



## **Increasing Profitability**

Why Increasing Revenue Is  
Not The Only Answer



**Software Solutions For The Title Industry**

# **White Paper**



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## Why Increase Profitability?

Before we jump straight to the answer to this question, it's important to understand current market conditions and why increasing profitability is being suggested instead of the typical answer of increasing revenue. To help illustrate this, let's use a simple analogy: **your business is like a football team**, (even if you don't follow football, this will still make sense, and should even prove to be interesting). Let's get started.

***Profitability is much like defense in that you must be solid enough to hold your competitors at bay, while working diligently enough to put your offense in a good position to score again.***

### Your Business, Your Team

Just like your business, there are two basic sides to every football team, an **Offense** and a **Defense**. Let's pretend that **Revenue** is the offense, and **Profitability** is the defense, as you compete against competitors in the **Marketplace** (the playing field). Every touchdown represents a closing, and every game represents a bout that you will undoubtedly have with your competitors for market share in your respective markets.

*Revenue* is much like *offense* in that it involves forward progression toward the end goal, or going out into the marketplace and bringing the money into the business. *Profitability* is much like *defense* in that you must be solid enough to hold your competitors at bay, while working diligently enough to put your offense in a good position to score again. As the teams go back and forth, you've got to keep your strategy sharp, maybe replace a few players, and fully understand the rules of the game so you can play to the best of your ability. Now that we've got the analogy fresh in our minds, let's look at a scenario using recent happenings in the Title Industry.

### A Season For Change

You've got a good team and have had some good seasons. Your offense works well at getting the ball down the field, while your defense does its job and puts the offense at good positions on the field. There are a few giant competitors that go all the way every year, but your team finishes out seasons that still make your fans proud. Bottom line, you're a good team, and what you've been doing over the past few years has worked for you.

But for the upcoming season, the league decides to make a few changes to the rules that will inadvertently affect your offensive strategies. Not



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only do you need to change those offensive strategies, but you also need new players that can execute them. You need players that are faster and stronger so your offense can get those touchdowns that keep you moving in the ranks every season. The problem is, you've got a limited budget, and the bigger teams are swallowing up the best available players with the seemingly endless money they can afford to throw at them.

So, what do you do? Explore other options to not only support the changes you make to your offensive strategy, but strengthen your defense and prepare for what your competitors will throw at you as a result of the new rules. For instance, take the hard-working defensive players that you have and help them become better by giving them the ability to optimize their defensive strategies and execution. By doing this, the team as a whole can become more efficient. Why? Because the team's defense will be able to better read the new offenses that will arise from the league's changes. This will result in less scoring from competitors, and allow your team and it's offense to completely focus on getting to the goal.

### Where The Title Industry Comes In

At this point, you may see some similarities between the football scenario and what's currently happening in the Title Industry. Regulation is beginning to tighten up and markets are getting hit with rule changes. Consolidation continues as the larger competitors in the industry add new "players" and acquire more companies. The strategies that you have used for years are getting more and more obsolete with each passing week as emerging markets take over the primary sources of revenue. While marketshare may stay the same, industry revenue is dropping as a whole following the REFI boom. In short, your industry is changing and consolidating and if you stand still, or continue to do business the way you always have without changing, you will fall behind.

**You basically have two choices:**

- A. *Increase your resources to try and increase revenue.*
- B. *Increase your efficiency to increase your profitability.*

So what do you do? As in the example we just talked about, strengthen your defense by focusing on **increasing your profitability**. This white paper explains the critical steps that your business should take to do



this. By looking inward and taking these suggested steps, your business will not just survive, but succeed in a fluctuating marketplace. Your business will become more efficient and, thereby, allow your company to completely focus on increasing revenue.

### How To Increase Profitability

As we continue, it's important to remember this simple formula that helps illustrate this point: **Efficiency = Profitability**. Basically, if you are efficient, you will be profitable. Just remember the old adage "*work smarter, not harder*." If your business has reached maximum efficiency, you will have minimal overhead. Hiring, or worse firing, doesn't become the issue that it would if you had focused purely on increasing revenue. Your business will be positioned to deal with the ups and downs of a changing market. And *even if revenue takes a hit*, an efficient business will remain profitable. By understanding the areas of your business to improve in order to achieve maximum efficiency, you can outfit your company to operate at a level that is minimally impacted by a constantly changing market.

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### The Three Areas Of Any Business

So, what must be improved to achieve this paramount of efficiency? We've broken it down into three specific areas: **People**, **Processes**, and **Technology**. Fundamentally, each and every business can be broken down into these same three areas. You need processes to organize how you deliver your products and/or services to your customers. You need people to develop, produce and support those products and/or services, and you need technology, or tools, so those people can perform efficiently. This white paper will address two of these three areas: **Processes** and **Technology**.

### Optimizing Business Processes

First, ensure that you have efficient processes in place to rapidly and accurately produce your products and/or services. It's a simple fact, the better the processes you have in place, the more efficient your business will run. Here's another formula to help you remember how processes affect your bottom-line: **Bad Processes = Costly Production**. What this means is that the more inefficient (or even lack of) your processes,



**When revisiting and optimizing the processes for your business, keep in mind two key points, *Remove Redundant Steps* and *Improve Communication*.**

the more time and money will be spent getting your products and/or services out the door to your customers. In contrast, when you reduce the number of steps and opportunities for errors to occur within these processes, the efficiency gains can be phenomenal.

When revisiting and optimizing the processes for your business, keep in mind two key points, ***Remove Redundant Steps*** and ***Improve Communication***. For either, the trick is to ask as many questions as possible to challenge the way each processes is structured.

To *Remove Redundant Steps*, look at the complete picture – where things start to where they end and everything in between. Ask questions like, “Are there any steps that are not needed to complete the process?” “Are there any steps that could be reorganized and/or combined to shorten the process?” “How can we keep the product/service from switching hands too often?” Or even, “Why are we doing this process this way?” Asking questions like this can help identify and remove steps that you never realized were unnecessary or were hindering efficiency.

On the flip-side, it is possible that adding steps can actually help speed up the process. This talks to the point of *Improving Communication*. Again, ask questions like “How many calls do you get from your customers regarding details of their order?” Maybe it makes sense for you to add communication steps to the process to “Notify Customer” or “Notify Escrow Officer,” preventing unnecessary calls on order progress or status. We’ll leave our examination of business processes with one last question to consider, “If you provided automatic timely updates to customers concerning their orders, how many phone calls or emails would it save your personnel?”

### Implement Flexible Technology

That question introduces the second area of a business that we will address: ***Technology***. After you define relatively efficient processes for how to get products and/or services out the door, it’s time to further optimize them with technology tools that can speed up what has to get done. Now, which technology solution is right for your business? Let’s start by defining a few things in the software world.

When purchasing a software solution for your business, it’s important to understand that two basic types exist: ***Static Applications*** and



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**Business Tools.** What follows are brief explanations for each of these to help you understand the difference.

### Static Applications

A static application is similar to a spoon, it's a spoon and all it is going to do is scoop. It won't cut anything, you can't change a tire with it, and you can't use it to hammer a nail. A static application, as it relates to your business, does the process from “step A” to “step Z”, in that specific and pre-defined order. That's also assuming that this static application actually performs the *entire* process at all. If your business changes, and you have implemented a static application for your technology solution, you have three choices: (1) buy new software; (2) wait for the software vendor to develop what is needed; or (3) conform to a “work around.”

### Business Tools

A business tool is more like the ultimate “Boy Scout Multi-Tool”. It has every kind of blade, screwdriver or any other tool you might need for the job. In the software sense, business tools allow you to adapt the software to your business, through configuration, giving you “every tool” you need. If the business process changes tomorrow, you simply change the configuration.

So, once you have defined the most efficient process to get your product/service out the door and taking into account the team you've put together, which software type makes sense for you to purchase and implement? Think about this for a minute. Do you want to implement an application that has a pre-defined process, forcing you to change your newly defined, efficient processes in order to work with that application? Or, would you rather have a configurable business tool that will operate based on your business processes and will have the flexibility to allow your business to change as the market changes?

## How Business Tools Are Better

Most companies do not realize the amount of time and money that they can save from increasing their efficiency by using business tools instead of static applications. What's the proof? Hard facts and statistics.

*AllShore Title Services, LLC.* is a RamQuest customer based in Chestertown, Maryland, with operations in Baltimore, Annapolis,



and Largo. AllShore implemented *Complete Closing Enterprise Professional™* for five (5) users. *Complete Closing Enterprise Professional™* is RamQuest's **business tool** that includes our *Complete Closing™*, *PaperlessCloser®*, and *FileScan Plus!™* products. AllShore informed RamQuest that within the first 90 days of "going live" with the software, they saw an increase in productivity equal to more than one employee.

**"While a savings of 288 hours per year is material, it is impressive given the fact that the transaction velocity following the go-live date increased by 33%."**

### Before Implementing RamQuest

During the six months preceding the implementation of RamQuest, the number of unique transactions per month had been very steady with a full staff processing them. With this constant transaction velocity, it was consistently necessary for AllShore to incur twenty-four (24) hours of overtime per month to meet the production demand.

### After Implementing RamQuest

Based on this steady historic data, AllShore observed that no overtime has been necessary since they implemented RamQuest. John L. Davis, Operations Manager of AllShore Title Services, LLC, comments, "While a savings of 288 hours per year is material, it is impressive given the fact that the transaction velocity following the go-live date increased by 33%."

"We have noticed a very positive impact on our operations," Davis mentions. "In order to accommodate the new transaction velocity with our old system, we projected that 11,477 annualized full-time employee (FTE) hours would be necessary. With RamQuest, we projected that we would only need 8,320 hours, saving us a total of 3,157 FTE hours."

As a result, AllShore has avoided the cost of 1.52 full time employees by implementing RamQuest's *Complete Closing Enterprise Professional™* solution. Davis further illustrates the savings by adding, "This is an annual cost avoidance of nearly \$44,000 when benefits and other carrying costs are included. It is important to note that we are able to quantify this improvement after being live for less than 90 days. In all likelihood, our staff will get even better at using the tools that RamQuest provides, and realize even further efficiencies and savings."

So where did the time savings come from? AllShore explained to RamQuest that the biggest areas of improvement are in the time



necessary for document production, HUD preparation, and most noticeably in the time saved dealing with “revising, correcting, and re-sending things,” Davis states. “This activity is inevitable in every transaction. But, between the *PaperlessCloser* and *FileScan Plus!* features, we realize a huge pick-up in efficiency when dealing with those workload items.”

**...The biggest areas of improvement are in the time necessary for document production, HUD preparation, and most noticeably in the time saved dealing with “revising, correcting, and re-sending things...”**

## **The Next Step**

So what should you do next? Of course, the obvious answer is to contact us! But seriously, we do want you to contact us to find out more about what we offer; we also encourage you to contact other software providers to find out what they offer as well. Evaluate as many of the solutions offered to the Title Industry as you can. Do your homework – commit time to do this and ensure that the next time you implement a technology solution, you won’t have to spend the time, money, and resources to implement a new one when the market changes. And, most importantly, implement a set of business tools that will help you stay efficient and profitable no matter what the market does.

For more information, call [1.800.542.5503](tel:18005425503) or visit [www.ramquest.com](http://www.ramquest.com) today to register for a FREE guided demonstration of **THE STANDARD IN LAND TITLE SOFTWARE.**

## **About RamQuest Software, Inc.**

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RamQuest has created one of the most powerful software solutions for the Land Title Industry with the direct intent of helping companies increase revenue and profitability. Our fully integrated Land Title Closing, Escrow Accounting, Imaging, and Digital Marketplace software solutions continue to set new standards for what title companies should expect from their software partner.

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