

BPO Management in the Mortgage Industry

Topics of discussion:

- The offshore imperative; what it means to the mortgage industry in 2007 and beyond
- The role of the BPO management team in this context

Presented by Steven Jo, GreenPoint Mortgage

About GreenPoint Mortgage

- Leading national lender in residential mortgages
 - 5th largest wholesale mortgage lender
 - Known for its Alt-A offering
 - \$36 billion in loan originations in 2006
 - 2,500+ Employees
 - 40+ branches, 5 business channels, 1 loan servicing center, 2 offshore operations sites
- Acquired by Capital One in Q4 2006
- First BPO transaction in India in 2002

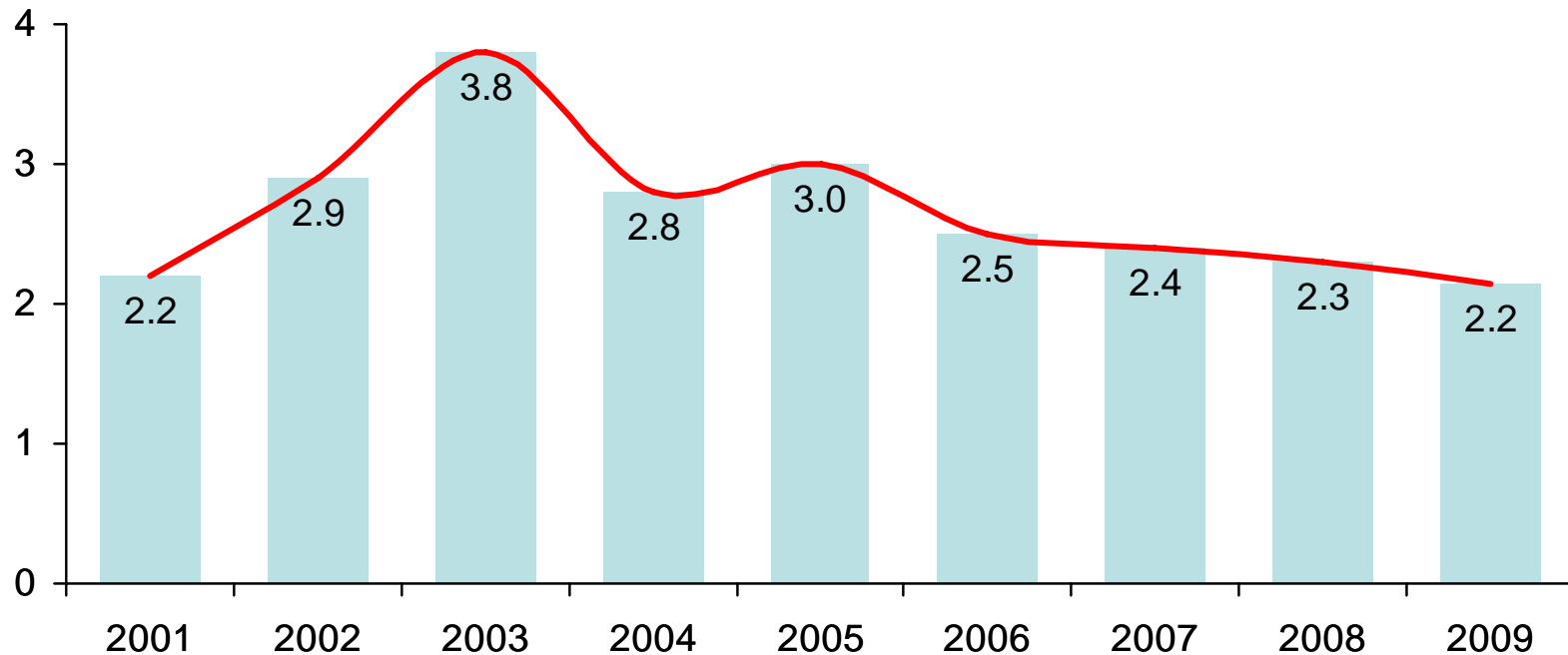
Some things that matter to offshoring

- Clear vision and strategy
- Executive-level expectations
- Organizational buy-in
- Smart process design; solid controls
- Vendor capabilities
- Strong process ownership (client- and vendor-side)
- BPO program management team

The offshore imperative for the mortgage industry

Originations - U.S.

\$ trillion

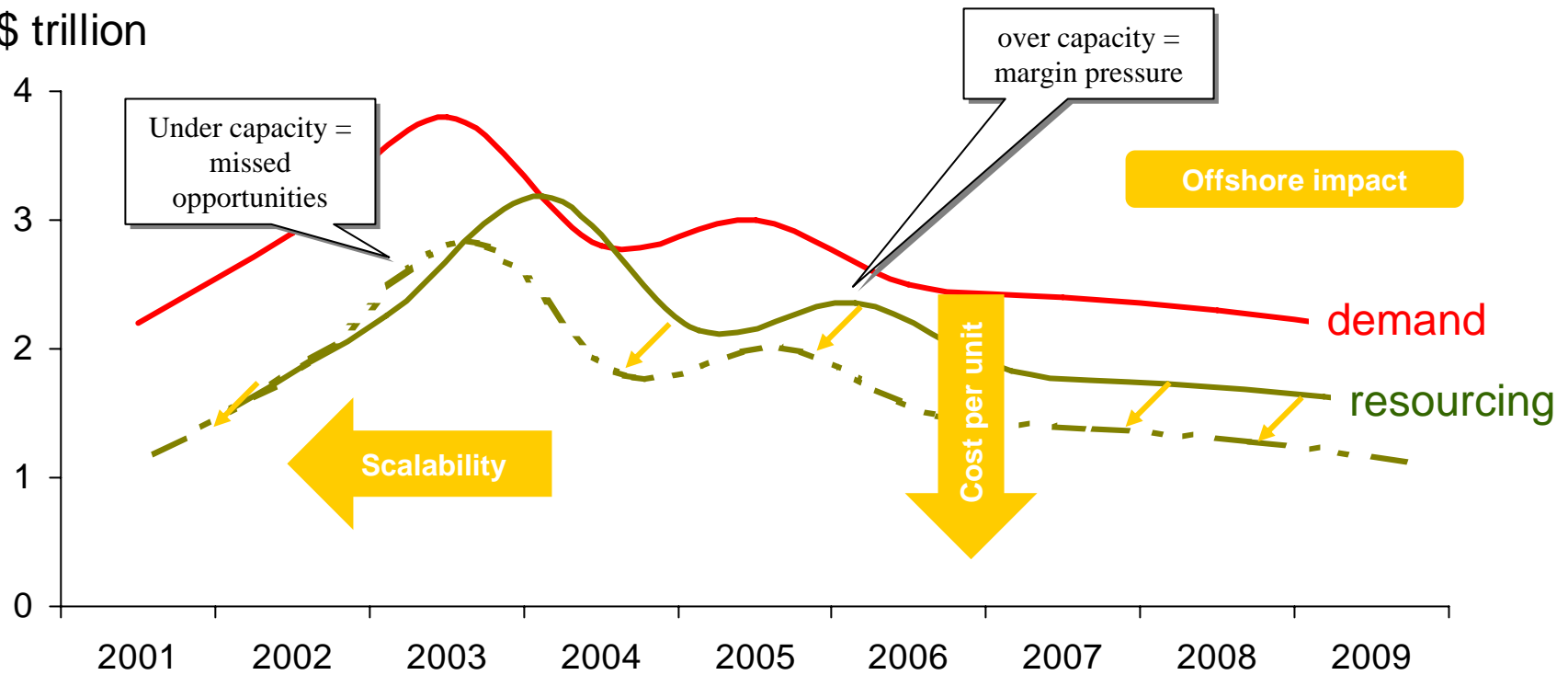


Source: MBA

The offshore imperative for the mortgage industry

Originations - U.S.

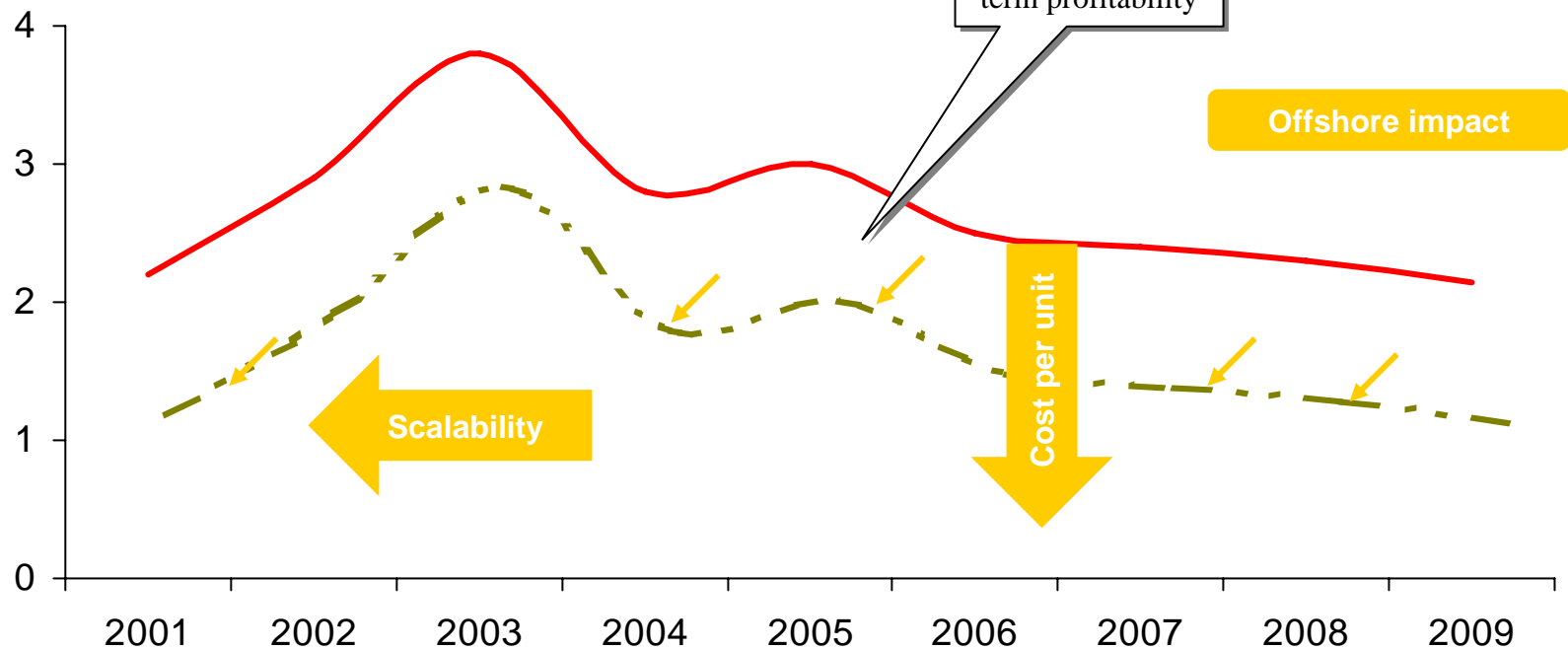
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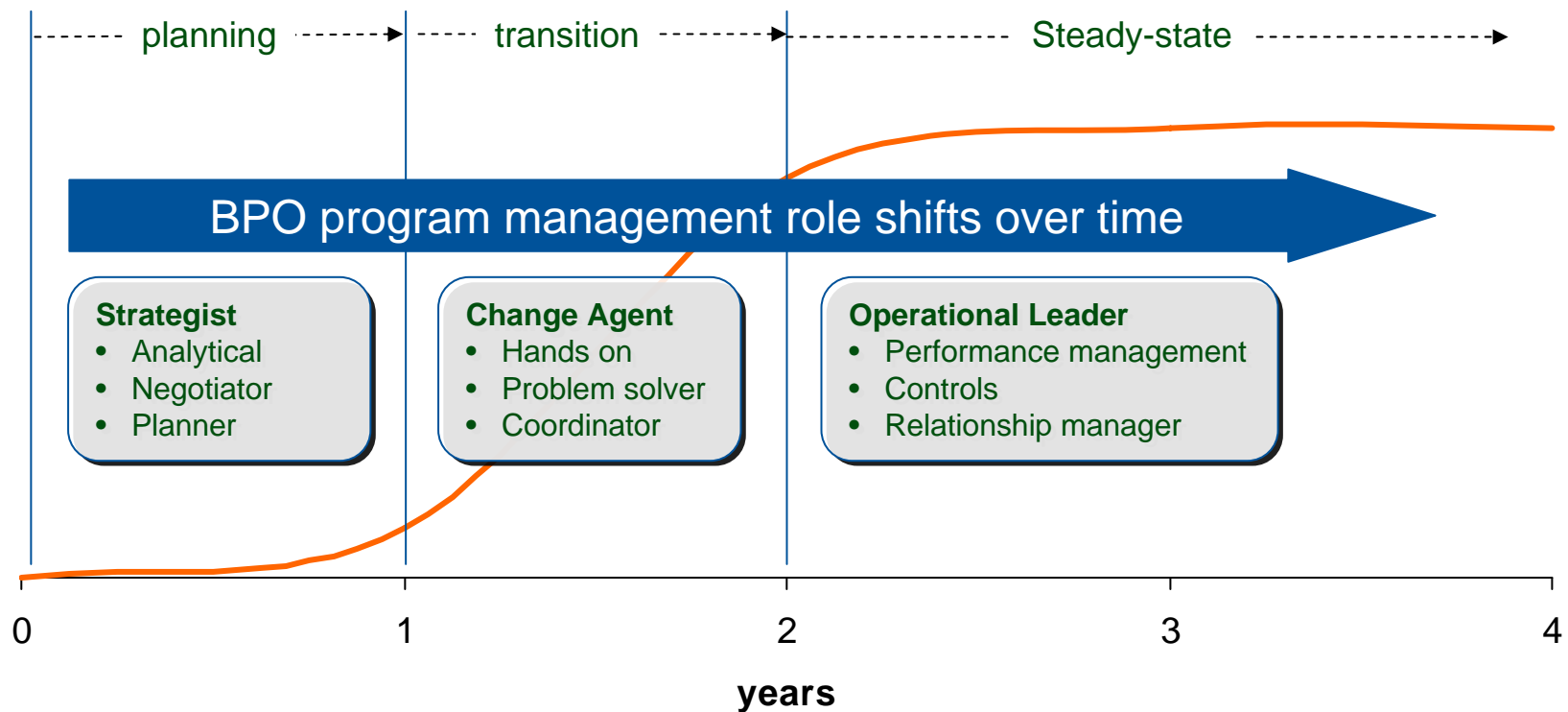


Who is managing your BPO Life Cycle?

	Executives	Head of BU	Ops	IT	Finance	Audit	Vendor/consultant	Risk of uncoordinated effort
1. Strategic imperative	✓	✓			✓		✓	Inadequate scope to reach ROI
2. Business case	✓	✓			✓		✓	No buy-in to vision
3. Vendor/site selection		✓	✓	✓	✓		✓	Poor vendor “fit”
4. Baseline performance			✓				✓	Inadequate SLAs
5. Design (IT, process, DR)			✓	✓			✓	Operational failure
6. Process improvement (pre-transition)			✓				✓	Set up for failure
7. Transition management			✓	✓			✓	Long ramp-up & higher expense
8. Process improvement (post transition)			✓	✓			✓	Lost opportunity
9. Contract/compliance management			✓	✓	✓	✓	✓	Business risk
10. Relationship management	✓	✓					✓	Little program growth
11. Strategic review	✓	✓					✓	Savings creep

The shifting role of the BPO team

Offshore Program Life Cycle



Observations

- BPO management team is more than a PMO
 - Strategic planning
 - Sourcing
 - Change management
 - Security protocols
 - Technology/infrastructure
 - Disaster recovery practices
 - Operations management
- High risk environment; individuals do make or break a program
- Team is ineffective if not able or empowered to rise above internal politics and influence business interests
- Excellent springboard for “fast track” leaders

Key Questions

- Who is driving my company's offshore strategy now?
- Does my offshore management team have the right skill sets to address the organization's current and future BPO management needs?
- What types of hand-offs exist in my BPO program? Should they exist, and if yes, are they appropriately managed?
- What are the risks associated to my current BPO management approach? What are the missed opportunities?