

Commissioned By InfoCert, August 2018

The Total Economic Impact™ Of InfoCert TOP For Instant Lending

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Executive Summary

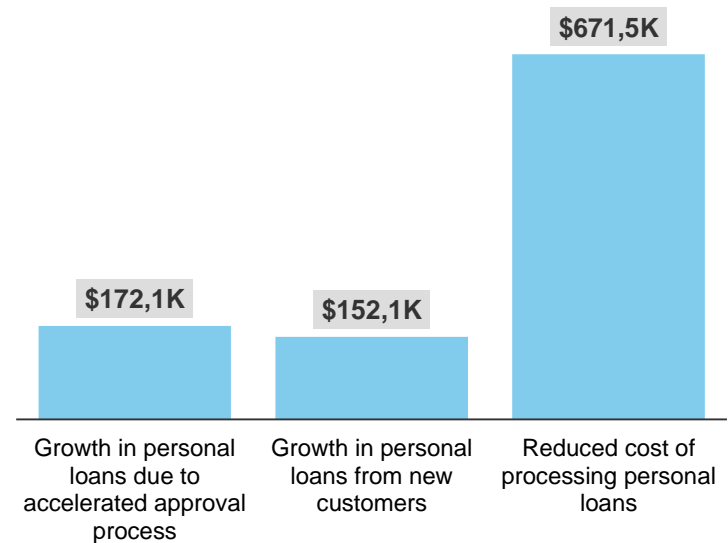
INFOCERT TOP STREAMLINES INSTANT LENDING PROGRAMS THAT ENABLE BANKS TO DRAMATICALLY IMPROVE CUSTOMER SATISFACTION

InfoCert commissioned Forrester Consulting to conduct a TEI study and examine the potential return on investment enterprises may realize by implementing InfoCert TOP for Instant Lending scope. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of InfoCert on their organizations.

InfoCert TOP is the end-to-end solution for customer onboarding and distance contracting with full legal value, quickly completing any customer onboarding process and contract subscription, reducing time, cost and fraud and improving the customer experience.

Forrester quantified benefits, costs, risks, and flexibility based on interviews with an InfoCert customer. The examined customer, by adopting TOP solution for Instant Lending, moved from a paper personal loans lending process to an end-to-end fully trusted digital process. Using customer feedback, Forrester determined this investment has the following three-year risk-adjusted financial impact on a composite organization:

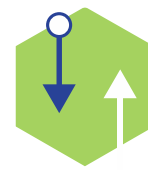
Benefits (Three-Year)



Net Present Value:
€ 718.969



Return On Investment:
260%



Payback Period:
<3 months



Increased Personal Loan Growth:
100%*

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Forrester's Total Economic Impact™ Methodology

The Total Economic Impact (TEI) is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their solutions to clients.

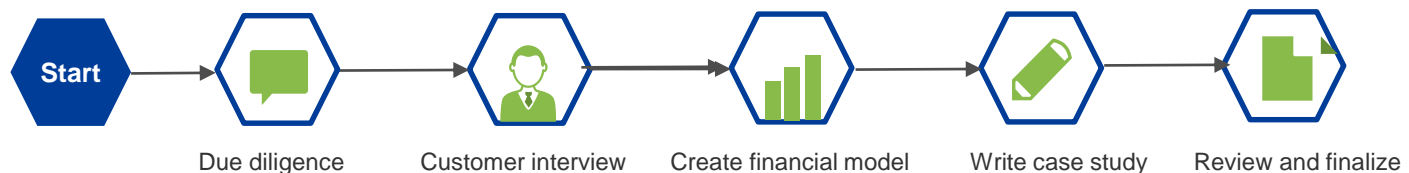
The TEI methodology consists of four components to evaluate investment value:

- **Benefits** represent the value delivered to the user organization by the project.
- **Costs** represent the investment necessary to capture the benefits of the project.
- **Flexibility** represents the value that can be obtained for some future additional investment, building on top of the initial investment already made.
- **Risks** represent the uncertainty of benefit and cost estimates contained within the investment.

See Appendix for more details.

		TCO	ROI	TEI
IT impact	IT costs			
	IT cost savings			
Business impact	User efficiency			
	Business effectiveness			
Risk/uncertainty	Risk mitigation			
	Risk versus reward			
Strategic impact	Scalability			
	Flexibility			

Forrester took a multistep approach to evaluate the impact that InfoCert can have on an organization. Specifically, we:



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About The InfoCert Customer

Forrester interviewed an existing InfoCert customer and constructed a TEI framework within the associated ROI analysis that illustrates the following business cases:

- **Global bank headquartered in the European Union** with regional regulatory requirements. Forrester interviewed the division working with InfoCert to reengineer the personal loan process.
- **Transitioned to a fully digital personal lending process** with InfoCert TOP. Transformed a 13-day paper process for personal lending to a 5- to 10-minute digital process.
- **Engaged with InfoCert for more than a year** while using Instant Lending to as the tool for digital signature, authentication, and disbursement.

“We started to understand how we could develop a new process for personal loans because our current process was very, very old fashioned.”



“The idea was to also use digital signature for personal loans together with the other enhancements and it completely changed the process. Now our process for a customer with a payment account from request to disbursement in less than 10 minutes.”



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InfoCert TOP Enables:

GROWTH IN PERSONAL LOANS DUE TO ACCELERATED APPROVAL PROCESS (PAGE 1 OF 2)

- By adopting InfoCert's TOP, the company accelerated the personal lending process which increased the loan demand by 100%.
- A key factor to revenue growth was that the bank reduced the time from customer application to cash disbursement from 13 days to mere minutes (less than 10 minutes, on average).
 - The process from application to approval was reduced from 6 days to nearly immediate (average of less than 1 minute).
 - The process from approval to disbursement was reduced from 7 days to a few minutes.
 - The number of customers that changed their minds and renounced taking the loan once offered declined by 80%.
 - The bank initially ran the program with existing customers and then expanded the program to attract new customers to the bank.
- **The doubling of personal loan production growth enabled by InfoCert TOP led to a in increase of revenue over three years resulting in € 172.096 of risk-adjusted financial impact.**
- **SEE NEXT PAGE FOR SUPPORTING DATA.**



**Three-year PV:
€ 172.096**

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InfoCert TOP Enables:

GROWTH IN PERSONAL LOANS DUE TO ACCELERATED APPROVAL PROCESS (PAGE 2 OF 2)

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Annual personal loan revenue		€ 5.000.000	€ 5.300.000	€ 5.512.000
A2	Increase in annual growth of personal loans		6.0%	4.0%	2.0%
A3	Cumulative growth in loans	$A2_{CY} + A2_{PY}$	6.0%	10.0%	12.0%
A4	Revenue from increased growth (cumulative)	$A1 * A3$	€ 300.000	€ 530.000	€ 661.4400
A5	Average profit margin		15%	15%	15%
At	Growth in personal loans due to accelerated approval process	$A4 * A5$	€ 45.000	€ 79.500	€ 99.216
	Risk adjustment	↓5%			
Atr	Growth in personal loans due to accelerated approval process (risk-adjusted)		€ 42.750	€ 75.525	€ 94.255

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InfoCert TOP Enables:

GROWTH IN PERSONAL LOANS FROM NEW CUSTOMERS

- In addition to programs that accelerated loan program for existing bank customers, the organization also launched initiatives targeting customers new to the bank.
- During this time, a number of banks ran marketing campaigns around the country emphasizing a “new-age banking” experience that included rapid loan approval. Because of the offering enabled by InfoCert, the bank was able to participate in this regional trend.
- As a result, the bank launched programs in Year 3 that resulted in an extra € 1,5 million in loan revenue and € 225.000 in incremental revenue.
- **Improvements to the process in processing personal loan applications lowered costs over three years, saving the company a risk-adjusted total PV of € 202.500.**



**Three-year PV:
€ 202.500**

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Incremental loan revenue from programs targeting customers new to the bank				€ 1.500.000
B2	Average profit margin				15%
Bt	Growth in personal loans from new customers				€ 225.000
	Risk adjustment	↓10%			
Btr	Growth in personal loans from new customers (risk-adjusted)				€ 202.500

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InfoCert TOP Enables:

REDUCED COST OF PROCESSING PERSONAL LOANS

- Using InfoCert TOP for instant lending allowed the company to digitize and accelerate a paper-based, antiquated process even after doubling the volume of loans issued each year.
- The loan applications were processed by an outsourcing provider. The vendor avoided activities such as reviewing applications, confirming applicant identities, evaluating applicant credit, and physically signing paper documents. Applicants avoided the need to fill out paper applications and make multiple visits to a physical bank to sign agreements and receive funds.
- Thus, the vendor cost to the bank declined 30% per year even with a 100% increase in loan volume.
- **Improvements to the process in processing personal loan applications lowered costs over three years, saving the company a risk-adjusted total PV of € 671.450.**



**Three-year PV:
€ 671.450**

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Annual cost for vendor to process personal loan applications		€ 1.000.000	€ 1.000.000	€ 1.000.000
B2	Reduced cost using InfoCert		30%	30%	30%
Bt	Reduced cost of processing personal loans		€ 300.000	€ 300.000	€ 300.000
	Risk adjustment	↓10%			
Btr	Reduced cost of processing personal loans (risk-adjusted)		€ 270.000	€ 270.000	€ 270.000

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Total Benefits:

CALCULATIONS FOR ALL BENEFITS AND DISCOUNTING TO CALCULATE THREE-YEAR PRESENT VALUE

REF.	METRIC	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Growth in personal loans due to accelerated approval process	€ 42,750	€ 75,525	€ 94,255	€ 212,530	€ 172,096
Btr	Growth in personal loans from new customers	€ 0	€ 0	€ 202,500	€ 202,500	€ 152,141
Ctr	Reduced cost of processing personal loans	€ 270,000	€ 270,000	€ 270,000	€ 810,000	€ 671,450
	Total benefits (risk-adjusted)	€ 312,750	€ 345,525	€ 566,755	€ 1,225,030	€ 995,687

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InfoCert TOP Enables:

UNQUANTIFIED BENEFITS

- The banking market has enjoyed lots of excitement from a variety of banks that are attracting consumers to a new, digital experience. With InfoCert, the interviewed bank was able to participate in the frenzy and attract more customers while many other traditional banks lost market share.
- “We already expanded beyond just current customers. We started with current customers and then we expanded to prospects (individuals new to the bank). So, we are already opening expanding the capabilities.”
- “Customers are very happy and customer rating is very high.”



FUTURE FLEXIBILITY

- “We are expanding the digital process into other countries within the European Union. France and Romania are beginning to use this approach and many other countries are discussing a similar approach.”



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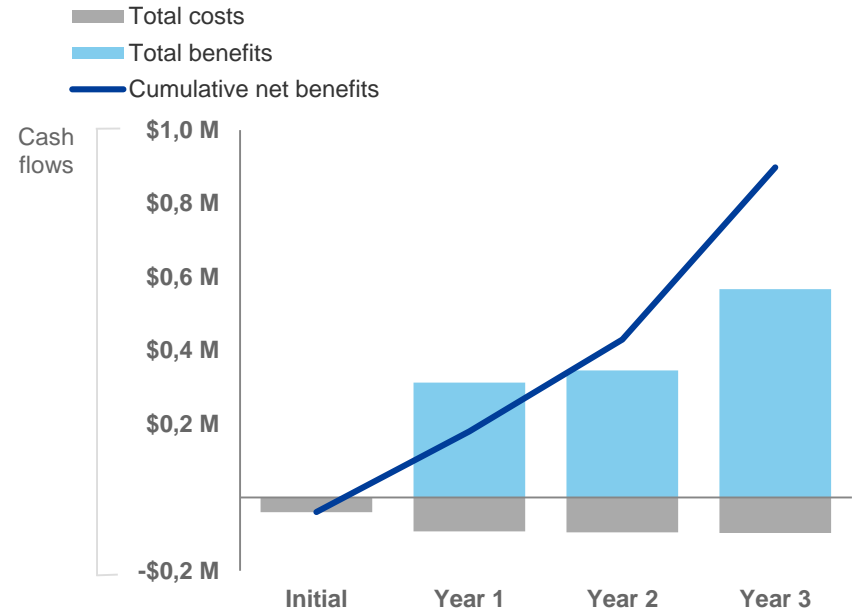
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Results And Financial Summary

The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the organization's investment in InfoCert. These values are determined by applying Forrester's risk-adjustment values to the unadjusted results in each relevant cost and benefit. The financial results exclude any contribution from unquantified benefits or future flexibility described on slide nine of this study.

- The risk-adjusted ROI is **260%**
- The risk-adjusted NPV is **€ 718,969**
- The payback period is **< 3 months**.



	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Costs	(€ 40,000)	(€ 93,000)	(€ 95,580)	(€ 97,403)	(€ 325,983)	(€ 276,718)
Benefits	€ 0	€ 312,750	€ 345,525	€ 566,755	€ 1,225,030	€ 995,687
Net benefits	(€ 40,000)	€ 219,750	€ 249,945	€ 469,352	€ 899,047	€ 718,969
ROI						260%
Payback period						< 3 months

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Appendix A: Total Economic Impact

The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

- › **Benefits** represent the value delivered to the business by the product.
- › **Costs** consider all expenses necessary to deliver the proposed value, or benefits, of the product.
- › **Flexibility** represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made.
- › **Risks** measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on “triangular distribution.”

The initial investment column contains costs incurred at “time 0” or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

Readers should be aware of the following key disclosures:

- The study is commissioned by InfoCert and delivered by the Forrester Consulting group.
- Forrester makes no assumptions as to the potential return on investment (ROI) that other organizations will receive. Forrester strongly advises that readers should use their own estimates within the framework provided in the report to determine the appropriateness of an investment in InfoCert.
- InfoCert reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester’s findings or obscure the meaning of the study.
- The interviewed customer was provided by InfoCert.
- Forrester does not endorse InfoCert.



Present value (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate).



Net present value (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate).



Return on investment (ROI)

A project’s expected return in percentage terms. ROI is calculated by dividing net benefits (less costs) by costs.



Discount rate

The interest rate used in cash flow analysis to take into account the time value of money. Typically discount rates are between 8% and 16%.



Payback period

The breakeven point for an investment.