



brytsoftware.com



**Why you do NOT
need Loan Servicing
Software...**

Okay, we will admit that the title of this article is a bit sarcastic. We happen to believe that most businesses doing private lending really do need loan servicing software. In fact, it sometimes is quite amazing to us that some of our sales prospects have done so well in their businesses using a mishmash of internal homegrown systems. We see many companies that have designed solutions that are pushing QuickBooks and Excel to their breaking points. There are many reasons these companies have ignored loan servicing software solutions. One of the excuses we hear quite frequently is “Our business is just too complex for a loan servicing software product”. As a software provider, we would argue that complexity is often the reason you need a software product.

Complexity... how did our business ever get so complex?

So how do these businesses get into a situation where everything they do is custom and complex. Well, it is a little like the old question: “How do you eat an elephant?” The answer: “One bite at a time.” Most of these businesses have added complexity to their operations a little at a time. They did not start off with the complexity. Each small change or accommodation seemed minor, but taken all together, it becomes overwhelming. We rarely see high levels of complexity in newer firms... it is almost always the ones who have been in the business for some time.

The accommodations tend to fall in the following categories:

- A change to accommodate a borrower or a lender because they needed the customer more than the customer needed them.
- They made the accommodation because they did not think it was that big of a deal... and the small accommodations grew into big complications.
- They did not have any policies or procedures, so they just did what they need to do for every situation.

Almost every reason that business add complexity to their systems is not related to adding value to their business, rather it is done for expediency.



“Not all complexity is bad for business—but executives don’t always know what kind their company has. They should understand what creates complexity for the business and remove what does not add value.”

--- McKinsey & Company

How do you know if your business has too much complexity?

Now you are probably wondering whether your business is too complex. Well, you probably know if you are, but here are some telltale signs:

- **Reporting for your borrowers and investors is difficult to do and often contain errors.** If you find that it is not uncommon for borrowers or lenders to point out errors in your reporting, you need to find out if complexity is a cause. If you are not using standardized processes and technology, it is easy to create reports riddled with errors. These errors in reporting make you look unprofessional and untrustworthy and have a great impact in the reputation of your business.
- **You use multiple systems to accomplish the same task for different borrowers and/or investors.** If you are currently using two or more systems to manage your loan portfolio, you are probably spending twice as much time as you need to. A singular technology solution with standardized process offers many advantages, and one of those advantages is time savings.
- **Compliance is an Issue.** Staying compliant with all applicable requirements is vital to your long-term success. Using standardization and technology helps you keep on top of compliance.
- **You cannot scale your business.** Many of the prospects that we talk to who have serious complexity in their private lending business are small businesses. They are often small because of the complexity that they have introduced into their business. They have found that they cannot grow because the additional growth becomes too hard to manage... because of the complexity.
- **Your profitability is suffering.** We could go on and on with the signs of overly complex systems, but the biggest sign is your bottom line. If you are not as profitable as your competitors in the private lending business, it is most likely because your overhead is higher than it needs to be. Complexity contributes to overhead, and unless it also adds value to the business, it is making you less profitable.

Can your business benefit from some standardization?

We believe that every business can benefit from standardization. In fact, if we did not believe in standardization, we would not be in the business we are in. Most Software as a Service companies strive for standardization. We believe that standardized equals faster, cheaper, scalable, customer friendly and more profitable. Standardization on a technology platform in the private lending industry has many benefits also. Some of those benefits include:



- **Simplified Servicing** – Standardization when coupled with loan servicing software simplifies your process from top to bottom.
- **Scalability** – Standardization allows you scale your investments and loans and increase your profits.
- **Transparency** – Standardization, couple with technology provides borrowers with the ability to access their account information 24/7.
- **Organization and Efficiency** - Financial transactions are notorious for requiring lots of paperwork. Standardization reduces the time spent on paperwork
- **Professionalism** - Private lenders rely on their reputation. Borrowers and Lenders want to deal with someone who is a professional. Having standardized processes and efficient technology helps reinforce the professional reputation that you are trying to project.

- **Compliance** – When you standardize your processes with technology, it is easier to stay on top of the applicable federal and state regulations while servicing loans.
- **Risk Reduction** - Standardization and technology reduces risk by providing a common starting point and set of processes for all deals and transactions.
- **Cost** – Standardization and technology will always be more cost effective than complexity and manual processes.

Closing

Do not get us wrong... we are not saying that you should never make accommodations to your business practices. In fact, we are guessing that the reason you are in business is because you do not offer a cookie cutter solution and your customers like how you do business. What we are saying is that you need to understand what complexity adds value to your business and what complexity just makes it more complex. A good loan servicing software product will most likely be able to handle the complexity of your business... if you understand it and can explain it.

We would encourage you to taking advantage of the technology available in loan servicing. It will help you understand what processes you need to standardize to make your business better. But keep in mind, the technology is only as good as its design. It is up to you to communicate to the software vendor the things you need to make your business successful.

Bryt Software can help you standardize your business and apply technology where it makes sense. Thanks to modularity and cloud-based technology – two unique features that differentiate Bryt from other loan tracking solutions – Bryt’s software modules can be configured to any lending business. You simply use your own loan documents, processes, notices and collection procedures, etc., and the software automates routine tasks such as creating documents, producing client notices, processing ACH payments and more. Bryt’s software also helps you maintain compliance by tracking activities, and facilitates improved communication by automating letters and notices. And, its web portals provide real-time web reporting for both your lenders and your borrowers. As a part of our implementation process, we try to help you understand the things in your business that can be standardized to make you more efficient and profitable.

So, if you are interested in applying standardization and technology to your business, look at us. Contact sales@brytsoftware.com for more information or visit brytsoftware.com to learn more.



Contact sales@brytsoftware.com
for more information or visit
brytsoftware.com to learn more.