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# Executive Conversation: Collin Harbour on the changing role of service providers

**DIMONT invests in systems and processes to meet clients' needs**

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*Executive Conversations is a HousingWire web series that profiles powerful people in the financial industry, highlighting the operations and the people that make this sector tick. In the latest installment, we sit down with Collin Harbour, director of business development at DIMONT, to discuss the changing role of service providers.*

**Q. In what way has the servicing industry changed over the last five years?**



**A.** The foreclosure crisis has peaked and declined at a steady pace over the last five years. This provided an abundance of opportunity for vendors, servicers, and investors to partner together. As foreclosures continue to decline, servicers have begun to turn to service providers for additional needs. Particularly on their non-banking functions, our clients are communicating that they have to manage their essential functions with fewer staff. As a result, we all should be prepared to provide expanded and additional services to our clients. For instance, we were recently approached to by a client to perform an independent review of a number of their processes, with an eye towards determining how we may provide assistance with the administrative processes to produce better and reduce their costs.

**Q. What should a vendor's best attributes be to its clients?**

**A.** Vendors – or service providers, our preferred term – exist to provide the highest level of service to their clients while reducing financial, regulatory and reputational risk. Service providers are, now more than ever, extensions of mortgage servicers. Regulatory entities are reviewing servicing functions and, as these functions continue to be outsourced, the regulators are turning their attention to service providers. In order to provide

consistent service and satisfy regulatory scrutiny, service providers must be agile as all of these risk categories change. This means they must be willing and able to make investments in systems and processes to enhance the relationship and to meet or exceed the servicers' audit standards. Simply put, the best service providers are responsive to their clients' needs, so they evolve their delivery model to meet new environmental conditions such as enhanced regulatory scrutiny.

**Q. How can an organization focus on quality service while also being prepared to handle constant change?**

**A.** Change is constant, whether it comes from downsizing, service transfers, or regulatory requirements, but an outstanding service provider's commitment to quality is everlasting. The key to excelling during this time is being prepared, and having the tools and organizational discipline in place to manage the change process. DIMONT recently identified the need for new communication methods and technological enhancements for its clients and staff: our clients are expected to produce results more quickly, with fewer resources. We're committed to filling the resulting gaps by being an extension of our clients, and to strive to even deliver a service level greater than the client would expect from its own employees.

As a result, we determined that we needed to enable self-service reporting and communication options for our clients. We recognized that these technical tools are disruptive to our established business model, and that enabling them required a cultural shift. However, our over-arching commitment to service and our established discipline of rolling out technical enhancements to our legacy applications made this project feasible.

**Q. Vendors are supposed to provide a service to their customers, at what point are they responsible for their returns?**

**A.** Service providers play a crucial role in the overall strategic plan of their clients, but they must also receive a reasonable return for their efforts. Fulfilling the service, while alleviating financial, regulatory, and reputational risk for our client adds value to the client and realizes the service provider's obligation. Clients appreciate that but often overlook the fact that we all are responsible for financial returns in our businesses.

For instance, as a hazard claims vendor, DIMONT is primarily responsible for providing hazard claim funds that: 1. Provide returns to investors and banks and 2. Offset out of pocket expenses for servicers as they fulfill investor obligations. All vendors in our area set prices for their efforts according to these delivery requirements. Unfortunately, many service providers and clients overlook the risk mitigation component of the value proposition. Both parties should recognize that, in the relationship, the service provider has the opportunity to provide the client with both the operational benefits mentioned above, but in most cases, also other strategic benefits such as risk mitigation. These benefits add value and should be a component of return the service provider receives.

**Q. Servicers are supposed to be partners to their vendors, too. How can vendors measure the impact of these partnerships in the future?**

**A.** When a partnership is successful, both the servicer and the vendor gain measurable reputation and financial benefits. Not only does each company advance in the marketplace as an industry leader, they also build trust in their working relationship and move forward in their endeavors effectively. For example, servicer regulatory scrutiny immediately has become vendors' regulatory scrutiny. Whether it is the OCC, CFPB or state regulatory bodies, compliance now requires teamwork between servicers and vendors. Both servicers and vendors must invest daily in their partnerships, which are obviously in place

to provide financial benefit to all parties. However, the value of these partnerships now may also be measured by other means, such as the avoidance of regulatory risk.



Sarah Wheeler joined HousingWire in November 2013 as Content Editor, serving HousingWire and HousingWire.com. She was promoted to Magazine Editor in May 2015. Sarah brings extensive experience in both newspaper journalism and marketing.