

# What's Next?

NextGen.Net isn't the biggest name in technology in the mortgage industry, but it's one of the biggest players. And 2009 may well be shaping up to be this company's 'coming out' year



**T**he phones at NextGen.Net aren't working. But unlike many other businesses of late that are pulling up stakes, making workers redundant and stopping operations, NextGen's minor problem is not the result of the credit crisis.

In fact, while everyone else is shrinking in the current environment, NextGen is growing – as evinced by its recent move to the entire top floor of a building in North Sydney.

While the move may have knocked the phones out temporarily, NextGen's commercial director, Curtis Brager, isn't complaining. It's a welcome reprieve for the man who's been busy building one of the country's most successful technology providers and giving its rival, Pisces, a fair run for its money.

## Covert mission

NextGen.Net has been providing custom-development solutions for industry players since 1993 and, although it has a relatively long history and substantial knowledge of the business, it has remained behind the scenes.

"NextGen has become a recognised name almost by stealth," says Brager. "NextGen's philosophy – certainly in my tenure in the last four years – has been to stay very much under the radar. You didn't see us at the trade shows, we

didn't have fancy booths, we didn't do significant amounts of advertising – we've really focused on doing the business."

In its 15 years of existence, the business has proved to be one of the top suppliers of technology to the mortgage industry in the country. NextGen provides comprehensive technology solutions across electronic lodgement, origination management and straight-through processing, document management and LIXI service-provider integration.

Brager says the business has been working diligently in the last three years to improve its processes – everything from its help desk and support systems to its governance regime and how it manages clients – in an effort to expand the scope of its operations and take it to the next level.

"We knew we were on to a good thing in terms of our product, our service and our technology, but we were really running on full capacity. So it's been a case of 'how do we grow the business without having to add another human being every time we add a customer?' – and without just being a body shop, which some of our competitors have been. They bring a new customer on and they need a whole new team on board. We wanted to avoid that for a variety of reasons."

### Credit crunch

But NextGen has been expanding its workforce to keep up with the demand in the current market.

Unlike most businesses, the credit crisis has actually been a boon for NextGen in that many of its customers are looking to increase efficiencies to save money.

“That’s what our service is all about – efficiency and automation,” Brager says, “and being able to do equivalent business – or more of it – with less resources. So we’re pretty bullish in the current climate. We expect to see some attrition at the lower end, but we also look at this as an opportunity. Everybody out there, whether they’re a major bank, whether they’re a large aggregator or a non-bank lender, they’re looking for efficiency. They have to be able to continue what they’re doing now but with less expenditure.”

That’s not to say that NextGen has been totally immune to the current financial crisis, he states, but it made a conscious shift from smaller customers to very large customers.

“The clients we do have that are most affected by the financial crisis tend to be our smaller customers and, while they’re valued clients of ours, they make up a very small proportion of our revenue. The customers that have felt less of an impact are our bigger ones, and they’re going to be doing more work with us because they’re looking to drive efficiencies.”

### LIXI

Now that NextGen has put its processes in place, Brager says people can expect to see a lot more of the company. It kicked things off in September by taking over lead sponsorship of the LIXI forum.

NextGen and LIXI have built a cooperative relationship, which was tightened further at the last AGM when Brager was elected to the board.

“We discussed it and felt it was a good opportunity to take a new tactic to the board – a much more commercial angle than a technical one,” he says.

Brager says that while electronic lodgement has been considered a huge success – in anyone’s book – some of the other standards haven’t had the adoption that LIXI would like to see.

“So part of what I want to achieve is to demonstrate that value proposition to my connections in the lending industry, and to see if we can use our position in the industry to smooth the transition and make it easier for our customers to adopt standards such as products and commissions and valuations. But LIXI has done a

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really good job to date in having buy-in. It’s not just brokers, it’s not just lenders – it’s a really good community of the right organisations.”

NextGen has always been a supporter of LIXI, and contributed to a lot of the intellectual property behind it.

Brager insists that by adopting open standards, the Australian market can avoid the monopolisation that has occurred in the UK and Canada, where a single commercial entity has set the standards and then locked everybody in.

“And I think LIXI levels the playing field in that respect, whether we have a dominant position in a particular area or not, we’re still using LIXI’s open standards, it’s not proprietary intellectual property owned specifically by us. We see competition as being really healthy – it makes us deliver our best game.”

### Challenges

Two areas that NextGen is focusing on for 2009 are supporting documents and valuations.

“The banks are saying ‘we want quality deals – we want all the information in the supporting documents if you want to be paid full commission’. Brokers are saying ‘ok that’s great, but you haven’t given us any facilities to do it with’. So that’s an area that we’re putting a lot of effort into.”

As for valuations, while there are a number of players trying to fill the niche, Brager says there might be several uses for that model not only on the lender side, but the broker side too.

“Suffice to say that the areas we’re going to be working on are going to be pretty sensitive ‘pressure points’.”

While NextGen faces competition on both the lodgement and on the processing side, Brager claims it’s really the only player that’s operating across the whole space – and both sides will develop differently in the coming year. **MPA**