



First Mortgage Services shifts conveyancing from paper to the IBM® cloud

Overview

Business Challenge

First Mortgage Services, an Auckland-based pioneer of paperless conveyancing, needed a secure, on-demand hosting platform to underpin a product targeted at the risk-averse legal and lending industries.

Solution

The company has opted for IBM's Virtual Server Services (VSS) cloud computing offering to host Propel-Ic, an application that enables the secure exchange of documents, data and messages between lawyers and lenders. In addition, it is using PKI Vault, IBM's hosted public key infrastructure service for digital document signing.

Business Benefits

- On-demand service with usage-based billing means that the business only pay for what they use or need. This allows operations to be scalable and react to demand making the business function more efficiently.
- The business is able to choose the level of security that is appropriate for them as they have access to a number of security options available on the cloud infrastructure through the new IBM Auckland Data Centre.
- Flexible operating system enables the business to select a pre-configured template server image or provide own server image.

Introduction

Ten-year-old mid-sized company First Mortgage Services is doing for conveyancing what the government has already done for land title registration: eliminating the paper. With its web-delivered application for lawyers and lenders, First Mortgage Services are using IBM's Virtual Server Services to offer a paperless mortgage approval process that can significantly speed property transactions.

The Challenge

Mortgage approval services are a paper-intensive, low-margin business

Anyone who has ever borrowed to buy a property knows there is plenty of paperwork and time involved in the loan application process. Not without reason: with a lot at stake, property transactions have many bureaucratic boxes to tick.

For First Mortgage Services (FMS), that's an opportunity to stand out in what is effectively a low-margin, high-volume business. With web-based application Propel-Ic, it is offering lawyers and lenders a way of eliminating the paper, reducing costs, speeding processing and improving the conveyancing experience for all those involved.

"What we do is commodity work," says FMS founder and managing director Jonathan Flaws, a former senior partner at a large commercial law firm.

"The trouble with commodities is the only competitive advantage you have is price. But in our area it's very hard to play with the price, so your unique selling proposition becomes the ability to deliver services really efficiently. And the only way to achieve that is through the use of technology."

Reliance on in-house developed technology is FMS's hallmark, and Propel-Ic, launched in mid-2010, is the company's latest innovation.

Flaws says the new application marks a departure for the business in that, rather than just being for its own consumption, it is being made available as a way for lawyers and lenders to securely exchange documents, data and messages.

"The nature of our business is moving on to delivering services, generally based on our technology, but to a much broader range of customers." As customers go, however, the legal and financial industries have big demands, presenting FMS with a particular challenge.



IBM New Zealand and Australia

Case Study



Photo depicts (from L to R):

Jonathan Flaws, Managing Director – FMS

Craig Carter, CIO – FMS

Jeremy Bendall, General Manager – Propel-ic, FMS

“What Propel-ic is doing is saying to lawyers and banks, here is a way to make the complete conveyancing process electronic. All the transactions – lawyer to lawyer, lawyer to bank and, in some instances, lawyer to client – can now be done in a secure electronic cloud environment.”

Jonathan Flaws, Managing Director,
First Mortgage Services



IBM Auckland Data Centre

“This is the future of electronic conveyancing today.” says Jeremy Bendall, General Manager, Propel-ic. As with the adoption of EFT-POS, once accepted, Jeremy predicts that use of Propel-ic will become “second-nature” to legal and banking users and Propel-ic will become the preferred platform for electronic settlements.

The Solution

Security and availability paramount

Propel-ic is a hosted application, but FMS knew from the outset that the legal and lending industries’ security and continuity of service requirements ruled out hosting it in-house.

CIO Craig Carter says with the need for hosting “to be taken to another level”, the company got together with IBM, which at the time was developing its Virtual Server Services (VSS) cloud offering.

“We talked to IBM in the early stages of developing that service, so it was able to develop something that closely matched what we were wanting to do,” Carter says.

“We needed a model whereby we could just tap into those services, a bit like electricity, and use more one month if we’ve got more demand. So VSS suited us really well, virtually solving the challenge of delivering Propel-ic from the get-go.”

Analysis of the resilience and backup capabilities of IBM’s Auckland Data Centre also gave FMS a message it could confidently take to customers.

Says Flaws: “Banks and lawyers are under huge client confidentiality requirements so it’s essential that the solution we provide over the cloud ticks all those boxes.”

Public Key Infrastructure (PKI) Vault takes the convenience of Propel-ic a step further. Effectively an extension of secure internet banking, it allows borrowers to sign a loan agreement online, Flaws says.

“They’ll go into their internet banking site where there’ll be a link that takes them to where they can access their loan documents, from the same secure space they do all their other banking. We think it is going to be pretty dramatic for them.”

The public key infrastructure service, which for a monthly fee provides a platform to manage PKI-Certificate Authority root keys and signing keys, and includes connectivity, hosting, equipment and management services, is available as a Hardware Security Module (HSM) within IBM’s new Auckland Data Centre.

The Benefits

Simplified process, simple delivery

Propel-ic hosted in the IBM cloud gives FMS a unique proposition to take to lawyers and lenders.

“We’ve suddenly moved from an industry that is burdened down with paper to a process that is all done electronically,” Flaws says.

Bendall notes that Propel-ic delivers real gains to lenders through improvements in efficiency, productivity, security and contingency management as well as the all important lawyer and customer experience. It stands out as a practical way of reducing operating costs and risks, whilst taking a big step forward to reducing paper and therefore making a valuable community contribution.

According to Carter, VSS makes that accomplishment simplicity itself.

“We don’t have to get involved with any hardware aspects at all, we don’t have to understand the specifications of any servers. We create our own virtual environment on that platform and it’s up to us how we allocate resources.

“We don’t have to worry about any of the detail of the VSS platform but we’re free to configure it and use it as we see fit. It’s the perfect situation – highly flexible and highly available, but we don’t have to worry about it.”

IBM’s round-the-clock monitoring of its hosted services, the resilience of its data centres, and its backup procedures all add to VSS’s appeal.

Grows with the business

Scalability is another key feature of the solution that FMS customers typically enquire about, Flaws says.

“We’re always asked, ‘Who are you and how scalable is the service. If we give you a big volume of business, can you cope?’ Our answer, with IBM and Propel-ic, is that’s not even an issue.”

It also makes exporting the service straightforward.

“Because we have a business in Australia we can see how we might take a lot of elements of Propel-ic and use them in Australia. The beauty is we can do that from here in New Zealand.”

Eliminates paper

Thanks to the electronic registration of land titles, made mandatory by the Government in 2009, New Zealand was already well on the way to having the most efficient conveyancing system in the world, Flaws says.

“With Propel-ic, we’re saying to lawyers and banks, here is a way to make the complete conveyancing process electronic. All the transactions – lawyer to lawyer, lawyer to bank and, in some instances, lawyer to client – can now be done in a secure electronic cloud environment.

“The pitch to lenders is simple. It saves them a huge amount of time and cost in the delivery of instructions and their interactions with lawyers.

“The way Propel-ic works for the lawyer is they receive email notification that they have an instruction from the bank. They log in, they can look at the loan agreement, look at the instructions, tick a box to accept it, then download it and print it and get it signed by their client.

The pitch seems to be working: Bendall says that by end May 2011, numerous transactions had been completed using Propel-ic; and over 1000 lawyers at 508 firms were registered users. He expects to have the majority of lawyers, active in conveyancing, to be on board by the end of the year and is pleased with the strong level of interest and engagement from lenders.

“This is the future of electronic conveyancing and as with the adoption of EFT-POS, once accepted, I expect that use of Propel-ic will become ‘second-nature’ to legal and banking users and Propel-ic will become the preferred platform for electronic settlements.”

Jeremy Bendall, General Manager – Propel-ic
First Mortgage Services

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Craig Carter, CIO, First Mortgage Services

Additional Resources

Virtual Server Services

IBM provides New Zealand based virtual server services for customers requiring cloud based infrastructure for hosting their Linux® or Windows® servers. Virtual Server Services is enabled by IBM's new Level 3+ reliability data centre.

Visit ibm.com/services/nz/virtual-server-services for more information.

PKI Vault

A secure Public Key Infrastructure (PKI) is a fast growing requirement for secure business transactions globally. Many New Zealand companies have a PKI requirement of varying nature in order to maintain a more secure environment. Typically what prevents a lot of customers implementing a secure PKI, is cost. However the IBM PKI Vault Service provides a cost effective solution so there is no longer a reason not to be secure.

Visit ibm.com/services/nz/public-key-infrastructure for more information.

Check out other similar IBM case studies: businessinsight.co.nz
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