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WASHINGTON MUTUAL

Case Study

ALSS Project Risk Assessment

"In addition to reducing costs and improving system constraints by bringing the mortgage process in-house, there is a compelling secondary benefit. This effort will act as a catalyst towards assimilating Homeside into the WaMu organization and culture."

ADS Financial Services Solutions is a strategy consulting and systems integration firm dedicated to serving the needs of the financial services industry. ADS offers rapid, cost effective solutions to its clients' business challenges through its in-depth financial industry expertise, project management expertise, and technology expertise.

CLIENT

Washington Mutual (WAMU) is a retailer of consumer financial services that provides a diversified line of products and services to consumers and small- to mid-sized businesses. WAMU and its subsidiaries have assets in excess of \$276 billion providing consumer banking, mortgage lending, commercial banking, consumer finance and financial services from more than 2,500 offices throughout the nation.

WAMU is the largest mortgage loan origination and servicing company in the United States. They have grown rapidly through acquisitions – from a half million loans in 1996 to its current portfolio of 7+ million loans.

SITUATION

The servicing process for the majority of WAMU's loans is outsourced to ALLTEL. Ongoing costs and system constraints associated with the ALLTEL relationship have prompted WAMU to make a strategic decision to bring loan servicing in-house. As part of this strategy, WAMU acquired Homeside with a loan servicing application called ALSS. The system is about 20 years old and runs in a mainframe COBOL and CICS environment.

WAMU has initiated a multi-year project to complete two key goals:

- Make the necessary modifications to ALSS in order to provide the same feature/functionality as the current ALLTEL outsourced application
- Convert from ALLTEL to the modified ALSS application

CHALLENGE

WAMU management had concerns that the project initiative to replace its Automated Loan Servicing System (ALSS) was not moving ahead as planned and was over budget. ADS was asked to identify the risks associated with the ALSS project, define the actions required to mitigate those risks, and ensure that proper ownership of the mitigation efforts were defined and monitored by the project leadership.



WASHINGTON MUTUAL *(continued)*

“Through the assessment conducted by ADS, WAMU was able to take corrective actions to address critical issues related to the ALSS project.”

APPROACH

ADS provided a team of Subject Matter Experts to:

- Conduct the project plan review and assessment and document associated risks
- Evaluate escalation/resolution procedures
- Analyze critical success factors and associated contingency plans
- Assess resource allocations from both the technology and line of business perspectives
- Review project coordination procedures for compliance with corporate requirements

RESULT

The results of the assessment provided WAMU with the following deliverables:

- Project Risk Analysis – summarized and prioritized project risks, implications, and recommendations to mitigate risks
- Project Resource Gap Analysis – identified gaps in required skill-sets, resource availability, and sourcing options for the project
- Additional Observations – identified additional opportunities not necessarily related to risk for WAMU to improve the performance of the ALSS initiative

BENEFITS REALIZED

Through the assessment conducted by ADS, WAMU was able to take corrective actions to address critical issues related to the ALSS project. These included:

- Establishing a baseline for the ALSS project requirements
- Modifying development plans to provide for a more comprehensive validation process
- Providing for more stringent testing protocols
- Synchronizing training plans with implementation schedules
- Identifying critical success factors and establishing contingency plans
- Establishing requirements for a new Program Office function responsible for the administration and support of business critical programs
- Defining the key project roles and responsibilities and taking action to address resource shortfalls

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