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Selecting The Right Technology System: Is It An Art Or Science?

O ne size fits all. Unisex styling. Averaged sleeve lengths and inseams.

For many things in life, we've become accustomed to the fact that we have to accept compromises. Manufacturing efficiency, inventory simplification and cost containment have led us consumers to settle for something close to the mark, even if it's a less-than-perfect fit.

Then of course there's that breed of consumer known as mortgage bankers, who, when shopping for software systems, actually insist that their complex requirements are fully met - if not out of the box, then at least following months of arduous customizing and configuring. The nerve of some people!

Vendors don't have an easy job when it comes to satisfying our needs, much less our desires. Homeownership as the Great American Dream, fully supported and encouraged by the government, has led to an ever-growing list of regulatory demands that must be met. The mortgage purchase transaction, or refinance for that matter, is not only the largest financial transaction most of us enter into, but the most regulated.

Add in the additional burdens of a system predicated on states' rights (the ability for each of the 50 states to set their own rules), a banking system that still harkens to the post-Depression era that set the stage for the thousands of lending institutions we have today, and our increasingly sophisticated secondary market that

> **Choosing the best system requires an honest assessment of your business and a thorough review of available vendor products.**

By Craig Hughes

imposes the additional rules and regulations of scores of investors.

And let's not forget the penchant most lenders have for fiddling with virtually every aspect of the systems, from data elements to screen design to task sequencing. Whew! Is it no wonder that the systems we use sometimes fail to fully keep up with our expectations?

Despite these challenges, our industry is blessed with a wide array of vendors and systems competing for our business when it comes to software packages. Some clearly compete for the business of the large-scale lending operations, and others are geared more for brokers and community lenders.

Still others vie for everything in between. When it comes to deciding which system is best for your institution, after circumstances have convinced you that what you use today is no longer suitable, the choice is seldom easy. Or when it appears to be

easy, all too often we find out later it's not.

An honest assessment

So how should we go about the process of choosing the best package software for us? For starters, it should begin with making an honest assessment of who we are.

Do you consider yourself an innovator and early adopter, a fast follower, or do you proudly wear the mantle of a slow mover who always wants the tried and true? Whatever your business style, there will be changes associated with new software. The questions become:

■ How much are you willing to change your current business process?

■ How much of a change to the look and feel of the system is acceptable? and

■ How will these changes affect your bottom line?

When these basic questions have been answered, the selection process has to become somewhat methodical, by necessity. An important thing to recognize is that the answer to many of the questions at this stage will be more questions.

With so many options available, it is easy to see something as a good fit on the surface, only to find that the nuts and bolts are made for a bicycle and

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you're a motorcycle shop. Asking the right questions is the only way to get the right answers.

The first step is to identify high-level and critical requirements and begin to identify vendors that appear to meet those needs. If there is an existing system, the current functionality can be a starting point, but keep in mind that what is available and what features are actually in use are not always the same.

Any new requirements need to be factored in as well, including the company's long-term business strategy. Is the search for a new system based on new regulatory requirements, a growing customer base, new business initiatives or a combination of all of these? Will the new system be required to run on the existing technology, such as its hardware platform and network architecture? Finally, what is the expectation for the implementation timeframe?

Once the basic questions have been answered, the search for suitable systems can begin. There are many sources available for identifying the products available: industry literature, Web-based searches, vendor demos or literature, and contacts in the industry with first-hand knowledge of a product.

The first-draft candidate systems can be reduced by researching information available regarding the providers. Are they an established company? How long has the product been on the market? How stable has the product been? Is the product under major revision?

If a company recently introduced the product, there are only two existing customers, or the product is under major revisions without a compelling reason (such as regulatory), it may not be a good bet, especially if there are strong competitors with a better track record. On the other hand, there may be cost benefits associated with becoming one of the first customers to implement a product.

Caveat emptor: Never forget that there is a reason for those savings and it will probably come down to problems after going live at a time when you may not be able to afford outages and/or technical failures.

If the initial list at this stage includes more than 10 to 15 possibilities, it's a good idea to reduce it further by looking closer at the advertised capabilities and comparing them again to the requirements.

Time for scrutiny

Now that the primary candidates have been identified, it's time to ask them to provide more information about themselves, their product and

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other customers. Sending out a request for information (RFI) to this group is a good way to get all the information in a standard format, which will make the comparison process between vendors much easier.

Vendors electing to respond to an RFI are not obligating themselves in any way; they are simply being given the opportunity to provide more information about themselves, their product and any references who are familiar with them and the product.

The questions sent out in the RFI should include all absolute requirements, because any negative responses will reduce the playing field to only those products that can provide a full solution without expensive revision or customization. The desired features should also be included in an RFI because they will be an important deciding factor among systems that meet all or most of the requirements.

Obviously, reviewing the returned RFIs is the next step in the process.

Calling the references provided is important, but keep in mind that the providers are most likely certain of a good recommendation or they wouldn't have been included.

With that said, there is good information to be gained from the references: How did the delivered product differ from the advertised product? Have they experienced any additional benefits that weren't part of the advertised product? How was communication with the vendor handled throughout the project? What has the response to problems been? etc. Comparing capabilities, cost, hardware and telecommunications requirements will be fairly straightforward if the questions on the RFIs were comprehensive.

The final selection

Once all the information has been digested and a short list of viable candidates identified, the final selection process begins. The first step is to send a request for proposal (RFP) to the remaining candidates. The RFP is similar to the RFI in that vendors will be asked to state their product's capabilities based on questions, but the responses to the RFP are binding. The RFP also provides pricing information and details about how and when the product will be delivered.

This is where the purely scientific approach may turn out to be less than ideal. Suppose that your selection is narrowed down to two companies providing two very similar products that run on the same architecture and are competitively priced. What is the advantage of one company over the other? It may come down to style.

If your organization is looking for a very structured approach to the installation, including formal project management and phases, you might find a better fit with a more conservative company and verified credentials for the product. If you are an innovator and early adopter, you might be looking for cutting-edge technology and cost savings available from a new product that doesn't have the proven track record but promises incomparable bells and whistles.

Finally, a very important aspect to the selection process is a comfortable fit. While averaged sleeve lengths and inseams might work for most, if you're going to constantly be tugging and adjusting before settling into position, it might be worth the additional effort and cost to customize or have the off-the-rack product altered for a better fit.

It's always easy to say we'll adapt to the new way of doing business, but if it doesn't fit your corporate culture or fit smoothly with existing systems or processes, it can be like saying, "Once I lose five pounds it will fit better." Great in theory, not so easily accomplished.

Likewise, if none of the products available provide the necessary functions to match the existing business flow and corporate culture of your organization, the new system might meet with unnecessary resistance from the users and "hang in the closet unused."

As to the question of system selection being an art or a science, the answer may be both. Combining the science of determining the necessary requirements with the art of finding a vendor and product that fit aesthetically with your organization may make the difference between a successful implementation and a costly debacle. **SME**