Why SaaS?
Leveraging Hosted Technology

EllieMae

Safe Harbor

Today's Presenters

- Jeff Benjamin, Vice President of Sales-Banking, Ellie Mae

- David Robbins, Senior Vice President & CIO, Ellie Mae

- A.J. Franchi, Chief Information Officer, Gold Star Mortgage Financial Group

Agenda

- **Industry Trends**

- **Why SaaS?**
  - > What is Software-as-a-Service (SaaS)?
  - > Challenges and Barriers

- **Why did Gold Star Make Upgrade?**

- **Ellie Mae's Mortgage Automation Delivery**

Industry Trends

Businesses are Stressed by Ongoing Market Conditions

- Global and National economy remains uncertain

- Pressure to reduce costs and increase productivity

- New business models require faster cycle time, more competition

- IT-to-business alignment lacking

- Struggle to remain agile with changing priorities

Technology Shifts and Opportunities

- Shift to "pay-as-you-go" models

- User experience is dramatically changing - may not need a computer or Windows to interface to applications

- Mobile device growth and BYOD is exploding

- Workers are driving change based on what they do outside of work – mobile and social media

- Service consumption via the Cloud is fast and reliable
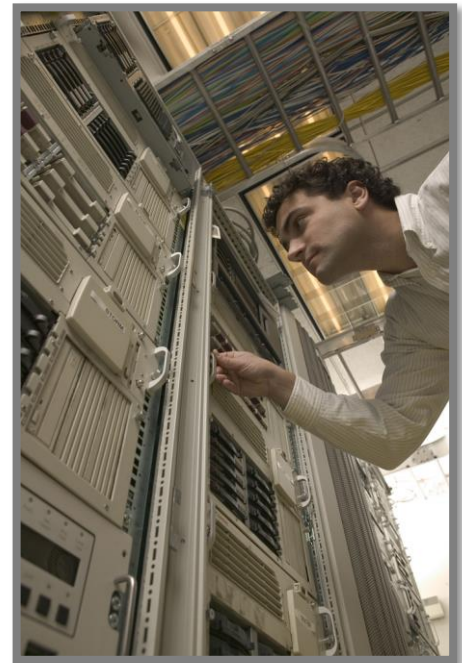
Mortgage Industry Trends

- CFPB continues to drive business decisions
- Demand for loan quality
- Move to a purchase market
- De-consolidation
- Channel expansion
- Changing roles of the GSE's

Why SaaS?

SaaS Expectations

- Better IT-to-business alignment
- Predictability
- Cost efficiency / OpEx optimization
- CapEx reductions
- Leverage platform expertise
- Re-focus and redistribution of $$ to core competency

IT can be the single gating factor in a company's ability to be competitive

The Flavors of Software Applications

"Packaged" Application	Hosted "Packaged"	"Software as a Service"
An application that I buy "off the shelf" and run myself	An application that I buy "off the shelf" and then run at a hoster	A hosted application that I buy from a vendor
Self Hosted "Home Built"	**Hosted "Home Built"**	**Cloud Platform**
An application that I develop and run myself	An application that I develop myself, but run at a hoster	An application that I develop myself, but run in the cloud

High   Control   Low

← Low   Economy of Scale   High →

Source: Avanade, Inc.

Real or Perceived Barriers

- If we go SaaS, what will I do?
- Vendors won't support that configuration
- Security – data can't leave our walls
- We've never done this before
- It will take 3-4 years
- Large, legacy investments to consider
- Organizational change management

[1] Dealing with the human side of change is not easy. As Nobel Laureate Murray Gell-Mann once said, "Think how hard physics would be if particles could think."

[1] McKinsey - The Inconvenient Truth About Change Management

Possible IT Constraints

- **Technology**
  - > Generations of hardware
  - > Manual provisioning and deployment
  - > Unpredictable scalability
  - > Legacy applications
  - > Customized applications and integrations

- **People**
  - > Cost and expertise
  - > Time and focus
  - > Ability to document and support

- **Process**
  - > Automation
  - > Predictability
  - > Consistent service delivery

Ellie Mae's Optimization with SaaS
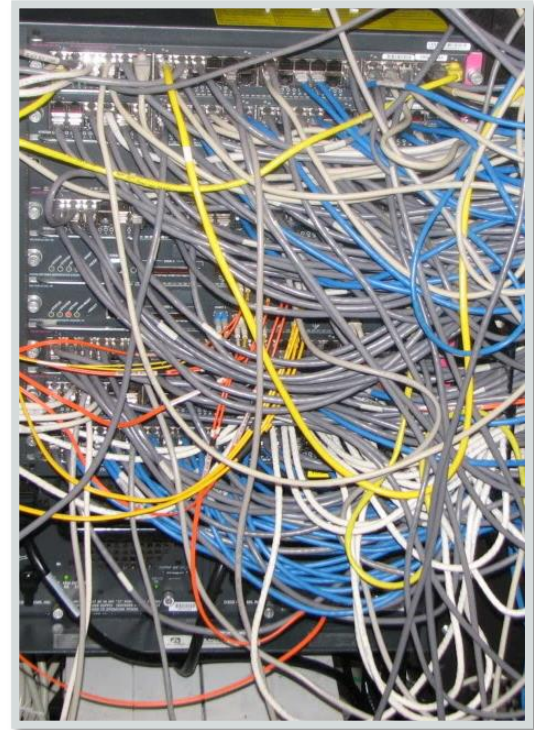
- Back Office Systems
  - > ERP
  - > CRM
  - > Payroll

- Internal Collaboration
  - > Email
  - > SharePoint
  - > Instant Messaging

So we can continue to invest in our client's mortgage automation needs

Gold Star Mortgage Financial Group

EllieMae®

About Gold Star

- Mortgage Bank

- Ellie Mae client since 2009

- Upgraded from Self-Hosted to Hosted in 2011

- "Top 10" place to work

- Over $1B in closed loans per year

- Located in Ann Arbor, MI

AJ Franchi

Chief Information Officer

Gold Star Mortgage Financial Group

Why the Move to SaaS?

- **What reasons prompted Gold Star to look into moving to a hosted model?**
  - > Expansion
    - • Rapid expansion required significant IT investment that we were not prepared to do
  - > Scalability
    - • Ability to continue to scale for a new level of business
    - • Move to a 'pay-as-you-go' model
  - > Reduce costs
    - • Based on an ever expanding technology infrastructure
    - • Resources and expertise necessary to maintain the infrastructure
  - > Security and Compliance
    - • Wanted to make sure our data was secure and compliant at all times for regulators
  - > Focus on the business
    - • Wanted to focus on our core competency of originating and closing loans, not spending our valuable time and resources on being in the IT business

Benefits of SaaS

- What benefits/results has Gold Star seen since moving to hosted?
  - > Easy Transition
    - Process to move to a hosted environment was fairly easy. Boiled down to porting data over the weekend and we were up and running.
    - Now that we're hosted, upgrades are so much easier!
  - > Branch Acquisitions
    - Previously adding users would require capacity analysis, significant cost and detailed project plan. It would take months to get the ROI out of the cost.
    - Simple call in to Ellie Mae to add users. Automatic process
  - > Risk Mitigation.
    - Worry less about disaster recovery.
    - State-of-the-art systems and networks in hosted data centers.
    - Scalability of cost without using IT budget

- Success-Based Pricing for us means:
  - > We pay as our business ebbs and grows – only for the loans we close
  - > We get more functionality now: LO websites and paperless, automatic compliance checks with Encompass Compliance Service, and integrated docs automatically
  - > We draw compliant initial disclosures and closing docs

Where we are heading

- The Next Steps we are looking forward to are:
  - > Implementation of the External Reporting database to better leverage reporting features and run a data driven business

  - > Leveraging the TQL program to deliver more efficiently to Wells Fargo and CITI Mortgage

  - > Company Status Online configuration to increase client communication, branding and ensure that clients know how to get a hold of their loan officer and remember who they are

Recap

- Benefits for us being on a hosted environment

    > Ability to scale up as business grows

    > Pay as you go – Success Based Pricing

    > Elimination of resources to maintain infrastructure

    > Refocus of IT resources

    > Secure and compliant

The Ellie Mae Advantage

The Ellie Mae Advantage

- **Innovation**
  - > On-demand technology SaaS platform
  - > End-to-end integrated solution
  - > $18M invested in R&D in 2013

- **Comprehensive**
  - > Automating the entire mortgage process
  - > Support for all lending channels
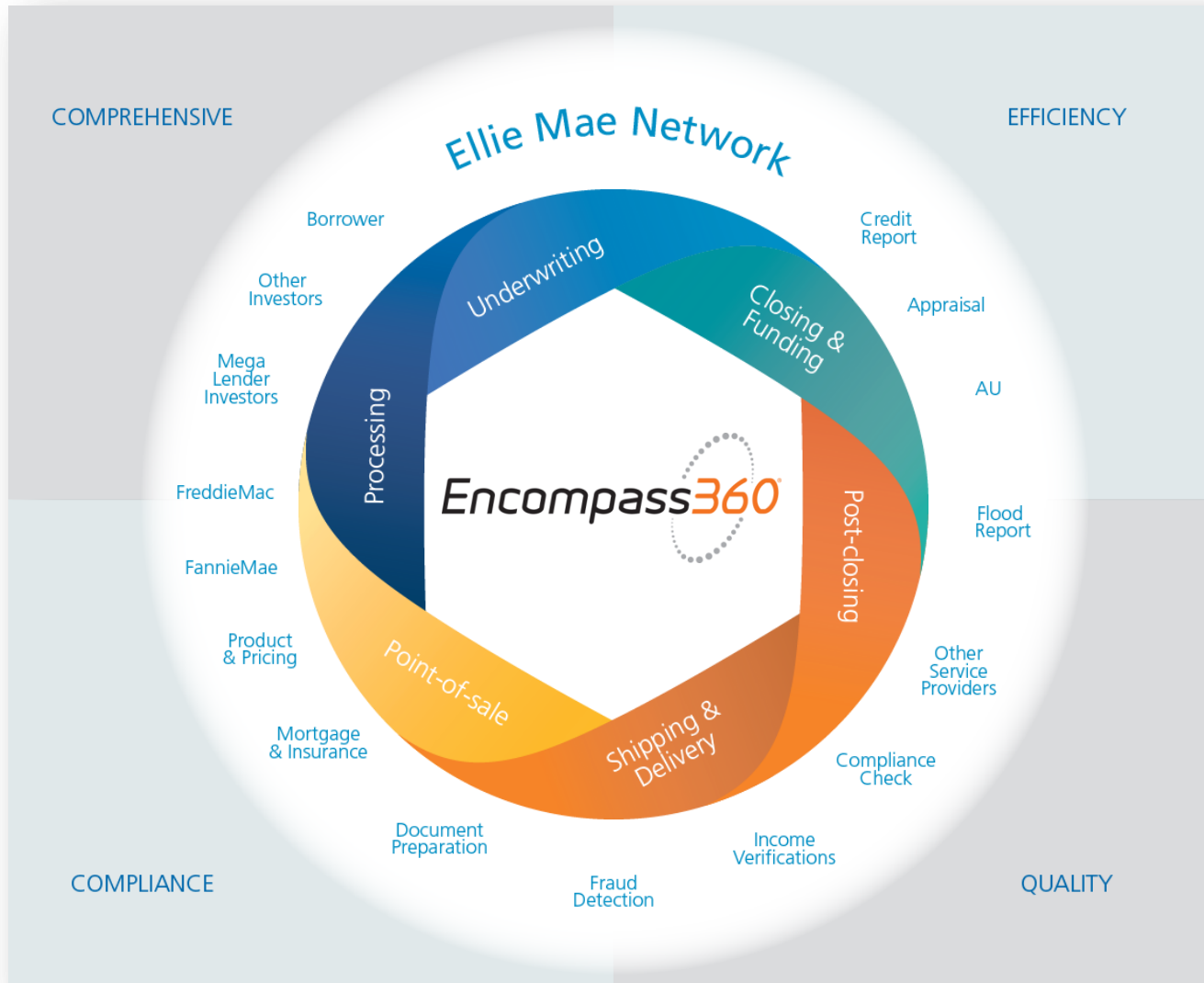 - > Performance, reliability and security

- **Quality**
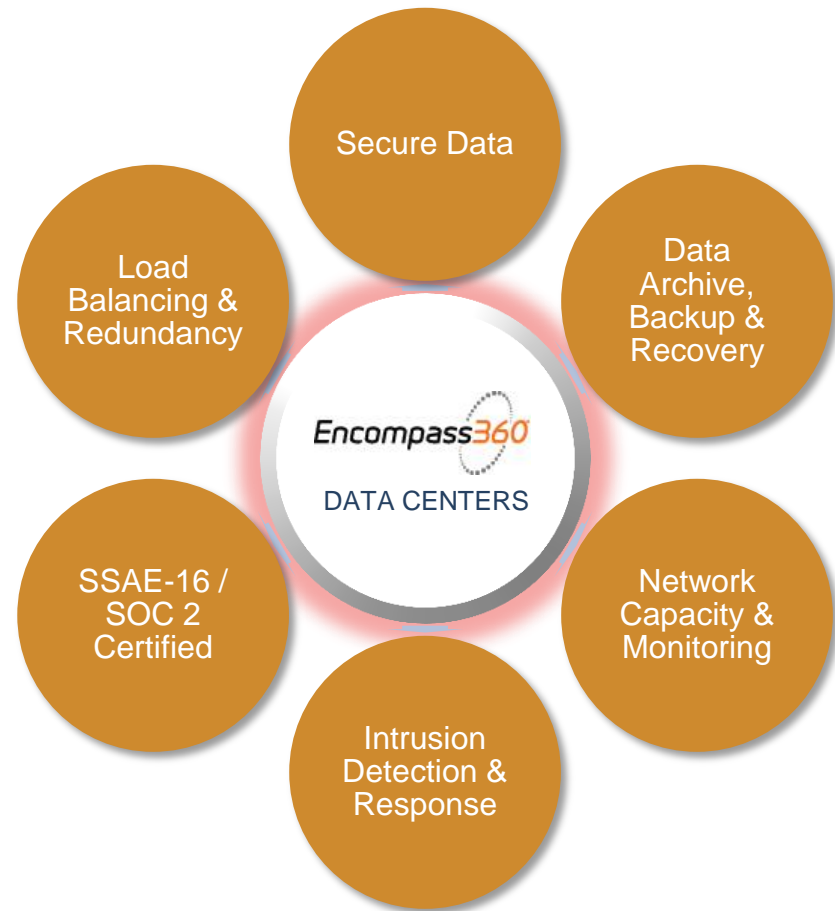 - > Total Quality Loan (TQL) program to improve loan quality

- **Compliance**
  - > Ensuring compliance throughout the entire process

- Encompass360 Success-Based Pricing Advantages
    - > Pay only for the loans you close
    - > Minimize IT costs and increase scalability
    - > Get all the automatic compliance reviews you want
    - > Easily draw compliant initial disclosures and closing documents
    - > Go paperless and electronically manage borrower documents
    - > Improve online customer acquisition and service with customizable web storefronts
    - > Quickly find the best products and pricing for your borrowers

SaaS Expertise

- Lower up-front costs
- Easy implementation
- Rapid deployment
- Capacity that grows as you grow
- Automatic upgrades
- 24x7 monitoring and management
- Highly secure
- Highly availability
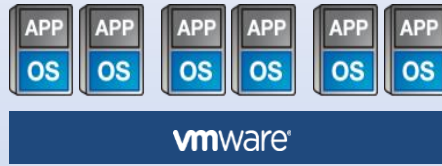- Data backup & recovery

Secure Data

Data Archive, Backup & Recovery

Load Balancing & Redundancy

Encompass360
DATA CENTERS

Network Capacity & Monitoring

SSAE-16 / SOC 2 Certified

Intrusion Detection & Response

Optimized SaaS Delivery

FlexPod Technology Architecture

VMware
vSphere and
vCenter

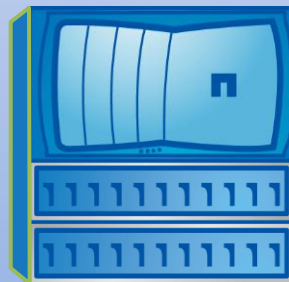| APP | APP | APP | APP | APP | APP |
| OS | OS | OS | OS | OS | OS |

vmware

Cisco®
UCS and UCS
Manager

Cisco Nexus®
Family
switches: Cisco
Nexus 1000V

NetApp FAS
10 GE

- Pre-validated Cisco Validated Design (CVD) leveraging Best of Breed

- Flexibility and Scalability

- Increased resource effectiveness

- Centralized management

- Multitenant certified

- Comprehensive Collaborative Support (VMware, Cisco, NetApp)

Centralized Management and Orchestration

VMware vCenter

NetApp Storage Plug-ins
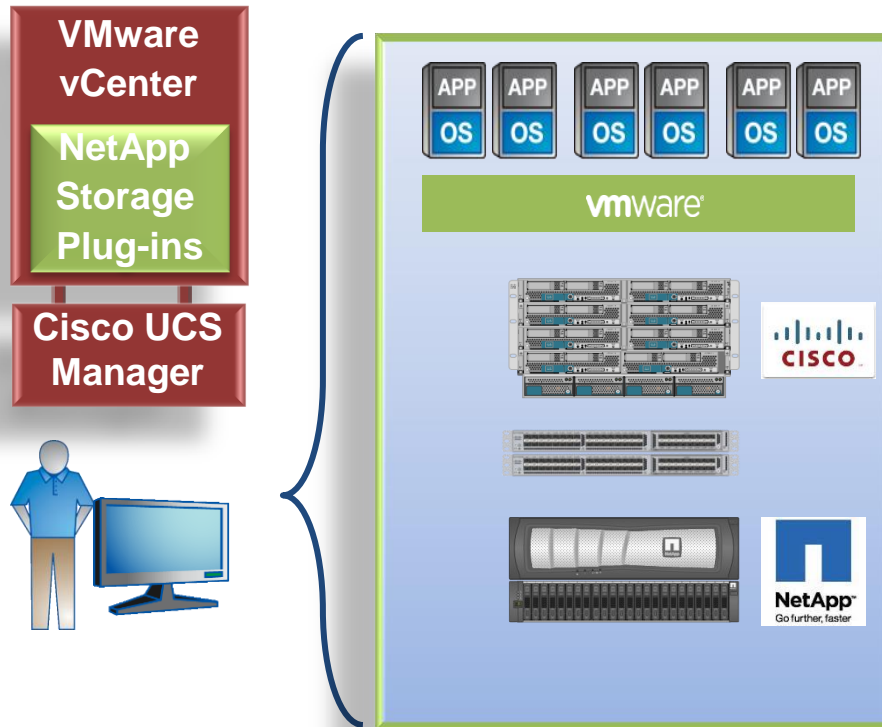
Cisco UCS Manager

VMware vCenter

- Automated workflows
- Scalable, extensible platform

Cisco® UCS Platform

- Embedded unified management

Cloupia

- Catalogue of Standard Configurations
- Automation/Provisioning
- Policy, Resource Reporting

Zenoss

- Monitoring & Reporting
- Single pane of glass

Splunk

- Log aggregation & Correlation

NetApp OnCommand

- Insight, Forecasting
- Bullies & Victims

SaaS Security

- **Data Security**
  - > SSAE-16 Certified, Tier 3 Resilience
  - > SOC 2 Certified
    - Controls related to the Trust Services Principles and Criteria of Security, Availability and Confidentiality of our SaaS offerings

- **Data Center Security**
  - > Intrusion detection / threat response
  - > Multi-layer IDP and firewall with FireEye
  - > Proactive and reactive threat availability remediation
  - > Around-the-clock monitoring and escalation

Business Continuity

- Data Protection
  - > Local snapshots
    - Every 15 minutes
  - > Off-site mirroring and archiving between data centers
  - > Continuous disaster recovery and business continuity testing

Ellie Mae Data Backup and Replication

Ellie Mae's SaaS Expertise
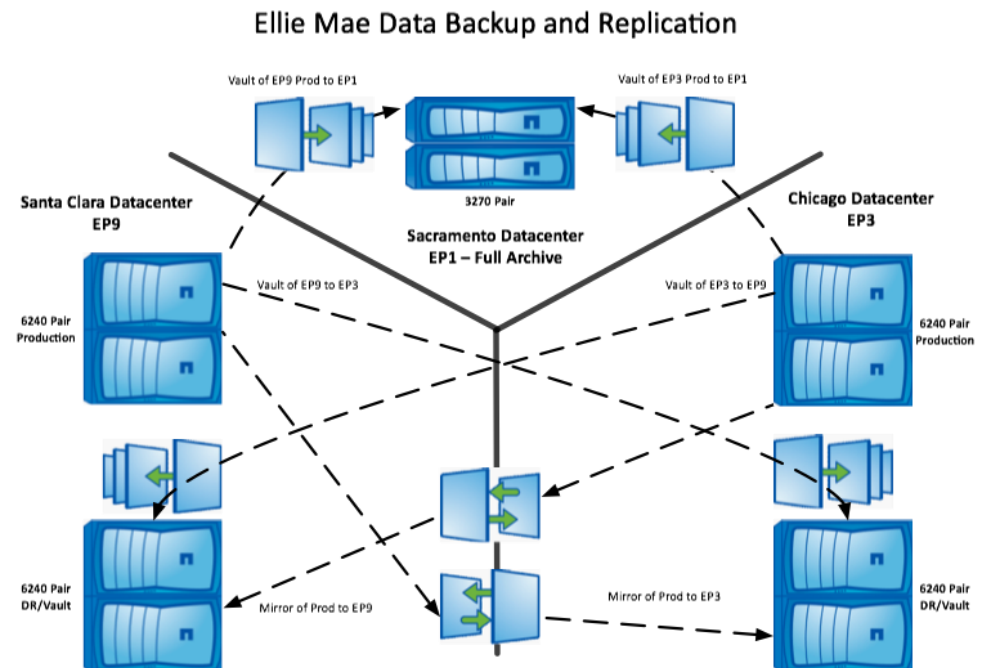
- Ellie Mae SaaS Platforms – Scalable, Predictable

- People – Trained and Focused

- Process and Automation

Learn More…

Keep Success in Sight

October 13 – 16, 2013
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