

## ASP Solutions

ASP or Application Service Provider solutions are all the rage in today's technology world. Such solutions are seeing significant investments from the venture capital world as hundreds of companies are racing to build such solutions. Yes, there's even a race within the mortgage industry to build as ASP solutions for mortgage companies. The question is, "will this be the future technology for the average mortgage originator?" We'll discuss the pro's and con's of the ASP solutions and advise on their usage for mortgage originators.

An ASP solution is a pure Internet and browser based application. Such solutions run completely within a browser and does not run like a typical windows application. Frequently, ASP solutions can run on any hardware that supports a browser like Internet Explorer or Netscape. This can include Apple's Macintosh, Unix based machines and of course, Windows based PC's. The ability to run on a variety of hardware platforms is just one of many attractions to the ASP model.

There are many additional benefits to the ASP model. The most significant for the mortgage origination firm is that the ASP host handles all the maintenance and upgrades of the software. Windows based applications have a high cost of support at the desktop level. Problems with crashed hard drives, lost files, software updates, user errors, sabotage and theft all add to the cost of owning and supporting applications on PC's. Perhaps as much as half of all calls to a typical software technical support department could be eliminated by an ASP solution. Further, a mortgage company never again has to worry about installing updates on their systems.

Not all is rosy in the ASP world though as there are numerous problems that users will encounter. The first and most significant is that users must be connected to the Internet to use the software. The primary implication being that loan officers in the field can't use the ASP solution. Wireless Internet connection performance is far too slow to run an ASP and the coverage for such is limited. Thus, loan officers would have to plug into and camp on a phone line at a prospects location - certainly not a professional approach. ASP solutions will not work for mortgage originators who take loan applications on laptops out of their office. The only possible resolution is to use Windows software for application taking and then upload the file to the ASP server. Such a Windows application should look and feel similar to the ASP solution in order to minimize staff training and reduce costs associated with trying to assimilate two different solutions. This means that your ASP service should offer both a Windows and ASP solution that look and operate almost identical. Several of the startup dot coms in the industry won't be offering a desktop solution.

Another problem with the ASP environment is performance. How efficiently loan officers and loan processors perform their job is a key attribute for success in this industry. The mission critical applications used today are designed for fast data entry and ease of use. Thousands of data elements must be entered, managed and processed in a loan origination system. If you have ever entered a full loan application on-line in a browser then you have already used an ASP solution. You might have noticed that your speed of entering the data is slower when compared to your desktop applications. There are several reasons for this as software developers can obtain better performance writing software for Windows than they can writing for the very limiting browser environment. Notice that in a browser when you jump to a new page (or screen), it takes several seconds to load. Most Windows applications can change screens so quickly that you can't time them. Imagine perusing your loan file prior to submission and having to wait for all the screens just to show. The performance issue is one reason why a "fat pipe" is so desired. Cable modems are great as are T1 connections. DSL lines work ok but don't even think about running your company on an ASP solution using dialup or ISDN lines.

Downtime can also be a problem as you lose control of your application. First, if your connection to your Internet Service Provider becomes disconnected, your entire operation is shut down. Secondly, if the ASP server fails for some reason, you are also down. For this reason, ASP companies go to great lengths to insure they have redundant servers that are as solid as possible. No matter what however, every ASP company will have some downtime where your staff will sit idle. Think of all the reported outages at major firms like EBay, Yahoo, Schwab, etc. These companies spend millions for the best systems and they still have times when their clients can't use their Internet solutions. Finally, you are still down if your desktop fails due to a bad monitor, hard drive crash, network server crash, browser software problem, etc. Thus, you are likely to experience more downtime in an ASP environment than you otherwise would.

One final problem with ASP solutions are their ability to use keyboard commands. Windows applications frequently take advantage of the Control Key, Alt Key and Function Keys. All of these are unavailable in a true ASP solution. As such, ASP solutions rely tremendously on the mouse for moving around applications (again, think back to that online loan application). For a good loan processor that's a touch typist, this really slows them down. Most good loan origination systems are designed to be used exclusively by a keyboard though they support a mouse as well. This allows the loan processor to be highly efficient as they don't need to move their hands constantly on and off the mouse to use the software.

The issues above indicate you must carefully decide if an ASP solution is right for you once they become available. According to a recent survey of 655 IS (information systems) managers, 65% had no plans to use an ASP solution. These solutions are new and there's no doubt that some mortgage companies will get sold on the idea. Still, it's probably best to wait for these solutions to become perfected over the next 1-2 years and then evaluate them with the above considerations in mind. There are several companies in the startup phase including a company called Ncommand. In addition, some of the major loan origination systems vendors will be offering an ASP solution to match their desktop solutions. This allows the mortgage company to switch back and forth between an ASP solution and a desktop solution. Perhaps that's the ideal solution since it resolves the issues above and lets each user choose the environment they are most comfortable with.

Pro: Run on any hardware platform.

Con: To do so limits the application to implement hardware specific solutions like document imaging and use of scanners.

Pro: Hosted by another company so that the mortgage company doesn't need to worry about updates and maintenance.

Con: Mortgage company is at the mercy of the firm which can go out of business, incorrectly install software, make mistakes, etc.

Pro: Security is handled by another company that knows security systems better.

Con: Far more security holes can be created since the system is Internet based. The ASP firm and their employees have access to sensitive borrower information. Compared to a desktop locked in your office, an ASP solution has far more points of access by hackers.

Pro: Reliability can be improved by automatic backup systems, redundant servers, etc.

Con: Like security issues, there are far more things that can break down. Down time would escalate significantly even with a great ASP firm. Consider that the client will be down if any one of these items breaks: Desktop PC (hard drive, Windows, browser, etc), Client LAN, Client ISP connection, Client ISP's backbone, ASP's backbone, ASP's net connection, ASP's Server and ASP's application software.

Pro: For in the field use, use Wireless Net access solutions.

Con: Laptop usage in the field isn't viable because of lack of a Internet connection of decent speed. The best solutions are 28.8k, which aren't fast enough. Geographic availability is very limited.

Pro: Centralized file storage allows any part to access the loan files from any location.

Con: Files are not portable which creates complications for many E-Commerce related solutions. For example, most wholesalers, credit reporting companies and flood cert companies rely on borrower files in a specific format and located on the local system. Using an ASP limits the E-Commerce choices.

Pro: The performance of the desktop doesn't make much of a difference allowing cheaper PC's to be used at each desktop.

Con: Most desktops still need to run Office type applications so the performance of the desktop is still a criterion when purchasing systems.

Pro: Application performance is consistent across all platforms.

Con: ASP applications typically limit performance due to the inability to utilize all the features of the desktop. This includes Alt—commands, intensive graphics, hardware device dependent options, etc. A browser is a poor application for intensive data entry, which is required in most mortgage banking positions.

Pro: Data entry is all done in a familiar browser environment, which reduces training.

Con: Such data entry is slower and the browser doesn't offer nearly the breadth of features that a true Windows application can offer. For more experienced users that use an application constantly, the browser under performs a Windows application.

Pro: Files are safe on a long-term basis on an ASP Server.

Con: Merging the data with Word processors and spreadsheets requires the ability to have the files stored locally. This requires a lot of downloading of files (or duplicated file structures which slows performance). It takes many extra steps to perform populate merges with Excel and Word. Also, the law requires long-term storage of loan files (7 years) so the client must still have these files copied to CD or Tape and stored locally.

Pro:

Con:

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