

Launching an Embedded Finance to Accelerate Revenue Growth Across its Dealer Network in the US





ABOUT THE CLIENT

Our client is headquartered in Virginia and is a global provider of Security Systems, an innovative technology solution that keeps people connected with their home or business and gives people control, comfort, and peace of mind. The solutions include hardware and monthly subscription services. These solutions are sold exclusively through dealers. There are about 9,000 dealers, who visit clients, do a site survey, and then present a solution and proposal to the clients. There are currently 7 million customers with about 1.5 million new customers being added every year.

Integrations used in LendFoundry Point of Sale Lending System

ACCELITAS. 

 LexisNexis®  DocuSign

 VantageScore®  yelp

 Google Analytics  Google Places

 twilio  SendGrid

BACKGROUND

A customer (home/business) for Security Systems bears the cost of initial hardware and installation, and this can range from \$1,500 to \$12,000+. The monthly subscription cost can vary from \$49 to \$69 per month. Our client and some of its dealers currently offer financing through third parties. This has issues like several smaller dealers and customers not being able to secure such financing, longer lead time, cumbersome process etc. Our client decided to launch an embedded finance program so that as a part of the sales process a borrower will be able to seamlessly explore financing options and thus reduce the friction in the buying process.

It is expected that availability of finance options while the dealer representative is presenting the price proposal at the customer's place will improve the probability of sales conversion and increase the ticket size for a sale.

To make affordable finance available to customers on an ongoing basis, our client has created its own Point of Sale (POS) finance business. Dealers will work with the customers to sign up for these finance programs. From our client's perspective, it means larger ticket size, better sales conversion, and additional revenue stream through financing operations. For the dealers, it means seamless & integrated financing solutions, higher conversions, and larger ticket size. The client has rolled out a pilot with a limited set of dealers and plans to significantly expand the scope of this financing program across dealers. The client has deployed a lean team of experts for this finance division and is leveraging LendFoundry platform and team for its end-to-end technology needs and one of LendFoundry's partners for managing business processes like customer service, collections, support etc.



KEY BUSINESS NEEDS

01

Zero touch application processing, underwriting and offer management to ensure instant loans.

02

Highly self-service to keep cost of lending operations low and also empower dealers and borrowers to take control of the lending process.

03

End to End loan lifecycle management to ensure seamless automation of the business process i.e., from onboarding to pay-off.

04

Extensible for various sizes of dealers i.e., offer an out-of-box SaaS solution to smaller dealers, while allowing larger dealers to integrate their CRMs with client's digital journeys using APIs.

05

Ability to create customized offers based on dealer participation.

06

Simple application form for borrowers and thus rely on 3rd party data providers to enrich application data for underwriting and decision making.

07

Highly scalable solution as the client will expand the footprint to 100x beyond the pilot.

08

Ability to integrate 1st party, 3rd party and in process lending data with its existing reporting and data infrastructure.

09

Technology partner who is agile, as this is a new business vertical for the client.

10

Technology partner with a robust security framework to accommodate compliance needs from Funding partners, WebBank, Large dealers, etc.

PROPOSED SOLUTION

Having worked with various Point of Sale Lenders, LendFoundry was able to demonstrate its domain expertise and an end-to-end solution to the client's leadership team and provide them sufficient confidence to quickly move forward with this relationship. LendFoundry Point of Sales Lending Solution (LF-POS Lending Solution) was proposed and deployed to address the key business needs of the client. This included:

- A mobile response and simple to navigate application intake solution for **borrowers to apply on their own 24*7**. Includes ability to easily add co-borrowers and their details, transparently captures consent etc. from the borrowers, instant bank verification, etc.
- A mobile responsive application intake solution for merchants to onboard borrowers while discussing a home security solution with a customer. The solution also includes the ability to easily add co-borrowers with their details. Also supports initiating actions for borrowers like providing consent, adding Identity documents, etc. while the heavy lifting is being done by the merchant.
- An **API based POS Loan Origination Solution** which integrates with Experian, LexisNexis, Plaid, , DocuSign, Twilio, Sendgrid etc.
- An **API based POS Loan Servicing Solution** to which loans are automatically onboarded from LendFoundry Loan Origination System and which automatically manages daily amortizations, repayments, fee and interest assessments, delays and delinquencies, collections etc.
- A self-service borrower portal which enables borrowers to keep track of their loan applications, loans in service, repayments , upcoming payments, statement of account, tools to make a payment, etc.
- Lender Portal for clients' team and BPO partners to view applications in progress, loans in service, closed loans, due/upcoming payments, payments received etc. Also used to overwrite system generated offers, verify data received from borrower, merchant and 3rd parties, manual underwriting when needed, perform loan modifications, etc.
- Okta based **Single Sign-on (SSO)** with user access control.
- **Data as a service** solution to integrate with client's reporting and data solutions.
- Merchant onboarding portal for merchants to provide their data on their own and an automated merchant underwriting solution.
- **Customized UI** for various portal with client branding specifications.
- Document Management system to manage documents submitted by borrowers, dealers and in-process generated documents. Also tools for the verification team to easily review and approve documents and if the documents were unverifiable, seamless communication with the borrower and merchant.
- A large collection of APIs has been exposed to dealers, funding partners etc. for ease of integration to the LendFoundry POS Finance platform.

As this was a new business vertical for our client, LendFoundry's product management and implementation teams worked very closely with client's business team, data providers, payment providers, funding partners, WebBank to make sure that our client can launch this new business efficiently.



FEATURES USED IN THE SOLUTION

Following features of the LF-POS Lending Solution were used to fulfill the client's expectations.

- Fully mobile responsive, intuitive and optimized Borrower Portal for a borrower to complete the loan application process in less than 60 seconds
- LF-LOS's connector based design lays the foundation for an ecosystem where seamless integration with Third Parties is possible. In this case the integration was done with the various dealers for Onboarding applications using their solutions like Salesforce, HubSpot and also custom solutions.
- Integration with third parties like Experian, LexisNexis, Plaid, DocuSign, Twilio, Sendgrid etc. Apart from this, there are 80+ other Third-Party integrations available for faster, better and compliant decision making.
- Robust and scalable system design handled high volume of applications and instant & automated underwritin.
- Action Menus for different roles helped define role specific actions and established roles based controls.
- Auto Scheduled emails triggered by different events.
- Api based integration with LOS for seamless onboarding of loans to the Loan Servicing System.
- Configurable Payment Hierarchies to align to business events.
- NACHA/ACH enabled payment processing with automated and configurable handling of ACH Rejects including fee application
- Non-perfect partial or ad-hoc pay handling flexibility including late payment handling.
- Payment reversals, back dated payments, waivers for loan closure and settlement. Charge off, sell off, deceased, SCRA, forbearance treatments.
- Current Current Total outstanding segregation into buckets to track good standing and delinquencies with provision to highlight negative KPIs of loans for early warning.
- Data as a service cloud solution allows frequent syncing of LendFoundry's reporting data with client's data lake.
- Merchant Solutions like Self Service Merchant Onboarding, Automated Underwriting, integration with LexisNexis, Plaid, DocuSign makes it possible to scale up onboarding of large number of existing merchants to the lending program and also easily add new merchants in the future
- Non-perfect partial or ad-hoc pay handling flexibility including late payment handling.



OVERALL IMPACT

The client achieved automation of the application intake, loan origination, underwriting, decision making process, loan servicing, dealer enrollment, and underwriting.

The LF-POS platform provided an integrated solution where different teams could interact and perform appropriate actions based on the business functionality. The system administrator could control which business user could view which aspects of the application. The client has been able to launch their business quickly and keeping its focus on scaling up the lending operations while LendFoundry and its team does heavy lifting on technology, data, 24*7 support etc. and thus becomes a partner in growth for our client.



ABOUT LENDFOUNDRY

LendFoundry is the next-generation, cloud-based, SOC1 and SOC2 Type2 compliant, full stack technology platform to enable digital lending.

Available as a SaaS offering on AWS, LendFoundry is built using a micro-services architecture and is highly customizable and scalable. Powered by API integration with 80+ traditional and alternate data providers and platforms, it can help digitize a lender's entire loan lifecycle to deliver faster loans and also add new customer segments.

Key Modules: Borrower Portal, Broker Portal, Dealer Portal, Merchant Portal, Lender Portals, Loan Origination System, Loan Servicing System, Loan Management System, Business Analytics.



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