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LAUNCHING A WAY OF BUSINESS

VANGUARD IMAGING SOLUTION LEADS TO FULL-FLEDGED CONTENT MANAGEMENT FOR 21ST MORTGAGE

It is a work in progress, an impressive start with the promise of far greater achievements to come.

When 21st Mortgage Corp. leaders turned to Vanguard Systems for an IBM midrange-based document imaging solution, they expected to rid themselves of the burdens of paper. A year into the project, they realize that Vanguard's IMS/21 software suite is much more — it's a content management system that will improve their enterprise business processes.

21st Mortgage (www.21stmortgage.com) is a nationwide specialist in financing manufactured homes. They write loans for everything from single-section homes in land-lease communities to 3000 sq. ft. modular homes with complete packages: property, land preparation, and foundations. 21st is the lending resource for almost 900 retailers.

The retailers take homebuyers' loan applications and forward them to 21st headquarters in Knoxville, TN. There, the 21st team evaluates the applications and recommends a mortgage, chosen from a variety of loan types.

The company, founded in 1995, enjoys rapid growth. At this writing (Q2, 2004), it serves 40 states.

"We service about 40,000 loans, and each loan fills between 30 and 150 pages," notes Rick Conner, CIO.

"We stored paper in file rooms, file cabinets, shelves, and desktops. We had three dedicated file rooms, and they were quickly approaching capacity.

"We are in a highly-regulated industry, and for that reason — and for good, old-fashioned business reasons — we can't afford to lose a customer file. Nonetheless, I was seeing broadcasted emails flying around, asking where particular files were. And we would find them fallen behind desks, in file drawers of people on vacation, or wherever. It was costing us business, and it was costing us money."

As CIO, Conner knew enough about document technology to tell the management team in June, 2002, that "imaging has the greatest potential for payback of

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anything we could do.” The team affirmed that. However, not any generic solution would do.

Conner's criteria included:

- The imaging software had to be native to 21st's line-of-business computer platform: IBM's eServer iSeries (which 21st staffers always refer to by its legacy name, the AS/400).
- The document solution had to integrate well with the company's collaboration software, Lotus Notes.
- The price tag had to be low enough that the cost-justification was obvious. The payback would be measured in the value of just a few lost files.
- The software must be simple enough for file clerks to operate, but it had to offer a profound and robust growth path that included report management, workflow, and Web content management.

Conner's staff included Gary Keith, a former consultant and imaging reseller, and Conner appointed him Project Manager. Together, they found three software vendors with potentially appropriate solutions. Like *The Three Bears*, however, one was too big and costly, one was too small and incompatible, and one turned out to be just right: Vanguard (www.vansystems.com).

Conner took a half dozen people, both technical and managerial, on a field trip to a Vanguard installation at Averitt Express, some 80 miles away. “Eyes sparkled when we saw what could be done,” he recalls.

Vanguard Support Makes System Configuration Easy

Back in Knoxville, Keith developed document specifications, identified existing document flows and projected hard-disk storage (DASD) requirements. “We did a pretty detailed evaluation for Vanguard, and they made the process easy for us,” Conner states. “I have never been more impressed technically than I was with their sales support!”

Having chosen an imaging partner, Keith worked with Vanguard's Scott Stinson to size the system

for 200 users. “IMS/21 runs from iSeries disk storage or DASD (for temporary storage) and optical storage for permanent archiving,” explains Keith. “Since IMS/21 manages the archiving of images automatically, we didn't do a lot of calculating about how much iSeries storage we would use. The biggest decision was the [optical disk] jukebox. Vanguard helped us figure out how many disks and how many drives we needed. We investigated tape backup, but we chose Vanguard's dual-write optical. We carry the duplicate disks offsite every week.” The selected jukebox stores 811 gigabytes on 156 write-once disks. It contains six read/write drives for rapid retrievals.

The 21st line of business iSeries Model 270 also uses Vanguard's viewer to serve 200 fat Windows clients. The installation required no hardware upgrades, no operating system upgrades, and no additional PC storage. IMS/21 software and Kofax cards control three duplex scanners with a combined capacity of 230 pages per minute.

Conner and Keith chose the Loan Servicing Department as first to receive imaging because of its heavy



use of paper and high number of retrievals. Under the new system, as soon as loan applications and associated documents arrive from retailers, Document Control Specialist Jan Roberts and her crew scan the paper. It is immediately available to any authorized user. Retrieval times, which could take days under the paper system, range from a split second (most commonly) to a few seconds. For security and backup, IMS/21 automatically burns permanent copies of every image onto two optical disks.

Backfile conversion began immediately after installation. When the conversion is complete in mid-2004, staffers will have over four million images at their fingertips. The project will save

1,200 square feet of paper storage space. Since 21st saves documents for seven years, the number of stored images will grow steadily through 2010. If business volume continues to grow, the number of stored images could rise exponentially.

Before IMS/21, Roberts received 50-75 requests per day for paper files. She spent her day logging every request; pulling and re-stocking files; and making twice-daily delivery rounds. "I thought of myself as the company librarian," she relates. Since the installation of IMS/21, there are no more walking circuits. Roberts directs the scanning operation.

Two groups (who mostly work by telephone) make a majority of the retrieval requests: financial counselors and customer service representatives. The 75 financial counselors work to collect on delinquent loans. Their goal is to make loans successful, not to

While Conner and Keith face all the normal challenges of harnessing their vendors' hardware and software, they express the highest satisfaction with Vanguard and its products. "We haven't done a cost analysis because the savings and improvements are so obvious," declares Conner. "We only ask ourselves, 'Why did we wait so long?'"

While Keith is busy expanding the imaging system to additional departments, Conner explores adding related technologies contained in IMS/21 — report management, for example. Similarly, Conner is eager to move on to workflow, where another IMS/21 module automatically routes images through each sequential business process.

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foreclose, so a single case may require several calls and, hence, retrievals.

Customer Service Manager Beth Koella reports that her staff now resolves 90 percent of their phone calls immediately. The system's reliability also contributes to customer satisfaction.

The successes in the Loan Servicing Department created a clamor from other departments for imaging. By the end of Q2, 2004 Keith expects to extend IMS/21 to:

- The Tax Escrow Department — essentially a timed Accounts Payable application.
- The Credit Department, which handles everything from applications to funding.
- The Land/Home Department, which processes construction loans issued by 21st offices in Charlotte, NC; San Antonio, TX.; and Knoxville.

Other departments with other needs await imaging with varying degrees of patience.



Rick Conner
CIO, 21st Mortgage

At the current stage, however, Conner can step back and look with satisfaction at his operation's diminished costs and improved functions. His initial goals are accomplished. There is no apparent end to the improvements possible through document and content management. For now, however, Conner and the 21st leadership team are delighted with a very good start.

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