiary. Before joining Mortgage Cadence in 2009, Paul spent several years with FICO in product marketing and corporate strategy roles. Paul graduated from the University of Minnesota with a B.S. in Mechanical Engineering and a B.A. in Political Science.