

Case Study



Infosys BPO delivers

high business value and unlocks the value chain of a Leading Mortgage Bank across various Lines of Business (LOB)

Abstract

Infosys BPO's rich domain expertise and proven track record in the mortgage outsourcing space not only enables the client to tighten its SLA management practices, but also enhance service delivery efficiency, productivity and quality. Over the past three years, Infosys BPO has enabled the client to move up the value chain, and deliver solutions across various LOBs of the client.

"I am very happy with the continued progress by the Infosys KANA team. The quality and compliance scores have improved significantly since the start of the year and the routes are trending down. Over all the monthly presentation was informative covering key areas and highlighting the achievements and the challenges in a balanced manner. Thanks for excellent performance and all the hard work".

Client Profile

The client is one of the top banking organizations in the US with its business spanning over retail banking, mortgage banking, and multi-family lending banking solutions. It is a leading global financial institution with operations spread across 50 countries. The six major businesses of the client includes investment banking, retail financial services, credit card services, asset management, commercial banking, and treasury and security services.

Key Business Challenges

The client was facing a number of challenges across various LOBs, and was looking for a partner, who could not only exhibit excellence in service delivery but also be able to demonstrate an end-to-end solution and domain capability in the mortgage outsourcing space.

The challenges that were outlined by the client, at the onset of the engagement, were a mix of macro - economic and operational challenges. Some of these are outlined below

- In 2006, the sub-prime market took a downturn. The number of loan originations were decreasing, and the cost of servicing loans and accounts remained high. The cost of loan processing was increasing exponentially
- The client's employees were not able to focus on core business activities. Much of their time was spent in routine transactional activities
- Operational scalability was low because of high cost and time constraints as a result of reduced employee productivity
- Compliance adherence and risk mitigation continues to be crucial for any organization. The key criteria for vendor selection hinged on the ability of the service provider to deliver a very high degree of excellence in governance and knowledge of the prevailing regulatory environment

Infosys Solution

During the initial partnership stages, Infosys offered solutions in processes like residential mortgage. As the partnership strengthened and delivered results, the solutions spanned other business areas such as retail banking/commercial mortgages and other corporate functions. Here is a quick look at how the initial rules of the engagement progressed. The fact that the partnership has been reinforced year-on-year reflects both the client's astonishing pace and Infosys BPO's readiness to swiftly evolve and innovate to make the client's vision a reality.

Operation Efficiencies

Infosys BPO supported the client with allround process efficiencies giving them the focused freedom to engineer strategic leaps, while they are secure in the knowledge that every step is backed by solid processing

- With lower loan volumes and increased pricing pressures to remain competitive, the client needed to cut costs. Through its domain expertise in the banking space coupled with end-to-end technology based outsourcing solutions, Infosys helped the client turn its cost centers into high value service centers by instituting a transaction based pricing model. This model offered the client operational and financial flexibility through variable pricing, helping them save on unwarranted costs
- Infosys developed a workflow tool across various processes to enable easier tracking of daily inputs and outputs. This tool eliminated manual intervention, saved time, and improved efficiency
- Effective volume management - Infosys BPO effectively managed volumes by enabling the client to effectively respond to seasonality by calibrating volume fluctuations in loan originations
- Infosys' highly skilled work force was armed with freshly motivated people with necessary practices and proprietary methodologies, thus re-aligning the operational workflow resulting in reduced transactional cycle time
- Continuous process improvements through six-sigma initiatives were implemented across all processes to improve revenue, productivity, quality, and shift utilization



Training and Development

- Manuals on each of the tools, and processes were developed to document the process flows and exceptional scenarios. These manuals helped in decreasing the training time, thus saving training costs for the client
- An operational excellence team was set up to monitor and track performance, SLAs, and people metrics. This team also helped in managing multiple projects and enhancing the reporting mechanism
- Dedicated support functions in transition and training were set up to help in the transitioning of multiple projects and ensuring smooth transition

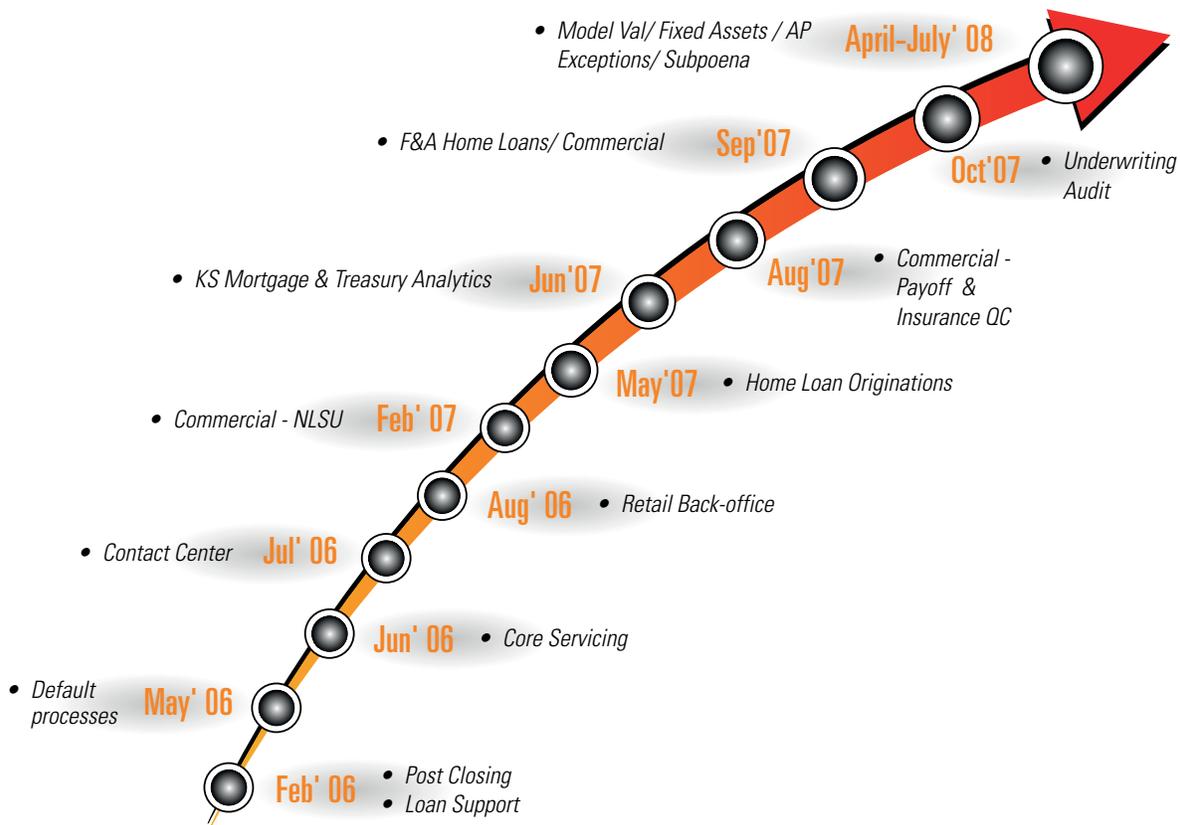
Compliance Adherence and Risk Mitigation

- Compliance adherence and risk mitigation is ensured and maintained through the operational excellence team by publishing a compliance and regulatory guideline reports on a weekly basis that highlights and captures new policies, guidelines or changes to the existing regulations. This report helps in creating awareness and identifying areas that are impacted through these regulatory changes

Other Initiatives

- An automation team was set up to identify and implement automation across various processes on a continuous basis, thereby reducing manual work and increasing efficiencies in each process
- Regular audits, dry-runs, reports, and risk mitigation steps were introduced to ensure security and maintain integrity at all levels. The risk mitigation steps include:
 - a. Dual-site operations at Pune and Bangalore, allowing quicker and effective recovery in times of emergency
 - b. Technology testing
 - c. ID and security affirmation activities
 - d. Recovery during transport failure, power failure, fire drill, and call free testing

Much of the success during the initial stages of the outsourcing deal were a result of painstaking efforts in streamlining process delivery and focus on operational metrics. The success initiated a series of other engagements from the client to outsource more judgment based engagements over the next few years. The figure below illustrates the year-on-year transition from entry level processes like Mortgage Servicing to complex and business critical processes like Knowledge Services, Analytics and Corporate Functions (Corporate functions refer to processes which are related to the organization level reporting and compliance adherence). These require people with higher skill set/specialization and therefore the billing rates are comparatively higher. These functions include various processes like Knowledge Services (KS), Analytics and Home Loan Credit Review (HLCR) and Financial Planning and Analysis (FP&A). Infosys has been a “silent running player” and has taken on new workloads and handles multiple systems and services without disruptions or loss of service quality, thus delivering value to the client.



Key Benefits

- The **operational window increased from 8 hours to 16 hours** with the introduction of dual shifts. The increased operational window helped in longer coverage hours and prompt resolutions to issues
- The training manuals have not only helped in **reducing training time** but also ensures that valueable learnings are preserved within the clients business
- The implementation of the **variable pricing model has resulted in a 65% revenue growth for the client** in Financial year '07-'08 alone
- Variable pricing model enabled the client with **operational flexibility** as staffing is done based on volumes.
- The client's strategic personnel have more time to do their jobs effectively without any major disruptions to their business
- Infosys' technology solutions helped the client in **seamless integration of platforms and applications** in a short span of time
- The **work flow tool helped in easier allocation of volumes and made control and tracking easier**. The tool helped in making the reporting system fool-proof, comprehensive, robust, and fully automated. This tool also helped in automation of uploading loans and type-based loan allocation
- In 2007, one **Green belt and seven Yellow belt six-sigma projects** were completed. These projects resulted in improved training practices, quality, attrition management, shift utilization, and productivity
- In 2008, two Yellow belt and 16 transformation projects were completed and approved by the client, resulting in **improved seat utilization, login efficiency, productivity, cross training, and resource utilization**. These projects also resulted in the implementation of the OCR (Optical Character Recognition) tool

Client Speak

I am writing to express our appreciation to the Lien Release team for their recent efforts. LR volume has almost doubled over the last couple of weeks which poses a significant challenge to the team. They have risen to this challenge as less than 0.2% of loans have missed the turn time SLA.

We are fortunate to have good partners at Infosys.

Vice President, Process Manager, Client Vendor Management

In looking at the numbers, you and your team have done an excellent job so far this month. I also want to congratulate you on pulling together and getting the loans completed last month. It is and was an excellent job. Keep it up!

Foreclosure & Pre-Sale Review Team

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About Infosys BPO

Global organizations depend on Infosys BPO Ltd, the business process outsourcing subsidiary of Infosys Ltd (NASDAQ: INFY) to deliver measurable business value. Infosys BPO's strong focus on industry solutions, technology and a consulting based approach has created new engagement models to help clients build tomorrow's enterprise.

For more information about Infosys (NASDAQ:INFY), visit www.infosysbpo.com.