EXPERT INSIGHTS

Appraisal automation amid a pandemic: Implications for lenders today and tomorrow

by **VLAD BIEN-AIME** | **Mar 23, 2021**

The mortgage industry has typically lagged, compared to others, in leveraging technology to provide a better customer experience. In contrast, the auto insurance industry has leveraged mobile apps for many years to allow their customers to photograph, inspect and submit a claim for vehicles that have been involved in an accident.

> *"…consumers will not be comparing their mortgage experience to other lenders, but to sophisticated and convenient solutions like Amazon.com"*

Clearly the technology has been available for some time, but a global pandemic was required to initiate the first borrower-conducted appraisal inspection to adhere to social distancing guidelines. For the first time appraisers and lenders were able to expedite the process by relying on photos, videos and data indicating physical property characteristics provided by the borrower.

Such considerable industry disparity begs the question: Why is the mortgage industry behind the curve in their use of technology? Some might speculate it is a mature segment with considerable legacy systems, if it isn't broken mentality or even an affinity for paper. In the past 20 years, we have studied this phenomenon and have come up with three primary factors. Lenders find changing technology platforms disruptive to their business, expensive on their pocketbooks and extremely resources-intensive.

In the appraisal valuation technology space, it typically takes over three months to implement a solution and in the loan origination space, significantly longer. These types of software projects require a great deal of time for process analysis, planning, custom software development, testing and training. The longer the implementation, the higher the potential disruption to day-to-day operations, cost and risk.

Lenders want the process to be fast, cheap, and efficient which is rarely the case. These projects also tend to drag on forever, depriving almost every department from sales to IT of their already limited time.

> *"...even the smallest of software projects fail one in ten times."*

According to Standish Group's Annual CHAOS report, 66% of technology projects (based on the analysis of 50,000 projects globally) end in partial or total failure. Despite larger projects being more prone to encountering challenges or failing altogether, even the smallest of software projects fail one in ten times.

Many dynamics influence these outcomes including unclear requirements, insufficient staffing, scope creep and vendor selection. It is abundantly clear why lenders would want to postpone any technology project with such an uncertain and possibly grim outlook.

How do lenders exceed customer expectations and overcome the traditional IT project obstacles and technology pitfalls that are a necessity in the age of Amazon — a time when consumers will not be comparing their mortgage experience to other lenders, but to sophisticated and convenient solutions like Amazon.com?

> *"...the most effective way to have a successful software project is not to have one at all."*

The key is for lenders to acquire disruptive technology that by-passed the outdated paradigm to move them forward. Leveraging decades of client input and lessons learned we arrived at a simple answer, the most effective way to have a successful software project is not to have one at all. This conclusion inspired and propelled us into years of R&D to bring our vision to life, an easy-to-use, 100% configurable appraisal management platform requiring no customizations, IT resources or risky projects.

What this means to lenders is that they can have a custom-tailored solution that meets their specific needs with the low risk, cost and implementation timeframe typically associated with an out-of-the-box offering.

This approach to technology delivery is a game-changer not only for the lenders that deploy it but the technology providers that produce it. And the numbers speak for themselves.

- Implementation is now measured in days instead of months
- Support calls have been reduced by 70%
- Client setup fees have been reduced to zero
- The implementation ratio is now at 100%.

The sum of these numbers equates to the one number change, the one that matters most: client satisfaction, which has been extraordinarily positive.

This journey down the path less traveled has taught us a great many thing. Our disruptive design has unequivocally changed lender's painful perception of making a transition from another platform but moreover has made a significant contribution to their bottom-line and the overall value we provide. In this unprecedented time lenders have come to expect more from their vendors and the technology that they provide. And finally, lenders will ultimately embrace new technology when it makes sense to them, and configuration over customization clearly does.

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