



## DICOM CREDIT QUALITY SOLUTION (CQS)

### SOFTWARE BUY VS. BUILD SCENARIO: AN MIS MANAGER'S PERSPECTIVE

#### INTRODUCTION:

DiCOM clients represent a broad-range of financial services organizations, each with a desire to improve their ability to manage credit risk within their organization. While each client is unique, there are a number of common motivating factors that inspire clients to consider and ultimately implement an automated credit risk management solution. Some common motivators are:

- Process improvements and standardization
- Ability to facilitate regulatory compliance
- Improved efficiency and error reduction
- Increased scalability to accommodate portfolio growth
- Improved reporting and analytics

With the above in mind, it's often easy to overlook other perhaps more fundamental benefits of automation software. The perspective of an MIS Manager helps us view the question through a different lens bringing other benefits to focus such as system stability and data accessibility and integrity. For the purposes of this case study, the perspective of the MIS Manager will be included along with more traditional perspective of the Chief Risk Officer and Loan Review Manager.

#### CLIENT OVERVIEW:

In 2015, DiCOM was first approached by a large financial services organization with over \$800B in assets. This client was interested in evolving from an internally developed database system to a more stable and built-for-purpose system to help improve and automate their loan review process. The review team was structured under a newly appointed Managing Director. Reporting to the director were three Review Managers providing oversight for the review staff of twelve. In addition, an MIS Manager and MIS Analyst were organized within the department.

**Total Assets:** > \$800B

**Total Employees in Loan Review:** 18

**Previous Loan Review System:** Manual / Database

**Core System:** Custom Developed

**Position Interviewed:** MIS Manager

#### KEY BUSINESS DRIVERS:

There were several aspects driving the organization's need for a loan review system. First, the review team did not have a centralized tool to warehouse documents and data related to results of the loan review process beyond standard network storage. Most notably, this impacted the organizations ability to efficiently and effectively produce line cards and other historic review data for regulators. Second, the process of data extraction, transformation, and presentation from their custom-developed core system had to be manually initiated and performed separately for each loan review manager and analyst. Additionally, the use of a database system presented additional challenges as well. Some of the less tech-savvy analysts had difficulty working through the user interface. The organization also found the database system to be too unstable to utilize for mission-critical work.



To address these issues, an internal and external assessment was preformed to determine the best approach for their automation project. DiCOM was quickly identified as the most suitable candidate from a vendor perspective and the decision ultimately came down to a “buy versus build” scenario. As is the case with many internally-sourced software projects, an internally-developed system was determined to be costlier and take much longer to build. In fact, **the project lifecycle for an internally developed system was estimated to be years longer than a DiCOM purchase and deployment.** Based on the conclusions of their internal assessment, the organization made the choice to move forward with DiCOM CQS.

---

#### FUTURE STATE:

The Loan Review module of CQS, with the ability to directly import data from the core system and uniformly present it to the review staff has made the process of review setup far easier. Based on calculations from the client, the company is achieving a **yearly reduction of 150 hours** off their loan review process from this one aspect of CQS.

Through using CQS Loan Review, the client has achieved several other tangible benefits. Some of the most notable are as follows:

- The CQS interface is easier to use for less technically skilled staff
- Electronic line cards are easier to produce for regulators
- CQS has proved to be more stable than the database solution

*“The biggest game-changer for us was being able to retire our database solution that was very unstable. CQS provides a far more stable solution for the entry of review results.” – MIS Manager, DiCOM Client*

The client purchased CQS Portfolio Analysis (PA) as well. Most clients find the primary benefit of PA to be the advanced query functions used for loan review scoping and to analyze concentration levels and identify unique pools of risk. This client however, found the data import features to be mission-critical and allowed them to leverage existing technology and business processes. Specifically, the client had already developed sophisticated queries that allow them to extract information directly from their core system. As such, they utilize PA as the conduit to consume this data to create a scoping sample for the Loan Review application.

---

#### ABOUT DICOM:

Established in 1999, DiCOM Software is the leading provider of automated credit risk management systems in the marketplace today. DiCOM’s clients consist of large and small banks, credit unions, and third-party loan review providers. These clients all chose CQS because they wanted a comprehensive solution to dramatically improve their ability to manage credit risk for their organizations and stakeholders.

For more information, please contact:

Jim Xander

SVP, Sales and Marketing - DiCOM Software, LLC

Email: [jxander@DiCOMsoftware.com](mailto:jxander@DiCOMsoftware.com)