Choose Your Systems Systematically

Three steps can help you meet your goals when choosing a decision-support system for your company

By **Peter Fugaro,** president, Prymak LLC

Mortgage brokers struggle daily with trying to work with worn-out decision-support systems. Sure, when the point-of-sale system and other decision-support tools were new, they hummed along. Over time, however, they bog down to the point where it seems as though they are held together with paper clips, string and tape. Brokers face a decision-support gridlock — the problems caused by slow processing and rework, as well as the lost revenue that comes with both.

When purchasing technology solutions, however, brokers and lenders also are often surprised to receive something they didn't expect. Ultimately, they usually need a better process to describe what they are thinking.

Further, brokers usually do not have the experience or the staff to make major technology purchasing decisions themselves. And purchasing these systems — and all the interfaces that make them work — is indeed a major investment.

There is a systematic, three-step process brokers can use to help them select the technology they need. It helps ensure that they control the selection process from start to finish without the hassles and confusion that come with the sales process.

Unlike the usual way of doing business, which typically favors vendors, following these steps lets brokers take charge of the selection process. The vendor choice does not come by chance or via a bidding war. Instead, it is based on a formal, objective process tailored to each broker's requirements.

Although the process can be time-consuming, brokers should consider it a kind of insurance policy for their return on investment (ROI). Investing the time in the following three steps now can help ensure a strong ROI down the road.

1. Determine the company's business requirements. This is harder than it sounds because it involves detailing each step in the loan-origination and application process. Most vendors use a one-size-fits-all approach.

Detailing these steps involves a flowchart customized to the way each broker does business. For example, one chart might show how the broker uses third-party automated underwriting systems, such as Freddie Mac's Loan Prospector and Fannie Mae's Desktop Underwriter.

The best way to accomplish this first step is to develop a formal way to capture detailed information about the company's approach to business. Initially, a process flow chart will probably suffice. Write down each step in each work process, and detail inputs and outputs for each step. Note what steps within each process depend on technology — i.e., the use of point-of-sale systems — and chart the different aspects of this interaction.

This step should show how the business actually runs, in addition to opportunities for improvement. This is the gap between what is and what could be if the company could find and implement the best solution.

2. Analyze the gap. Conducting a thorough evaluation of what is and isn't working with the current decision-support system is important to formalizing the selection process for a new point-of-sale-system vendor. This evaluation must include an objective assessment of specific market challenges or of all external forces that the company faces in the market.

Along with the identified gaps, the process should produce a list of the features and benefits that the decision-support tool must deliver. Consider, for example, what it would mean to improve communications with your customers through point-of-sale Web sites and third-party lead-generation Web services.

The next part of the process involves calculating the ROI — or what will be saved when things work properly and what will be gained from the additional functionality of the new system. It is important to be prepared to put a dollar figure on each feature or benefit that it is missing, as well as to identify what it costs the company when things do not work.

The key question is: What would be the value to the company if everything was done right the first time and every time?

This certainly is challenging to pin down. But quantifying the value of all the assets involved in fixing problems helps bring the cost of a new point-of-sale system into context. A point-of-sale system is a major investment. But if it will help bridge these gaps and eliminate the costs associated with fixing problems, then its worth is measurable.

3. Develop a request for proposal (RFP). With the data collected and analyzed, it should be relatively easy to develop a detailed RFP. This is the "breakthrough" step because a company can provide point-of-sale-system vendors with an RFP that has no gray areas. Either the vendors can meet each specification documented in the RFP, or they cannot.

This places brokers squarely in the driver's seat. They can control the selection process by structuring the RFP to pre-empt canned presentations and force vendors to demonstrate how their solutions meet performance expectations.

With this step-by-step approach, brokers can put themselves in charge. They can compare vendors using an objective set of criteria, which they have developed based on a thorough analysis of their company's needs and goals.

The process of choosing a decision-support tool need not be a guessing-game or a gamble based on multiple choices. Moreover — and just as important — in the end, the selected system will be the right fit for their company.

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Reprinted From *Scotsman Guide* Residential Edition and scotsmanguide.com, March 2007