The big
switch

A guide to changing your mortgage
sales and originations software

iress

Introduction

So you're thinking about investing in new or replacement mortgage sales and originations technology. Like many lenders, you might be faced with the prospect of replacing systems or practices that you've used for many years.

In this guide, we'll take you through the main things to consider when selecting a mortgage sales and originations platform (which may be made up of several complementary solutions) to help you start the right conversations and make an informed decision.

Put the 'why' before the 'what'

Before you even begin to assess the technology and options available, here are our top tips for approaching the change ahead.

Be clear about your objectives

The first step is to determine why you want to switch to a different system or implement one for the first time. One of the first steps is to record all the outcomes deemed as essential to your business. This is critical to ensure a smooth transition and for achieving success. If you do not record the expected outcomes, how do you measure your success?

Consider how you will approach the change - do you want a 'big bang' change, or would you prefer a staged roll-out? For lenders with little or no existing technology, a big bang may be acceptable. However, a staged or phased implementation can offer significant benefits.

Your best approach will depend on your team structure, architecture, business focus, and risk appetite - all things that your technology partner should discuss with you.

Where to start

Be
pragmatic

There are a few golden rules to consider when mapping out your requirements.

Don't gild the lily

Adding unnecessary capabilities (i.e. ones you may never use) or trying to refine a feature to be an exact match to what you do today is a recipe for an expensive and elongated process with increased risk of failure. Instead, look at what the software provider offers and consider how you can adapt your process to maximise the standard features of the software.

Be honest with yourself

it's easy to be 'sold' on shiny features that may not benefit your business. When considering each of your needs, take a long hard look and classify them as either:

- Things you do today and therefore need

- Things you know you will need, such as entering a new lending segment

- Things that would be nice but can be added at a later stage

- Things that you don't need

Assess whether the benefit will outweigh the cost

Don't get hung up on things you would like that, in reality, cost more than the benefit they deliver.

Check whether you have the capability in house

Delivering a transformation project of this magnitude requires time and resources. It's easy to convince yourself that you can 'make do' with your existing resources, taking them away from their BAU activities. In reality, this is hard, particularly for smaller lenders. You should consider:

- Leaning more on your technology provider to support you through implementation, especially if you have never undertaken a project of this magnitude before or don't have the requisite skills or experience. Your technology partner should be experts in delivering their solutions. They have done it many times before.

- Taking on skilled contractor staff to support key aspects of your program. Be aware, however, that although this will help, it typically means taking on a full-time resource (or resources) you may only need for part of the time.

- Ask your technology provider if they have worked with system integrators that understand the solution and the sector (most technology providers should have this experience). The support of a trusted third party can improve the chances of a successful implementation, reducing risk and overall cost.

Consider whether you are future-proofing your business

Look for open architecture solutions, i.e. those with APIs that provide future extensibility should you want to integrate to other systems over time. Always remember this is a long term investment you're making.

What to look for

Buyer's
checklist

Over the following pages, we've provided a handy checklist covering the key functional and non-functional aspects you'll want to consider when assessing a new mortgage sales and originations system. This list is not exhaustive and is intended to give you key areas for consideration. You may find sections that do not apply to you, and there may be other areas that you wish to add.

Whether you are considering a bespoke or 'out of the box' solution, having the opportunity to configure a mortgage sales and origination system to meet the way you work will mean you get more value from your investment.

When considering each of the required features, do so based on what your business needs now and in the short term future (i.e. where you have known intent to grow into a new area). Avoid trying to squeeze a wish list of features into a solution. Otherwise, you'll potentially end up paying for features you will not use, and the cost to implement will likely increase with little or no reciprocal benefit.

Branding and distribution

Branding

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Single brand Your business only operates under a single brand.	☐	☐	☐	☐
Multiple brands Your business is represented by more than one brand in the market..	☐	☐	☐	☐

Distribution channels

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Digital (Direct to Consumer) You offer direct to consumer execution-only services. Via the internet and/or an app.	☐	☐	☐	☐
Direct - Branch You distribute your mortgage products through your advisers within your branches.	☐	☐	☐	☐
Direct - Telephony You distribute your mortgage products through your advisers via the telephone.	☐	☐	☐	☐
Intermediary You distribute your mortgage products through the intermediary market.	☐	☐	☐	☐

Sales journeys

Digital (Direct to Consumer)

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Buy to Let Purchase	☐	☐	☐	☐
Buy to Let Rate Switch	☐	☐	☐	☐
Buy to Let Remortgage	☐	☐	☐	☐
Residential Purchase	☐	☐	☐	☐
Residential Rate Switch	☐	☐	☐	☐
Residential Remortgage	☐	☐	☐	☐

Direct - Branch - Purchase

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Buy to Let Purchase	☐	☐	☐	☐
Buy to Let Purchase with Porting	☐	☐	☐	☐
Residential Purchase	☐	☐	☐	☐
Residential Purchase with Porting	☐	☐	☐	☐

Direct - Branch - Remortgage

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Buy to Let Remortgage with or without additional borrowing	☐	☐	☐	☐
Residential Remortgage with or without additional borrowing	☐	☐	☐	☐

Direct - Branch

Direct - Branch - Mortgage Variation

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Buy to Let Rate Switch with the option to change the term and/or repayment basis	☐	☐	☐	☐
Residential Rate Switch with the option to change the term	☐	☐	☐	☐

Direct - Branch - Additional Borrowing

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Buy to Let Additional borrowing	☐	☐	☐	☐
Residential Additional borrowing	☐	☐	☐	☐

Direct - Telephony - Purchase

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Buy to Let Purchase	☐	☐	☐	☐
Buy to Let Purchase with Porting	☐	☐	☐	☐
Residential Purchase	☐	☐	☐	☐
Residential Purchase with Porting	☐	☐	☐	☐

Direct - Telephony - Remortgage

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Buy to Let Remortgage with or without additional borrowing	☐	☐	☐	☐
Residential Remortgage with or without additional borrowing	☐	☐	☐	☐

Direct - Telephony - Mortgage Variation

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Buy to Let Rate Switch with the option to change the term and/or repayment basis	☐	☐	☐	☐
Residential Rate Switch with the option to change the term and/or repayment basis	☐	☐	☐	☐

Direct - Telephony - Additional Borrowing

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Buy to Let Additional Borrowing	☐	☐	☐	☐
Residential Additional Borrowing	☐	☐	☐	☐

Intermediary - Purchase

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Buy to Let Purchase	☐	☐	☐	☐
Buy to Let Purchase with Porting	☐	☐	☐	☐
Residential Purchase	☐	☐	☐	☐
Residential Purchase with Porting	☐	☐	☐	☐

Intermediary - Remortgage

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Buy to Let Remortgage with or without additional borrowing	☐	☐	☐	☐
Residential Remortgage with or without additional borrowing	☐	☐	☐	☐

Intermediary

Intermediary - Mortgage Variation

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Buy to Let Rate Switch with the option to change the term and/or repayment basis	☐	☐	☐	☐
Residential Rate Switch with the option to change the term and/or repayment basis	☐	☐	☐	☐

Intermediary - Additional Borrowing

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Buy to Let Additional Borrowing	☐	☐	☐	☐
Residential Additional Borrowing	☐	☐	☐	☐

Sales channel features

This section covers the high-level features you may want as part of the sales channel functionality for both the intermediary and direct advised sales channels.

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Advice & Recommendations Ability to record the advice given and the rationale for that advice (not for intermediary channel).	☐	☐	☐	☐
Borrower Needs & Circumstances Ability to record the borrowers stated needs and their circumstances upon which the advice will be based (not for intermediary channel).	☐	☐	☐	☐
Broker Registration and update Ability for brokers to self-register and maintain their details, along with their firms, payment routes and firm administrators.	☐	☐	☐	☐
Calculators Small tools to assist with the calculation and illustrations of different mortgage options..	☐	☐	☐	☐
Case recall and resubmit Ability to recall a case from the underwriting process and to be able to update that case before resubmitting, such as when a property falls through or other change in the client's circumstances.	☐	☐	☐	☐
Case status summary High-level summary of a specific case's status and any required actions.	☐	☐	☐	☐

Sales channel features

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Case tracking Audit trail of the case history and key business events.	☐	☐	☐	☐
Dashboard High-level summary of all cases in progress with the lender.	☐	☐	☐	☐
Decision In Principle Ability to perform a decision in principle against a case.	☐	☐	☐	☐
Document Library Access to retrieve documents uploaded or created during the sales and underwriting process.	☐	☐	☐	☐
Document upload Ability to scan and attach documents during the sales process, such as requested proofs.	☐	☐	☐	☐
Full Mortgage Application Ability to submit a complete mortgage application to the lender.	☐	☐	☐	☐
Product Illustrations The ability to select one or more product parts and generate ESIS compliant illustrations to support the advice process..	☐	☐	☐	☐
Suitability Report Generation Ability to produce a suitability report for the client(s) detailing the facts, advice and reasons for the recommendation (not for intermediary channel).	☐	☐	☐	☐

Back-office features

This section covers high-level features that you may want as part of the back-office functionality.

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Automated Decision in Principle Ability to assess and automate the decision in principle process, with manual intervention for cases that sit outside of your pre-defined rules.	☐	☐	☐	☐
Automated Underwriting Ability to automate elements (or all) of the underwriting process to remove manual overhead and deliver efficiencies to the end to end underwriting process.	☐	☐	☐	☐
Broker Management Panel management functionality to allow a broker to register and for the lender to have oversight management of broker accounts.	☐	☐	☐	☐
Case status summary High-level summary of a specific case's status and any required actions.	☐	☐	☐	☐
Case tracking Audit trail of the case history and key business events.	☐	☐	☐	☐
Certificate of Title Ability to receive and assess the certificate of title either manually or automatically, depending on the available integrations.	☐	☐	☐	☐
Conveyancer Selection and allocation of conveyancer with instruction either manually or automatically depending on the available integrations.	☐	☐	☐	☐
Dashboard High-level summary of all cases in progress.	☐	☐	☐	☐

Back-office features

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Document Library Access to retrieve documents uploaded or created during the sales and underwriting process.	☐	☐	☐	☐
Document upload Ability to scan and attach documents during the sales process, such as requested proofs or Certificate of Title (where there is not an integrated option).	☐	☐	☐	☐
Manual Underwriting Ability for users to review a case and make decisions against the case data as part of the underwriting process.	☐	☐	☐	☐
Mortgage Product Management Tools to allow a business user to create, launch and withdraw mortgage products to the market through the supported sales channels.	☐	☐	☐	☐
Reporting Built-in reporting to allow a business user to report on operational activity within the systems.	☐	☐	☐	☐
System configuration Tools to allow a business user to perform configuration of business features of the system for those items of change that occur regularly.	☐	☐	☐	☐
User Management The ability for a business user to add or remove internal users to the system.	☐	☐	☐	☐
Valuations Ability to request and receive valuations, manually or automatically and of varying types (Automated through to Physical) depending on the available integrations.	☐	☐	☐	☐
Work Queue Management Built-in reporting and administration of the work queue within the system to provide workload insight and the ability to reallocate workloads.	☐	☐	☐	☐

Lending segments and schemes

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Bridging Loans	☐	☐	☐	☐
Consumer Buy to Let	☐	☐	☐	☐
Equity Release	☐	☐	☐	☐
Equity Share	☐	☐	☐	☐
Help to Buy	☐	☐	☐	☐
Equity Share	☐	☐	☐	☐
Holiday Let	☐	☐	☐	☐
Houses in Multiple Occupation	☐	☐	☐	☐
Income in a Foreign Currency	☐	☐	☐	☐
Joint Borrower Sole Proprietor	☐	☐	☐	☐
Lending into Retirement	☐	☐	☐	☐
Limited Company Buy to Let	☐	☐	☐	☐
New Build	☐	☐	☐	☐
Portfolio Landlord	☐	☐	☐	☐

Lending segments and schemes

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Purchase from Family Member	☐	☐	☐	☐
Retentions	☐	☐	☐	☐
Retirement Interest Only	☐	☐	☐	☐
Right to Buy	☐	☐	☐	☐
Second Charge Lending	☐	☐	☐	☐
Self Build	☐	☐	☐	☐
Standard	☐	☐	☐	☐

Product incentives

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Cashback as an amount or percentage	☐	☐	☐	☐
Free Legals or Fees Assisted	☐	☐	☐	☐
Free Valuations	☐	☐	☐	☐
Overpayment Percentages	☐	☐	☐	☐
Payment Holiday	☐	☐	☐	☐
Portable	☐	☐	☐	☐

Integrations

This section considers the integration services that will enhance the journeys (but are not essential) and the processes you want to execute through the platform.

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Address Lookup To facilitate lookup of UK addresses based on postcode and optionally house name/number.	☐	☐	☐	☐
Automated Valuation Model (AVM) Integration to an AVM provider to obtain a real-time property valuation.	☐	☐	☐	☐
Bank Account Validation Integration to an external system to validate the bank account details entered.	☐	☐	☐	☐
Broker Panel Import The facility to import an existing broker panel into your new system to avoid the need for existing brokers to have to re-register.	☐	☐	☐	☐
Card Payments To take payment for fees in both the Intermediary and Originations systems. To enable fees to be automatically refunded when determined necessary by the mortgage sales and originations system.	☐	☐	☐	☐
Certificate of Title Submission The electronic submission of certificate of title data into the mortgage sales and originations system from an external system.	☐	☐	☐	☐
Conveyancing To facilitate searching the lender's panel of conveyancers and sending details of new cases to the conveyancing system, along with status updates and offer documents.	☐	☐	☐	☐

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
CRM Customer Authentication and Retrieval - Integration to a CRM system to authenticate and retrieve details of existing customers.	☐	☐	☐	☐
Decisioning Integration to a decisioning platform to perform assessment of affordability and credit status. Receipt of affordability data, policy codes and document proof requirements.	☐	☐	☐	☐
Document Central Print Integration to an external system to print and dispatch documents (e.g. offer pack).	☐	☐	☐	☐
Document Secondary Storage To facilitate the storage of documents outside of the mortgage sales and originations system database.	☐	☐	☐	☐
Fraud Integration to an external system to perform financial crime checks against the application data provided.	☐	☐	☐	☐
Physical Valuation Instruction Integration to an external system to instruct a physical valuation to be carried out.	☐	☐	☐	☐
Physical Valuation Updates & Submission The electronic submission of progress updates and/or physical valuation report data into the mortgage sales and originations system from an external system.	☐	☐	☐	☐
Product Import/Export The facility to export mortgage products to your servicing platform or import mortgage products from the servicing platform.	☐	☐	☐	☐

Integrations

Feature	Not applicable	Current capability	Desired capability	Supported by the system being considered
Release of Funds Integration to an external system to perform the initial release of funds..	☐	☐	☐	☐
Servicing - Existing Business Account Retrieval To facilitate the retrieval of existing mortgage accounts from the servicing system to perform existing business transactions in the mortgage sales and originations system.	☐	☐	☐	☐
Servicing - Existing Business Account Upload To facilitate the amendment of an existing mortgage account in the servicing system following an existing business transaction in the mortgage sales and originations system.	☐	☐	☐	☐
Servicing - New Business Account Upload To facilitate the creation of the new mortgage account in the servicing system.	☐	☐	☐	☐

How to do it

Implementing and
running your system

Congratulations! You now know the shape of the solution that will be required to meet your needs.

The next step is to consider how you'll deliver your requirements. Do you:

A - Build your own solution (in-house or through a third party developer)

B - Buy discrete solutions for different parts of the process and 'wire them' together

C - Buy a single solution that covers your needs

Let's look at these approaches in more detail.

Option A - Build your own solution

Building your own software is a significant investment but provides the potential to deliver a solution that does what you want it to without compromise. You will have complete control over the features.

The downside? You'll carry the cost for the entire lifecycle - design, development, testing, ongoing support, maintenance, deployments and regulatory changes. You'll also carry all of the risk and need a dedicated team of analysts, developers and testers with a range of skills to deliver it.

Once live, you'll need to maintain a team to continue to support the solution into the future. Watch the costs and timescales for self-built solutions as they can increase significantly and spiral out of control without strong management. If you opt to employ a third party to build the software on your behalf, you'll also have to maintain their services for ongoing support and maintenance of the delivered software.

Consider whether your needs are so different from other lenders - is a bespoke build necessary?

How to do it

Option B - Buy discrete solutions

Another approach is to buy discrete software packages to solve specific needs for each part of the sales and originations system. Each discrete application may solve a subset of your needs but often introduces another set of challenges to the business.

Each solution will invariably need to talk to other solutions within your process. So watch out for additional costs and intersystem frictions or manual effort for continuous rekeying between each solution when trying to integrate. Typically you will be applying similar configurations and integrations to third-party services in multiple solutions for your end-to-end journey, often resulting in duplication of effort and risk of discrepancies between configurations across solutions.

Buying a proven solution is lower risk and faster than building it but gives you less control over the features. The vendor takes on the support and maintenance risk, but the cost is typically shared among the vendors' entire client base.

Also, be aware that, in addition to the technical complexities, you'll have the overhead of multiple contracts, negotiations, systems and integrations to maintain, which can end up more costly than buying into a more fully rounded platform in the first place. Don't assume that you have to buy an entire platform. The vendors may well be able to implement it in a phased manner, simply adding more features to support other business areas over time, but based on a single integrated solution.

Option C - Buy a single solution

Buying a single solution has many of the benefits of buying discrete solutions with none of the downsides. For a start, you're dealing with a single provider and, therefore, a single set of negotiations, contracts and costs. But buying a complete solution also resolves the issues of inconsistency in processes and duplication of effort. A well-designed solution should work out of the box with configuration only needed once across all its functionality. This means a more straightforward implementation and proven capability (unless you are an early adopter of their technology) to deliver proven end-to-end benefits.

Be mindful that the single solution will still need to integrate with third-party systems (e.g. Decisioning) as well as other parts of your technology estate. Hence, it's important to evaluate the benefit versus cost of these integrations carefully. For example, uploading application data from your sales and originations platform into your core banking/servicing platform is desirable. However, if you are completing only a few cases a day, the cost of this would outweigh the benefit. Therefore it should be an area where a simple rekey might be an acceptable compromise, allowing you to invest in other areas of the solution that provide a greater return. Make sure you understand what third-party systems the technology partner has already integrated as part of their overall offering. Using well-proven integrations will reduce the implementation time and reduce the overall programme risk.

Implementation
approach

Whichever route you take to deliver your desired solution, you do not need to deliver everything in one hit. Focusing on the areas that will deliver the biggest benefits first and implementing in a phased manner will ensure you see a return on your investment sooner. Think Pareto efficiency, '80% benefits from 20% of the effort'.

For instance, low-volume product areas might not justify the need for functionality built or configured for them but can be handled with an off-system manual process.

There will always be things you can consider at an additional phase later once you've started to get the benefits from the new system.

Once you
are live

Thinking beyond the implementation, you'll want to know how things will operate once you're live. For instance, you might want to make changes to your system's configuration to allow you to react to market trends and demands. It's important to be in control of such changes. You don't want to be ready to respond to a market opportunity only to find that your vendor has a three- month backlog.

Questions to ask your technology partner

- Does the solution allow you to make these sort of changes yourself, without involving them?

- Where you need their support for changes to your system, can they do so cost-effectively and on time?

Practical things to consider

Hosting

Many options are available for hosting your solution, but the cloud should be high on your list. Cloud hosting is considerably more cost-effective, more resilient, faster to manage and more flexible than the more traditional alternatives.

The main options to consider are:

On premises - self-hosting

You will have complete responsibility for the hardware, software and connectivity. You will also have responsibility for the deployment, support, and maintenance of the system and managing your disaster recovery options. This is not a small undertaking and will require significant resource allocation and a commitment to monitor and maintain the systems for your user community and ensure you remain current in your understanding of the solution and its technology.

Traditional data centre - self-hosted

While some of the infrastructure support may be undertaken by the data centre, you may have the ability to use their capabilities to offer services such as backup and disaster recovery. You will still have the majority of the responsibility for deployment, maintenance and monitoring of the system and ensuring its availability.

Cloud - self-hosted

A more responsive and flexible solution compared to the other options. You still need to retain the expertise to deploy, run, and manage the solution and implement appropriate disaster recovery solutions.

Data centre - provider-hosted

The provider is responsible for managing and running your system, including the majority of the routine monitoring, maintenance, connectivity, and availability activities. Typically the cost of hosting is shared across the provider's hosted client base. As the expert in their solution, the provider will retain and have fast access to specialist resources to investigate and resolve any issues.

Cloud - provider-hosted

Has all the benefits of the provider hosted data centre but in a more agile and flexible environment. Cloud-hosted solutions are generally more cost-effective and quicker, and easier to scale and respond to business demands. They also offer improved resilience and redundancy compared to all of the other options.

Perform better
every day

Like any significant change, moving to a new mortgage sales and originations system is a daunting prospect. But swapping out your tired, old legacy system to one that's better suited to your vision and the way you want to work will significantly improve your business' performance every day. We hope this guide has helped you step closer to making that a reality.

For a faster mortgage process that's better at every stage, talk to Iress.

iress.com/the-big-switch