



# Top 10 Secrets for Working With Your Technology Vendor

This is the list of those items your technology vendors won't want you to read.

As the founder and past chief executive officer (CEO) of a loan origination system (LOS) vendor, I discovered that there were those customers who knew things that most didn't. These were the customers who got what they wanted and kept me on my toes.

Working with technology vendors can be challenging, especially when things don't go as planned. "Well-planned technology projects" could easily be considered an oxymoron. I believe the best vendors can be defined by how well they perform when the road gets bumpy—as it inevitably will with most software projects. The following are common issues that arise with many technology projects, and my views on how to deal with them when working with your technology vendor.

**1.** Before you even buy a vendor's technology product, you'll often want references. Of course, the vendor will be quick to give you its standard list of prepped customers (the vendor's favorite customers, who get special treatment for being a referral source).

The better method is to ask around the industry to find the vendor's clients through other means. You can ask trade association members, visit Internet message boards or ask for the vendor's complete customer list from which to pick samples. Most vendors will not give you their complete customer list, and for valid reasons. Instead, ask for all customers who start with a specific letter(s). Or ask the vendor to just throw darts at a printed customer list to select samples. The key is to get a random list of companies to call for your references.

**2.** You'll also want to check financial reports. Too often, technology vendors can go out of business—and then you're stuck running software that will soon be worthless. Even worse, the investment in

training your staff goes out the window.

Some firms will refuse to hand out a balance sheet along with income statements. Don't accept this. Demand some assurance that the firm will weather the next major industry drop in originations. Look for sufficient assets and cash to allow the vendor to survive a 50 percent drop in revenues for 12 months. Firms that are 12-plus years old and firms that are part of a much larger organization can be

tech-support department, and instead chat with only the best. Get to know the best, but wait until you've become experienced yourself. Ask dumb questions from the best support personnel, and you'll soon be marked as the lame customer who refuses to read the manual. Charm the best tech-support people and send them something like a box of chocolates when they really help. A sense of humor helps as well. A good relationship with

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the exceptions. Any firm that has survived 12 years of ups and downs should have its business well handled by now.

**3.** Have you seen vendors' promises to save x dollars per loan by using their System X? It's very rare that these dollar savings are anywhere near reality. Further, it's difficult to prove just what the savings are. If I took the promised savings from the various systems making these claims and added them together, a mortgage firm could expect a zero cost to produce a loan.

It's very difficult to choose systems based upon any claimed cost savings. So instead, plan on doing your own analysis and use a lot of common sense.

**4.** Once you are working with the vendor, you'll likely encounter some bumps in the road. Obtaining the best technical support can mean the difference between being competitively efficient and profitability challenged.

You'll want to avoid the trainees in the

tech support will be returned in spades—you'll be the first customer they call back when you've left a message.

You'll also want tech support as an ally in dealing with the rest of the vendor's staff if you run into a significant problem. Software vendors won't want you talking with their highly valued programming staff, but sometimes that staff can be the most efficient at meeting your support needs. Honor their desires to leave the programming staff alone, to an extent—but if you can get to know this part of the staff, it can be very valuable. A site visit and company tour can help you get to know them. Otherwise, ask for an introduction through the technical-support department (even though the vendor isn't supposed to do this).

**5.** Software bugs are inevitable, and sometimes they can be costly to your firm. Report the minor ones, but get the big ones fixed quickly.

Communication is the key here,



along with using the relationship you've developed with the technical-support department. Send an e-mail that not only details the bug, but also notes how it affects your firm. Expect a response and request a fix-it date.

Should the response not be satisfactory, work the e-mail up the chain of command. Also, see what your best tech-support person can do to obtain a quick fix. If it's severe enough, consider going public by posting it on some of the industry Internet message boards—however, this is really a last-resort action, as it will likely alienate the vendor's management team.

**6.** Sometimes the problem isn't a bug at all, but a lack of a needed feature.

ers have done the testing for you. Don't be among the last, though, as you'll miss out on the new features and will find technical support unable to help with an old version. If you do decide to be one of the first, expect something in return—such as reduced fees or top-notch support.

**8.** Sometimes you can outgrow the software application you are using. In that situation, you must move on. Other times, the staff can be trained to better use the software, or a needed feature can be added for little or no cost. In worst-case scenarios, significant application and support problems can have you looking for a new vendor.

**9.** If you truly have a bad experience with a vendor, let the industry know. Consider some of the industry Internet message boards, or even contacting a trade journal reporter. If a vendor is problematic and it is actively selling to customers like you, then you have a responsibility to be verbal. It's surprising how many horror stories I hear about, but that are told to me in secret. The industry needs to do a better job of letting others know about performance issues of the various vendors. It is too difficult for mortgage companies to evaluate what potential vendors are solid and which ones problematic.

With all that being said, though, I'd guess that half the time the problems are with the users. Typical scenarios are that the vendor doesn't normally serve the size of the user's firm; the mortgage firm didn't train its staff well enough; the firm didn't obtain proper "buy-in" from the staff; and/or the firm failed to follow the vendor's implementation guidelines.

**10.** Finally, at some point you'll likely find an important technology vendor being bought out or acquired. You have every right to ask key questions such as what their intentions are to support the products going forward.

You'll want to know if new development will continue with the products that you rely on. If the answers are solid, then you should be fine. It's rare that an acquisition will disrupt your use of your technology solutions, but it does happen. Sometimes the firm buying your vendor will inject new resources into the vendor, and help better manage the company. That should be your hope.

The technology vendors you work with are crucial to your success. You'll want to develop a good relationship with them and rely on them to make you more efficient. As a user, you can take steps to maximize your use of their technology. Knowing some key tips for working with the vendors can help your firm succeed.

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This can lead to the need to customize the software. Customization is never cheap, and often the costs can escalate out of control. Some vendors prefer to determine cost based on time and materials, but this allows them to charge you when things get out of control.

Instead, request a fixed-bid price. This might be a little more expensive, but at least you'll know your total costs going in. Further, when it takes three times longer than expected to complete the project, the vendor is stuck with the bill. Don't forget to make sure the customization specifications are comprehensive, or else you'll be holding the bag for additional programming expenses.

**7.** Upgrades are an inevitable part of any software products life cycle. But knowing when to adopt them is crucial.

The vendor always tries to find some early adopters in order to detect any bugs. Don't risk your firm with untested applications. It's better to wait until oth-

When you've come to the end of your rope with a particular application, put a call into senior management or, preferably, the CEO. Let them know the issues and that you are ready to walk. You should expect a response and some solid answers after placing that call. Sometimes, you might honestly be told you just don't fit the vendor's target client range. The vendor might also promise to make some changes to help—but if the promises seem far-fetched, they probably are.

Every vendor has a core range of customer sizes. You'll likely have a good experience if you are smack in the middle. However, if you are much smaller or larger than the vendor's typical customer, you'll often experience frustrations. Another thing to note: Vendors almost always overstate the range of customer sizes they can support. A few vendors will even claim their applications work for all sizes of mortgage firms. Don't believe them.

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