

White paper

Unlocking the financial benefits of Encompass®

A summary of a 2024 analysis by MarketWise Advisors, LLC on how Encompass is enabling lenders to lower costs, increase operational productivity and maximize ROI.

Introduction

The mortgage industry is facing numerous challenges with increasing origination costs, efficiency demands and changing market conditions. Against this backdrop, efficiency, cost savings and loan quality have become critical focal points for mortgage lenders.

To help financial institutions and lenders maximize profitability and streamline operations, ICE enlisted MarketWise Advisors to conduct an in-depth analysis into the financial impact of the Encompass digital lending platform on a lender's business performance. This white paper dives into the study's key findings, offering insights into how Encompass optimizes loan processing workflows, reduces errors, enhances profitability and enables lenders to scale operations effectively.

About the study

The Encompass ROI Study is in its fifth installment since its inception in 2016. Its latest iteration focused on ICE customers who have consistently utilized Encompass for at least six months, managing an average of 50 loans per month. The study also examined the incremental impact of using additional ICE solutions like ICE's Product and Pricing Engine (ICE PPE), Encompass eClose and ICE Data and Document Automation in conjunction with Encompass.

The industry participants represented a mix of executives, enterprise and mid-market lenders, with substantial expertise in mortgage operations and technology. All told, the study analyzed the experiences of 171 employees from 147 companies who fully adopting Encompass and other ICE solutions for their lending operations, comparing their performance to before implementation.



Key findings from the study

1. Encompass delivers a 5-to-1 return on investment (ROI)

For every \$1 spent on Encompass, customers saw an average return of \$5. This ROI potential can help lenders who use the software create an advantage market, enabling them to drive significant financial value from their technology amid lower origination volumes. Historically, the data shows that as market demand increases, the ROI of Encompass improves further – to 8-to-1 during periods of higher loan volumes.

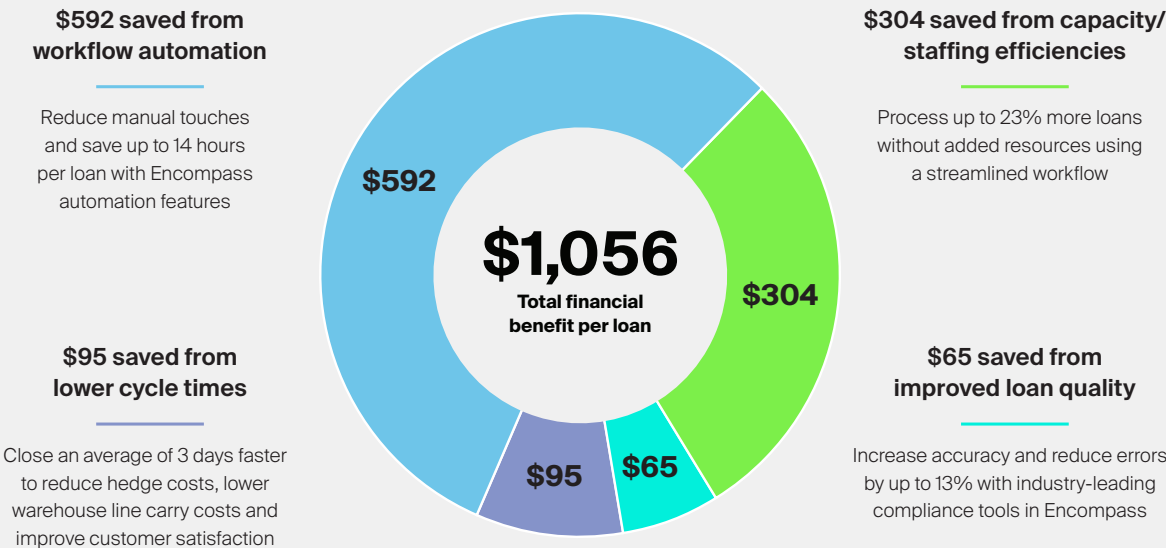
2. Encompass increases gross profit per loan for clients

One of the most compelling findings was that Encompass enables lenders to generate an additional **\$1,056 in gross profit per loan**, an 8.7% increase from \$971 per loan reported in a similar client study conducted in 2022. This figure highlights the platform’s continuous improvement driven by continuous innovation and the long-term potential to expand profit margins for lenders who use the technology over the course of several years.

The study revealed that the most common factors that contributed to the reported increase in grow profit per loan were:

- **Time savings gained from using Encompass’ workflow automation capabilities:** the study revealed that Encompass saves lenders an average of **845 minutes per loan**, reducing manual tasks and touchpoints through automation capabilities like business rules, workflow engine, eFolder, Encompass eClose, compliance reporting and the platform’s direct integration with leading investors and warehouse lenders. The time saved, when calculated based on the average hourly wages of mortgage lender employees in operational roles, results in an average savings of \$592 per loan.
- **Increase in operational capacity:** on average, lenders in the study reported handling **23% more loans with no additional staff** after using Encompass for at least six months. Using the employee cost calculation mentioned above, the increase in workforce capacity from using Encompass equates to **\$304 in added potential profit per loan**.
- **Reduced lending cycle times:** the study also identified that Encompass shortens the loan cycle time (from application to funding) by an average of **three days per loan**, as a result of the efficiencies gained from an improved, more automated workflow. The three-day average reduction in lending cycle time equates to a cost savings of **\$95 per loan**.
- **Improved loan quality:** finally, clients surveyed in the study identified that adoption of Encompass has reduced the number of errors in their loans by an average of **13.25%** as a result using the platforms’ quality control, compliance and data verification capabilities. The reduction in time spent on fixing loan errors corresponds to a financial improvement of **\$65 per loan**.

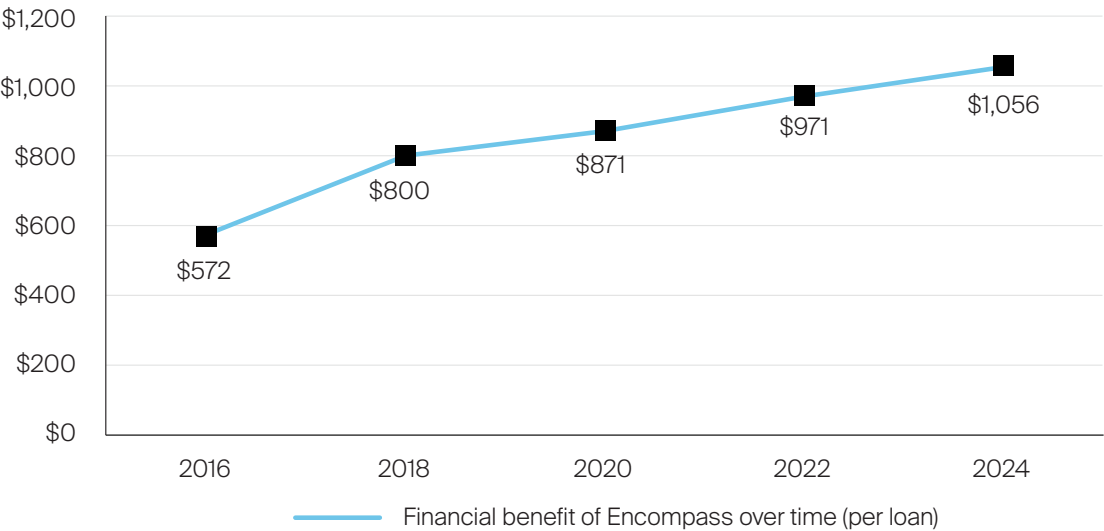
The average financial benefit of Encompass is \$1,056 per loan



3. The financial impact of Encompass has grown significantly over time

The 2024 Encompass ROI study is the fifth analysis since 2016 to identify the average client-reported gross profit per loan impact of using Encompass. When the latest findings were compared to the previous four studies (conducted 2016, 2018, 2020 and 2022), **the average gross profit per loan benefit of Encompass reported by customers has increased by 10.6%.** Clients identified several factors that they felt contributed to this annual increase in derived value from Encompass. However, the most consistent opinion for the value expansion over time is the increased velocity of innovation that has been delivered to the product over the past eight years. ICE has continued to make the Encompass user experience more streamlined and efficient, which likely impacted the perceived value from the platform by clients that use it.

Gross profit per loan impact of Encompass identified in ROI studies from 2016–2024



4. Encompass API usage boosts profit margins

The research study also identified that clients that utilize Encompass’ API suite for workflow automation improve their operational capacity by an incremental 11% above and beyond the operational capacity increase delivered from utilizing Encompass’ core capabilities. **This increase in operational capacity equates to an additional gross profit potential of \$149 per loan** when calculated against the average cost of lender operational employees. This finding highlights the value of integrating advanced automation into everyday operations.

5. ICE Data and Document Automation delivers additional savings

Finally, the research study identified that Encompass clients who also use ICE’s Data and Document Automation solution for workflow automation in conjunction with their Encompass lending workflow save an average additional 223 minutes per loan (beyond from the time savings driven from core Encompass capabilities). Study participants identified that the incremental time savings are driven from improved document management, categorization, loan delivery and collaboration as a result of using ICE Data and Document Automation. **The time savings equates to an operational cost savings of \$156 per loan.**

Product capabilities that drive the most value

The study shed light on specific Encompass features that clients credited for the substantial cost and efficiency gains. Below are the top five Encompass product capabilities that clients reported as having that most substantial impact on their operational performance:

- **Business rules and workflow engine** – used by clients to automate repetitive time-consuming, manual tasks
- **Encompass eFolder** – used by clients to streamline the sending, receiving and management of documents and signatures
- **Encompass eClose** – used by clients to ensure a smooth digital closing processes and exceptional borrower experience from start to finish
- **Encompass Compliance Service** – used by clients to support regulatory and industry requirements and guidelines
- **Encompass Investor Connect** – used by clients to streamline the distribution of loan data and documents to investors and warehouse lenders during the shipping, funding and secondary marketing processes

Clients reported that these capabilities serve as building blocks for using Encompass to streamline operations, minimize risks and enhance profitability.

Summary: Why the findings from this report matter

The Mortgage Bankers Association reports that the average cost of loan origination reached **\$12,485 per loan** in Q4 2023. In volatile markets where operational costs are continuing to increase, it's more important than ever for lenders to invest in solutions that can help them reduce expenses, increase profits and build a competitive advantage. The most recent study (and previous studies conducted over the past 10 years) underscores the impact that Encompass can deliver for lenders in different market conditions. Specifically, the study concluded that Encompass has helped clients to achieve greater operational efficiency and profitability, while also reducing operational costs and shortening loan cycle times.

Encompass provides lenders with an opportunity to improve gross profit potential by:

- **\$1,056 per loan** through core features
- **\$149 per loan** through API usage
- **\$156 per loan** through ICE Data & Document Automation

Collectively, these savings substantially offset the cost of adopting and implementing Encompass technology.

Given the substantial financial value and operational efficiencies revealed by the study, Encompass is a proven solution for delivering a measurable competitive edge. By improving gross profit, reducing loan processing timelines and enhancing compliance, Encompass allows lenders to not just survive but thrive in shifting market conditions.

Ready to experience similar financial improvements?

The 2024 Encompass ROI Study underscores one important truth for mortgage lenders: Efficiency and profitability are no longer optional; they are essential for competing in today's evolving market.

If you're ready to unlock the full potential of Encompass, **contact us today to schedule a demo or consultation.** Learn how this technology can elevate your operations and deliver measurable ROI.



Contact us: icemortgagetechnology.com/get-started

The results represent the average reported financial and operational impact reported by ICE Mortgage Technology clients in 2024 that completed their annual ROI survey administered by MarketWise Advisors LLC. This information is provided for informational purposes only. Both ICE Mortgage Technology, Inc. and MarketWise Advisors, LLC, provide no warranty or representation as to performance results or accuracy. Actual results may materially vary.

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