# STRATMOR GROUP

## In-Focus

## GETTING THE RIGHT TECHNOLOGY — PEER PERSPECTIVES OF THE TECHNOLOGY EXPERIENCE

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## INSIGHTS

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# GETTING THE RIGHT TECHNOLOGY — PEER PERSPECTIVES OF THE TECHNOLOGY EXPERIENCE

*By Insights with Nicole Yung*

**Two years ago, in 2015, STRATMOR released its first LOS Technology Insight Survey (TIS) with one primary goal: To deliver mortgage lenders with much needed, non-vendor-provided data on the many loan origination systems available in the mortgage marketplace.**

Hundreds of lenders answered our call and took the survey. Their LOS experiences — the good, the bad and the ugly — as summarized in our TIS report, quickly became the go-to reference by which a lender could get unvarnished peer views on the major commercial-off-the-shelf (COTS) LOS systems about market share, overall satisfaction, functional performance, implementation experience, etc.

STRATMOR is thrilled by the industry's reception of our LOS TIS, not only because so many lenders find it extremely useful in managing and procuring LOS technology, but also because it provides valuable feedback to mortgage technology providers. Many vendors are now keenly focused on ways to improve their system capabilities and streamline the implementation process. By opening the traditional sales curtain, lenders are better informed to make critical technology decisions. In truth, this survey did not make STRATMOR the most popular consulting firm among LOS vendors. But over time, most vendors have become TIS supporters. We stand committed, as do the technology providers, to creating healthy transparency and to providing opportunities to improve quality, functional capabilities of this critical technology and the overall user experience.

Building upon the success of the original 2015 LOS TIS, the 2016 survey extended the scope to include sections addressing third-party systems, e.g., pricing engines, doc prep systems, etc., that can be "bolted-onto" or integrated with a lender's LOS. In addition, the 2016 LOS TIS garnered lender perspectives on the scope and direction of future technology. 2017's version adds even more depth to this comprehensive analysis. STRATMOR includes new questions on Digital Mortgage adoption, channel specific technology solutions, degrees of customization and Net Promotor Scores to name a few new "top of mind" categories.

At STRATMOR, Senior Partner Nicole Yung manages all aspects of the TIS survey development and implementation, from preparing the survey questions (in conjunction with our technology, sales and operations consultants) to overseeing the hundreds of hours of data analysis that goes into the final survey report.

## Nicole Yung Talks About the LOS TIS

Because we regard the new survey as important to the industry, STRATMOR Insights asked Nicole to talk to us about this important survey and why every lender should participate.

*Insights:* How is this year's survey different from the previous two?

*Yung:* One significant difference is that the new survey includes a whole section of questions addressing lender adoption of Digital Mortgage (DM) technology. While there have been many significant advances in mortgage technology over the years, most of these advances were focused on improving lender processes and productivity, not on fundamentally changing the borrower's experience. But, as publicity surrounding Quicken's Rocket Mortgage and the Agencies' stated commitment to day-1 certainty attest to, DM may be a game changer that no lender can afford to ignore.

Another new section this year looks at which systems lenders use for which channel. Responses here will allow us to report LOS market share and usage information by channel. We're also asking lenders about the level of customization of their LOS to determine if lenders with more customized systems are more satisfied with their LOS. And we've also added a classic Net Promoter Score (NPS) question — "How likely are you to recommend your LOS to another lender." Finally, for lenders that are in-flight with an LOS implementation, there are questions that capture information about the system they are moving onto. One of the most important sections focuses on how effective is LOS at providing specific functionality. It is a very comprehensive list and gives a transparent view into the individual LOS.

Our overarching goal here is to make TIS a must-have resource for a lender no matter what stage the lender may be in with their LOS or other origination technology — whether they are procuring new technology, upgrading existing technology or assessing how effectively they are using their existing technology.

Secondarily, we want TIS to function as a vendor report card that provides LOS and third-party system vendors with unbiased feedback as to how their offerings — systems and support — are perceived by their customers. While virtually all mortgage technology vendors conduct customer satisfaction surveys, such "in-house" surveys do not benchmark one system versus another and therefore do not provide a vendor with a competitive perspective.
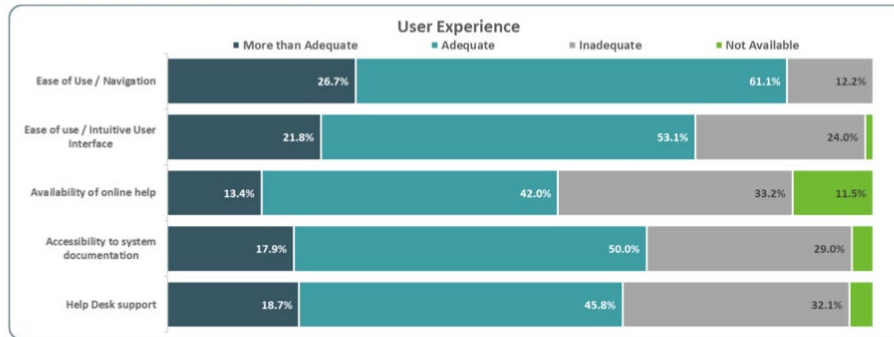
*Pictured above: a sample page from the 2016 TIS report.*

**Insights:** Nicole, why is the LOS Technology Insight Survey so important to the lender community?

**Yung:** Our industry is amid technological change that is fostering a new competitive paradigm -— the Digital Mortgage — which is driving how a consumer gets a mortgage and how a lender gets to the consumer. Our latest survey will gain additional insights into this paradigm.

Currently, many lenders think of Digital Mortgage primarily in terms of how they interact with the consumer — receiving or uploading borrower information and communicating with the borrower — from the point at which the borrower is a lead, through the application, processing, underwriting and finally closing processes.

While these aspects of Digital Mortgage are crucially important, our functional view of Digital Mortgage extends to how lenders use data to generate leads upstream of the application process. Further, getting repeat business from those borrowers whose loans the lender services is an important measure of the effectiveness of a lender's digital strategy.

In this context, at STRATMOR we view the TIS survey and report not so much as a product but as an essential industry utility. STRATMOR believes that those lenders expecting transparency of information to drive technology purchase decisions have a responsibility to themselves and to the industry to

participate in TIS, just like good citizenship demands that every eligible voter exercises their right to vote.

Vendors, too, have an important stake in a successful TIS; and because they know this, they are paying attention. Vendors want to improve their systems and meet their lender customers' needs.

**Insights:** What are the specific tangible benefits for lenders who take the survey?

**Yung:** This is a real opportunity for lenders to let LOS vendors know what you think about their product. By sharing these experiences, each participant is contributing to the larger conversation within the industry on how the LOSs performs and are they meeting the functionality needs of the lenders.

Also, this is vendor-to-vendor, system-to-system comparative research that an individual lender could not put together on their own. To make it meaningful, we report in great depth, which takes a lot of time and effort — time that most lenders don't have to gather this type of comprehensive and actionable information.

Another very tangible benefit of taking the survey is that every lender who participates receives a high-level overview of market share findings, future technology perspectives and a Digital summary at no cost. Also, lenders who have taken the survey and want detailed information can purchase the full report at a discounted price.

*Sample questions from the 2017 TIS survey.*

**Insights:** How much time will it take me to complete the survey?

**Yung:** Most lenders tell us that, on average, it takes them 30 minutes to go through the survey in a thoughtful way. It takes some time to complete, but it is time well spent and the mortgage industry benefits from each participant's feedback. In short, it's well worth the effort.

**Insights:** What would you say to the lender who took the survey two years ago, or even last year, and is thinking of skipping this year?

**Yung:** Don't pass up this opportunity to give your lender peers and vendors feedback on your most recent LOS experiences. Remember, satisfaction is not a static measure. The experiences of a year ago, in our constantly evolving mortgage environment, are likely not the same as what you are experiencing today.

Keep in mind that systems have likely had new releases, introduced new features, added changes reflecting new regulations and new rules — we need to know what lenders think about their systems now. And with more repeat survey takers, we can make better overall comparisons and, more importantly, track the improvements in various systems and vendors.

**Insights:** If you could tell all lenders one thing about why they should take the Technology Insight Survey, what would it be?

Yung: Very simply, you owe it to yourself and the industry to participate in this survey.

**Insights:** How do I sign up for the survey?

**Yung:** For more information about STRATMOR's 2017 Technology Insight Survey (TIS), contact the TIS program at TechnologyInsight@stratmorgroup.com or contact me, Nicole.yung@stratmorgroup.com, to answer questions on or help you with the survey.

## PARTICIPATE IN THE SURVEY NOW

If you are interested in participating in STRATMOR's Technology Insight Survey (TIS),  click here or contact Sr. Partner Nicole Yung at nicole.yung@stratmorgroup.com. ▪