Outsourcing & Offshoring in the Title Industry

Outsourcing is a very broad term, and many people often assume that outsourcing always means offshoring and sending work abroad. We need to differentiate between the two and understand how they fit into the complex world of title insurance and title production processes.

Business Terms

Outsourcing: The contracting out of a business to an external U.S. based provider.

Offshoring: The relocation of a business process from one country to another.

Co-Sourcing: The practice of task based services performed by staff from inside an organization and also by an external provider.

Homesourcing: The transfer of business process tasks from office to home-based employees.

Common Industry Outsourcing Practices

Local independent abstractors

Closing network

US Data & Title Plant Providers

Offshore Date Providers

Offshore typists

Homebased employees

Qualified independent research firms, local abstractors, offshore typists or home-based employees improve your quality and speeds time while simultaneously reducing risks and costs.

Title Agents and Underwriters are increasingly outsourcing to best-of-breed vendors to ensure that they receive high quality title reports, examinations and property data on time and on budget.

Using multiple vendors provides the flexibility to select individual specialists in title research and title production, who can provide the best results for each component of your title production.

Building a winning outsourcing strategy

Sourcing Options

Business Benefits

The Pros & Cons

Success Stories

Creating an Outsourcing Strategy

Selecting Expert Vendors

The Common Thread

All sourcing methods are a delegation of administrative, engineering, research, development, or technical support processes to a **third-party vendor.** It can also include the reengineering of processes.

The term **reengineering** in the context of outsourcing refers to a strategy of developing new process designs and solutions in order to eliminate business performance problems.

Creating an Outsourcing Strategy

1. Analyze your outsourcing goals and set the strategy

2. Create the delivery model

3. Negotiate the contract

4. Design service-level agreements

5. Manage the transition

6. Manage the relationship for maximum value

7. Measure performance improvement

"Often the compelling need to use an outsourcing company will strike due to a spike in volume or a sudden decrease in staffing. Regardless of which happens, it is a stressful situation that creates a less than perfect environment for testing the first experience for outsourcing. However, it will also be just the thing that motivates companies to take the plunge! It was what was needed, in our case, to get employees to finally see that it was a positive step that would not threaten their jobs. Instead, it would enhance their jobs and allow them to focus on the professional skills that they had developed over years in the title industry."

— Patti J. DeGennaro, President T.A. Financial Services, Inc.

7 Drivers for Rapid Outsourcing

1. Continuous **cost pressure** on United States and European companies

2. Rapid **declines in cost** for communications and computing

3. Dramatic improvements in **Internet reliability** and functionality

4. More outsourcing suppliers with **better capabilities**

5. High-quality **onshore suppliers** offering traditional offshore services

6. Access to **low-cost, high-quality employees**, especially for labor-intensive tasks

7. A **business model** for outsourcing that has been proven by successful pioneers such as General Electric and American Express
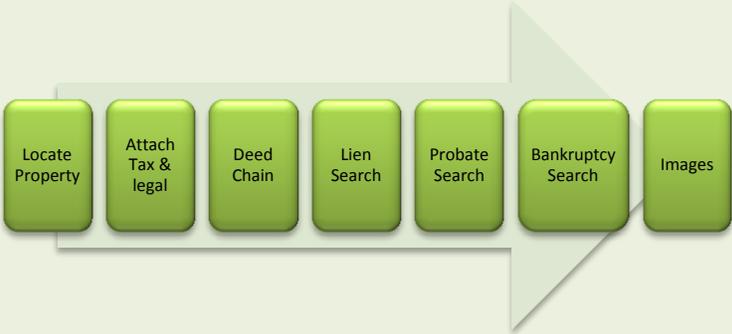
Understand Processes vs. Task

Processes

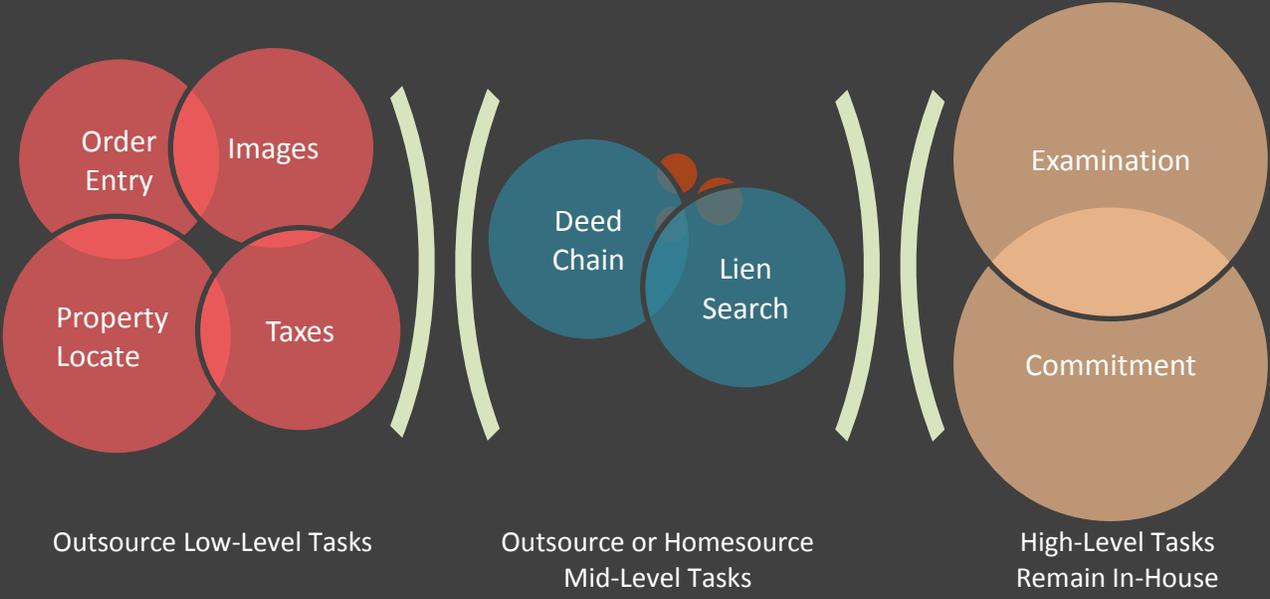- Order Entry
- Search & Exam
- Report Preparation

Tasks

- Locate property
- Attach tax info
- Deed chain
- Lien search
- Probate search
- Bankruptcy search
- Images
- Typing
- Delivery

Subdivide Process into Discrete Tasks

Locate Property | Attach Tax & legal | Deed Chain | Lien Search | Probate Search | Bankruptcy Search | Images

Identifying Core Skill Levels

Order Entry | Images

Property Locate | Taxes

Deed Chain | Lien Search

Examination

Commitment

Outsource Low-Level Tasks

Outsource or Homesource Mid-Level Tasks

High-Level Tasks Remain In-House

"*We do not use outsourcing as a replacement for title examination. We are still doing the underwriting and file review. I believe this is a common misconception about the evils of outsourcing. Our staff now spends more time doing what they do best, which is resolving title issues and working with the customer to get their file to closing.*"

Vendor Selection Methodology

Identification	•Identify outsourcing management team •Identify requirements •Find offshore companies that match requirements
Request for Information	•Prepare RFI questionnaire •Ask about company size, stability, employees, experience, technology, process and quality •Send questionnaire to selected vendors
Evaluation of Information	•Look at vendor's response and seriousness of response •Match vendor's qualifications to your requirements •Narrow vendor pool
Request for Proposal	•Select vendors for RFP process •Design and send RFP •Set deadline for responses
Due Diligence	•Evaluate responses •Talk to customer references •Select top vendor(s)
Site Visit	•Visit facility •Assess vendor's company, people and processes •Assess vendor's technology and infrastructure
Test Pilot	•Pilot project to assess project management •Assess quality of work •Assess vendor employees and management
Finalize Decision	•Make final vendor decision •Define performance metrics •Sign contract

"As with any operation your success is dependent upon the staff, the communication, and processes you put in place. I would suggest to anyone interested in offshore/outsourcing to make sure you have a say in staffing levels and actual staffing decisions. I would also recommend someone from your operations preparing the training material and delivering the training in person. Constant feedback is also a huge key. You need to think of the outsourcers' office as another one of your company's offices and their staff as an extension of your staff."

— From Mandrien Consulting Group's
"Title Insurance and Mortgage Process Optimization Group" on LinkedIn