



IMAGINE
SOLUTIONS®

| The ECM Specialists™

Reinventing Lending LoanFlow™

Built on IBM Case Manager

Agenda

- Lending Industry Situation Analysis
- Using Electronic Content Management (ECM) to address the challenges
- Imagine Solutions' LoanFlow™
- Key Thoughts Moving Forward

Key Lending Industry Trends – Cost per Loan

“..... total production operating expenses per loan remained a challenge, rising to **\$7,195 per loan** in the first quarter of 2015, from \$7,000 per loan in the fourth quarter of 2014.” Mortgage Banker’s Association

Expenses are going the wrong direction, especially for lenders that are still operating with paper-based processes or using multiple systems for business-critical functions, such as loan origination.



Key Lending Industry Trends – Days to Close



The average time it takes to close a mortgage loan cannot seem to break through the 42 day barrier. Why not?

Key Lending Industry Trends – Competitive Lenders

“..... Lending Club raised more than \$870 million from its initial public stock offering” – Bloomberg..... **more consumers are realizing that getting a loan doesn't necessarily mean going to a bank or credit union**

Competitive non-bank lenders are now leveraging years of automation investments to aggressively enter the traditional commercial lending market.



Inefficiency Comes with a Cost

Challenges	Cost Per Loan	Cycle Time Per Loan	Compliance Issue
Physical file travels from desk to desk	\$132	1-2 days	Yes
Document Exceptions	\$58	2 days avg.	Yes
Work Tracking via Manual Mechanisms	\$27	1 hour	
Manual Checklists	\$54	.5 hour	
Poor SLA Monitoring			Yes

Definitions

- The following solution is based on the ECM stack, including Case Manager at it's core
- Technology Definitions:
 - **ECM** – Enterprise Content Management (ECM) is the strategies, methods and tools used to capture, manage, store, preserve, and deliver content and documents related to organizational processes (AIIM)
 - **ECM Stack** – The ECM stack includes all of the component technologies that make up the Electronic Content Management system and includes functions to capture, transform, deliver and govern content in context
 - **Case Management** – As a component within the ECM Stack, a case management solution requires knowledge workers to coordinate structured and unstructured content, tasks, processes, people and services to achieve a positive business outcome

ECM Practices Shaping Lending Solutions

- Stop waiting for the future!
 - Drive greater value from the tools you have today
- Improve quality to drive efficiency
 - 1% error reduction can equal 10% efficiency gain
- Empower your knowledge workers
 - They are where business happens
- Enable a more self-directed customer experience
 - Help customers engage you under their own terms



Loan Origination and ECM

Loan origination and servicing are essentially a series of ECM and Case Management applications...



New application and account opening



Information request, receipt, and validation



Information analysis and review by multiple parties



Expert decisioning



Status monitoring and reporting



Ongoing customer interaction and information updates



Exception handling



Compliance tracking and reporting

Standard ECM Capabilities can Solve Many of the Most Common Inefficiencies in Loan Origination

Problem

Paper checklists

Physical document file folders

- “Shadow,” unauthorized copies
- Poor document access control
- Single-threaded processes
- Redundant information requests
- Handling cost and time delay

Absence of process monitoring

- SLA tracking
- Status reporting

Solution

Distributed Capture

Workflow

Case Management

Repository & Virtual File

Stop Waiting for the Future!

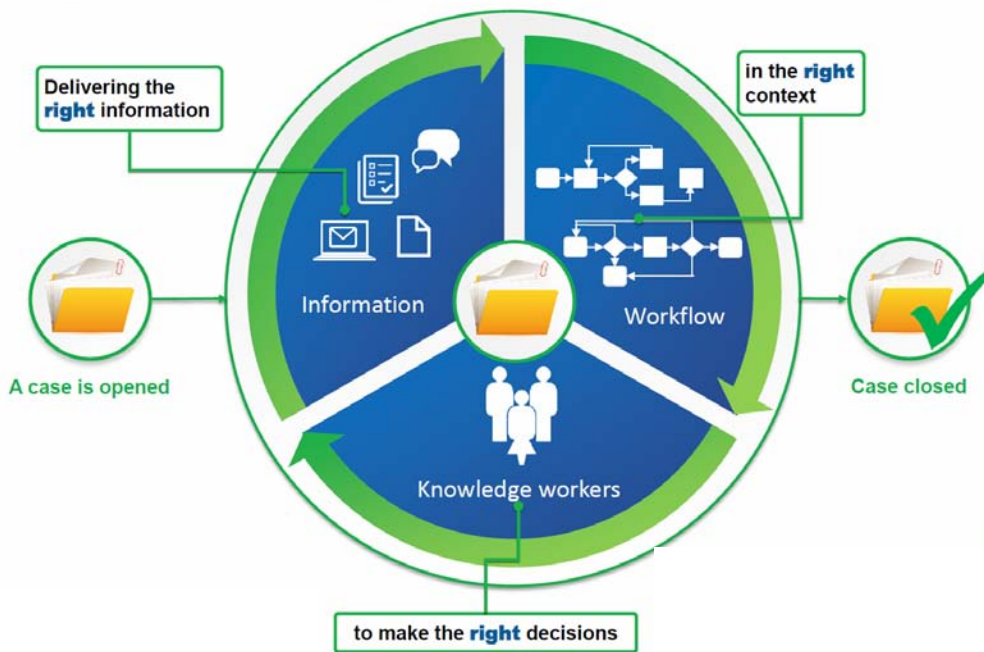
LoanFlow™

- Comprehensive content and case management solution that addresses the end-to-end commercial lending processes
- The solution moves the capture of documents to the front of the lending process, removing days from the process
- Leverages electronic routing of documents, rather than the physical routing of paper, within and between processes
- 360 degree view of information and processes – historical, real-time and predictive
- Consolidated collateral and exceptions tracking allows for consistent tracking of loan practices regardless of the loan accounting system

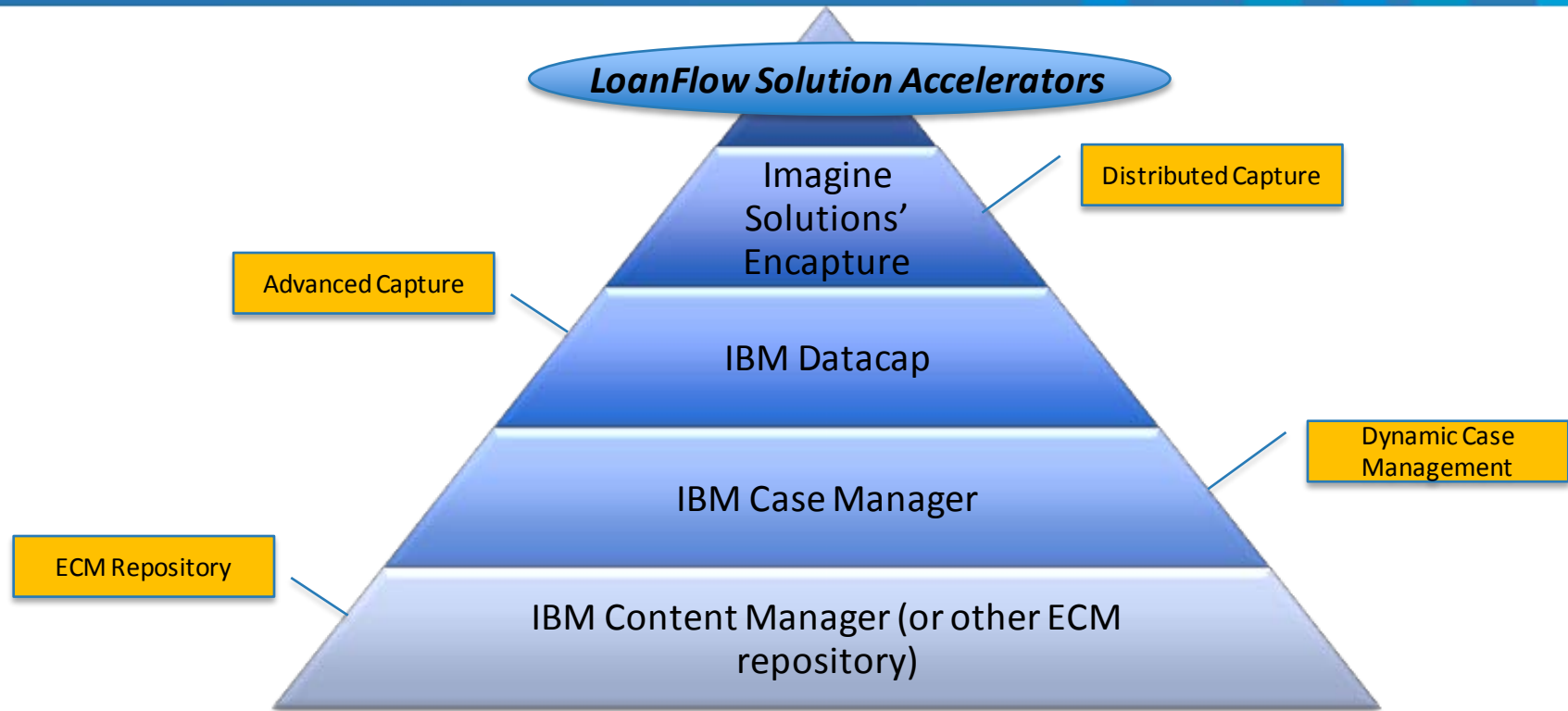
LoanFlow™ based on IBM Case Manager

- Imagine Solutions' lending automation solution based on **IBM Case Manager** and the IBM ECM Stack
- Uses **Case Manager** to provide a 360 degree view for better decision making
- Includes unique **LoanFlow** Features:
 - Virtual File Folder
 - Lending Portal
 - Checklist
 - and more...

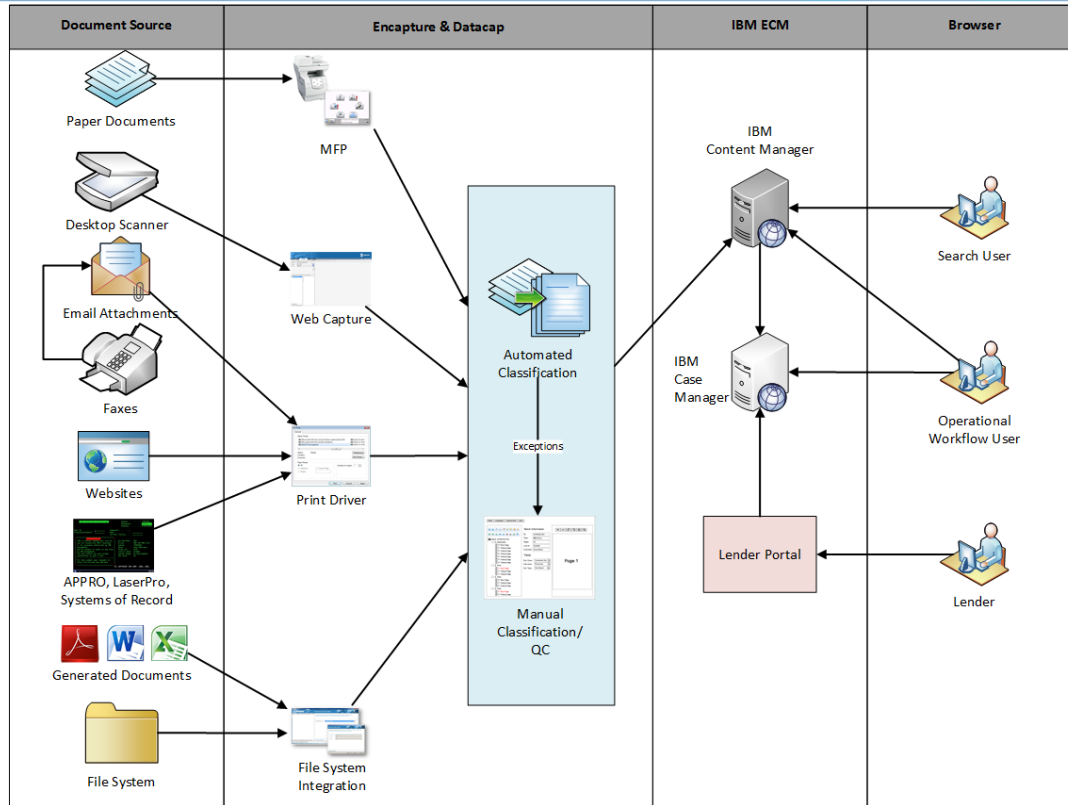
Giving knowledge workers the flexibility they need to make expert decisions, driving better business outcomes



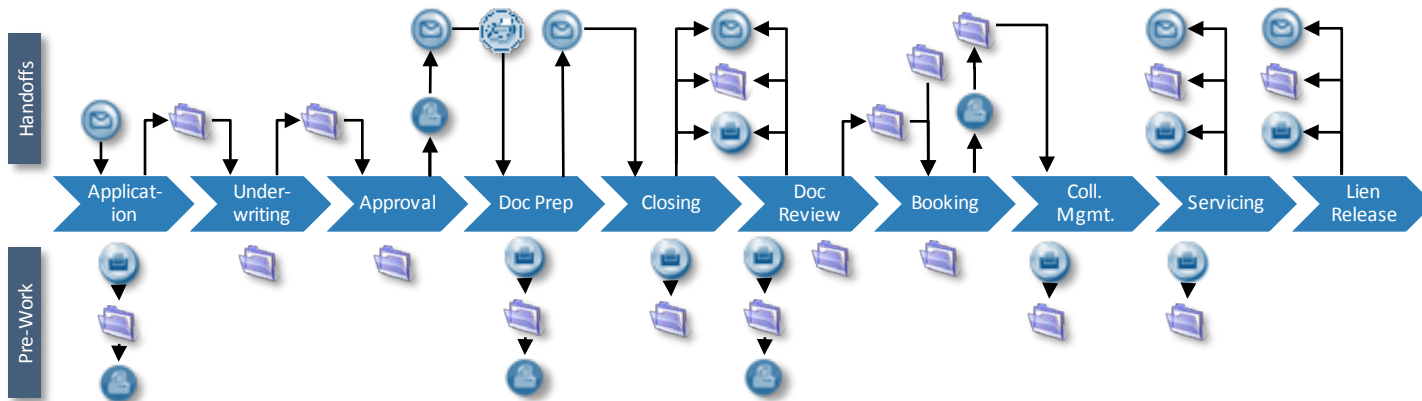
LoanFlow – Built on the IBM ECM Stack



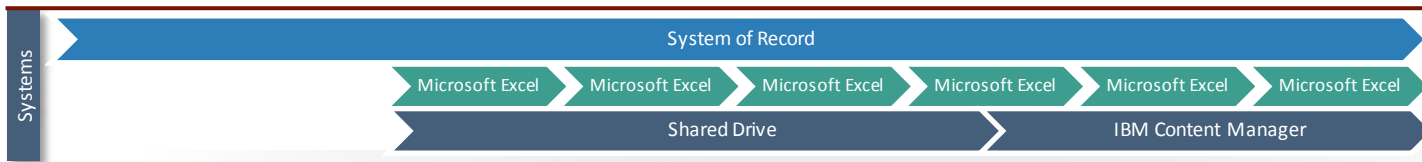
LoanFlow Architectural Overview



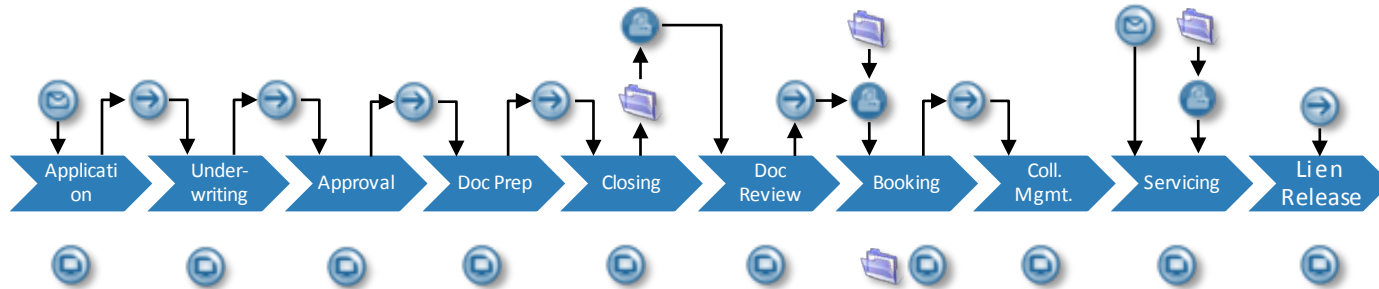
Process Overview – Typical Lending Environment



- Observations**
- Knowledge resides with the staff, not the processes
 - Lack of process visibility causes task disruptions
 - Redundant QC/reviews at every major process
 - Current imaging adds days to the process
 - Heavy use of manual checklists/forms
 - Ancillary (“shadow”) document storage systems
 - No common repository across process
 - Manual work assignments
 - Manual tracking mechanisms (e.g. MS Excel)
 - Manual exception processes (Email/Phone)
 - Minimal integration between systems
 - Digital content is printed to support tasks



Process Overview – LoanFlow Environment



Key Features	Branch Capture <ul style="list-style-type: none"> • MFP Capture • Print to File • MS Office Capture • Automated Fax Import 	Advanced Capture <ul style="list-style-type: none"> • Automated Classification • Data Extraction 	Case Management <ul style="list-style-type: none"> • Work from Image • Workflow • Reporting • Exception Tracking • Audit Trail 	Virtual File Folder <ul style="list-style-type: none"> • Automated Document Stacking Order • Filter Unessential Documents for Task 	Lender Portal <ul style="list-style-type: none"> • Where is My Loan? • Exceptions • Document Drop Zone • Access to Prepared and Closed Docs 	Checklists <ul style="list-style-type: none"> • Prevent routing of incomplete tasks • Enforce consistent processes 	Risk-Based Quality Control <ul style="list-style-type: none"> • Select tasks for QC based on risk/business rules 	
	System of Record							
	IBM Case Manager							
	IBM Content Manager							
	Systems							

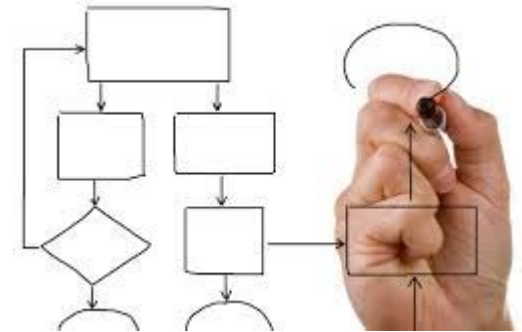
Benchmark Comparison

Attribute	Bank 1	Bank 2	Bank 3
Assets	\$125B	\$111B	\$16B
Branches	2,000	400	200
Total Employees	25,000	10,000	2,500
Loan Ops Headcount	342	145	105
Loan Volume/Month	4,000	600	1,500
Loans/Day/FTE Before	.56	.20	.69
Projected FTE Save	35%	28%	25%
Actual FTE Save	39% in 5 months	In Progress	30% in 6 months
Loans/Day/FTE After	.91	In Progress	.98

Note: This doesn't even include the courier elimination component at the branch, which can result in an additional \$10,000 savings per branch per year.

LoanFlow in Action

- **LoanFlow** is designed to support a menu of required use cases that are combined to create a complete solution
- Each use case is built on a variety of unique **LoanFlow** features such as Virtual File Folder, Lender Portal, Checklist and Where Is My Loan
- Use case examples:
 - View Loans
 - Scan Loan Docs
 - Document Review
 - Request Document Prep
 - Assign Work
 - Process Lien Release
 - Process Exceptions
 - Prepare Docs
 - Scan Collateral Documents
 - Request Booking
 - Book Loan
 - Much more...



Key Concluding Thoughts

