

LIXI – Innovation and Outsourcing

Erik Fenna, CEO



Innovation, Outsourcing and Standards



- How do we as an industry harness opportunities for innovation available through outsourcing?
- How does the utilisation of collaborative standards enable this?



Innovation, Outsourcing and Standards E-Health

- Look back 10-15 years at the Health sector - there was a concerted push for efficiency and improvements to patient outcomes – innovation in health
- Large, diverse industry; local, national, global; cumbersome with many opposing forces
- Recognition that “data messaging” was a critical key to success
- Development of a unified standard – HL7 – that enabled many innovations to take place
- Externalised services, comprehensive view of the data

Collaboration is core business



The benefits of collaboration in competitive environment

- Reasons for collaboration - **innovation**
- shared outsourcing services - **costs**
- multi-way connectivity and STP - **efficiency**
- Why anyone would collaborate? – **mutually beneficial**



Ralph Norris - When to Collaborate?



- Not where you see that there is some competitive advantage in doing what you're going to do on an independent basis.
- It's hard when the priorities are different between banks, you don't want to end up being constrained by the slowest ship in the convoy.
- Things that we regard as being a utility are more likely to be done in a collaborative sense.



10 years of LIXI standards



- Collaboration without collusion requires an independent facilitator
- Vision for standardised messaging encompassed the entire lending chain
- LIXI standards are like email – it's about connectivity
- LIXI – conceived to permit any-to-any communication
- From the first live lodgements in 2004 through to today, LIXI is universal throughout lending now



Externalised Innovation



- Early adopters of LIXI standards were mortgage brokers, valuation panel managers, mortgage insurers and legals
- These are innovative outsource service providers
- 'Messaging' enable efficiency in ordering and receipt, as well as straight-through processing opportunities



Pain is driving innovation



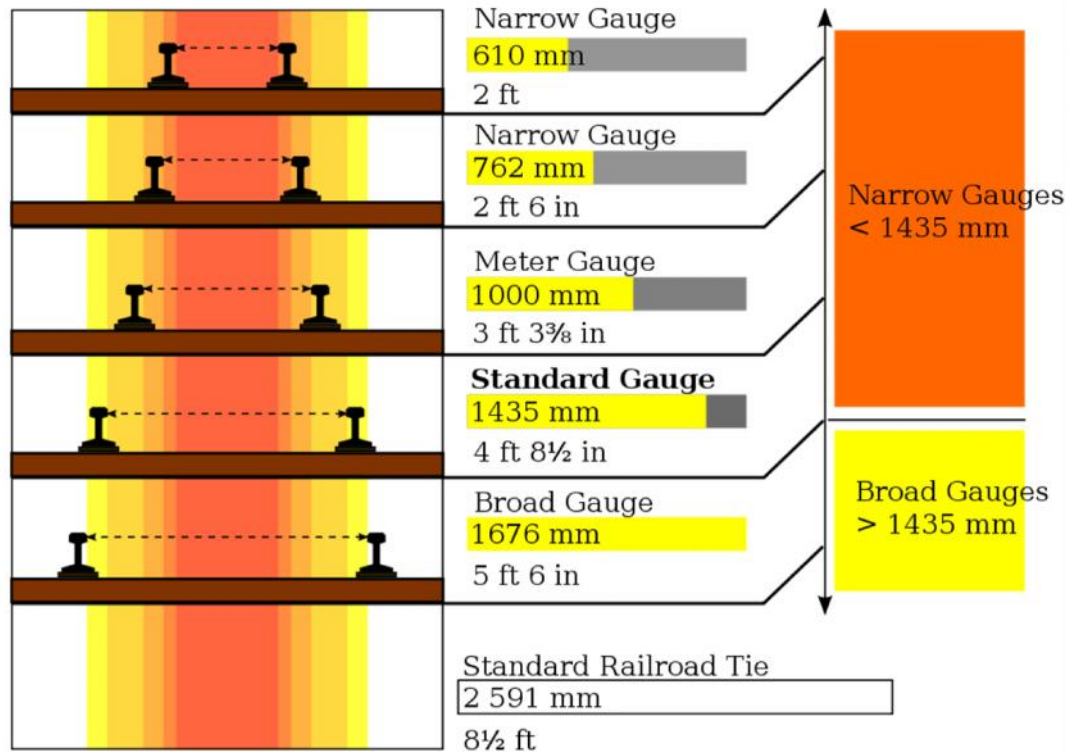
For new service implementation, and change management

- Complexity – need to make it simpler
- Time – need to make it easier
- Cost – need to make it cheaper

Why? To foster innovation – in costs and in services



B-to-B today is not dissimilar to the rail gauge problem



Standardisation ...

- What happened when two previously non-standard gauge lines were connected in standard gauge? Well in the case of the Sydney-Melbourne line, net freight increased by 32% in the first year following standardisation, and grew at an average 8.6% per year for the next decade. Standardisation, as expected, reduced friction in, and therefore increased the quantity of, transactions along the line.

LIXI 2.0



- 2010-11: How do we as an industry harness opportunities for innovation?
- Moving away from just data messages
- **Communication** is a process where by information is packaged and then channelled by a sender to a receiver via some medium
- **Collaboration** is working together towards a common goal by sharing knowledge and building consensus



LIXI 2.0 - 2012



- Inside the business, there is a concept for process communications - the Enterprise System Bus
- LIXI 2.0 is envisaged as an “inter-enterprise” equivalent
- Dynamic message design, controlled by the recipient
- For lenders – direct and immediate control over quality and change management
- For service providers - open the door, and turn on the tap
- Complete backward compatibility – change when ready

LIXI 2.0 – the new innovators



What is going to be enabled or enhanced?

- New ways of using existing services – product selection, LMI, valuations, document preparation, settlement
- New services – customer-centric, money-centric

What are the benefits?

- Efficiency, Accuracy, Cost reduction, Time
- Dynamic adaptation
- Customer service

Questions?

