



White Paper

The New Paradigm in Title Production What's Your Inner Apple, Google or Uber?

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What You Will Soon Discover

The title landscape is more complex than ever before, and companies seeking to innovate – *beyond where they are today* – are searching for new solutions.

Today's reality means that for title companies to generate commitments, they must rely on multiple systems and applications to get the job done. This reliance limits the view of key performance indicators (KPIs) due to the overall complex environment. Add this to an already hectic operational environment; it is even more stressful as new regulations and service level agreement (SLA) challenges put additional pressure on organizations.

Some of the most time-consuming tasks for title insurance companies include title evidence packages and search solutions. The countless hours of tedious manual labor these search packages require has grown. This may help explain why many title search companies need new time- and money-saving technologies and models that can reduce repetitive tasks, while streamlining and consolidating processes with more efficient partners. Freeing up these resources allows the title company to focus on high-value activities in the title chain – particularly customer service, sales and business development.

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Citing examples from innovators outside the title industry, this white paper describes how companies can minimize daily low-margin tasks, freeing up time and resources to focus on the opportunity to drive more revenue.

The Big Brands & What You Can Model

Every title company knows the burden of facing another Monday morning. The daily tasks and challenges of the week ahead. Sure, there are also great opportunities, but there are some you may be missing. Fortunately, there are a few simple best practices – well established by some of the biggest companies in the world – that can help free up time and resources with smart outsourcing and management of the supply chain to focus on what matters most: your customers, employees and bottom-line.

Take a Bite from This APPLE

Apple, for instance, is one of the most successful companies of the modern era, producing hit product after hit product and building up \$285.1B¹ in cash reserves. Everyone knows its legendary branding and exceptional consumer technology, but few consumers appreciate how critical supply chain management is to Apple's success. Consumers stand in line at the store (around the block for a big release!) or order online, and their shiny new device arrives. However, what happens behind the scenes, is an intricate supply-chain management process. In fact in 2015, Gartner created an entirely new category, the "Master" category for supply-chain management, in its annual survey of supply chain management issues because Apple and one other company were so consistently at or near the top of the field².

Apple has some of the highest margins in consumer electronics because, while its products proudly state the fact "Designed in California," they are built by a global network of hundreds of carefully designed subcontracting partners³ working in an astonishingly complex but smoothly running machine.

Most consumers of Apple products don't realize – or even likely care – there are LG displays or Samsung chips inside. So, what is the key to Apple's business success? The reliance on its manufacturing methods and partners for the completion of processes including plastic molding injection, chip soldering and display lamination. Outsourcing is a necessity for Apple, allowing the company to concentrate on what it is best at – coming up with ideas for new must-have consumer technologies and then marketing them like no one else.

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Google This...

Google taps into the needs of companies by simplifying their supply chains. For example, G Suite by Google Cloud makes it simple for businesses to outsource the installation and maintenance of key office productivity tools, eliminating the need to deal with installation and updates. Google empowers its customers to concentrate more on what they care about – growing their own businesses. This powerful idea has similarly influenced inexpensive “Chromebooks,” which take away the need to update the computer’s software and simply “let one work.” The wildly successful response by schools and businesses has proven the value of the concept.

There is No Free Uber Ride.... But It Can Be More Efficient

Uber has decoupled transportation services from infrastructure costs creating a new ecosystem that enables drivers to tap into their cars, once just a personal asset to drive to the destination that is work or recreation. Now their car is a business and owners/ drivers use their vehicles to generate revenue for themselves and Uber, while providing consumers with transportation that is more convenient, flexible and valuable than other alternatives.

We're seeing a trend toward “anything as a service” (XaaS) as the world realizes the advantages of shifting processes to the most effective producers available. The trend toward “leveraging” one’s fixed assets shouldn't be surprising since XaaS reduces costs, provides flexibility and delivers scalability. Most importantly, this XaaS movement can increase quality by offloading tasks to specialists.

Focus. Focus. Focus.

Jim Collins' landmark business book *Good to Great: Why Some Companies Make the Leap and Others Don't*⁴ identified a central trait among great companies. This massive research undertaking⁵ found that companies that excel focus their energy relentlessly on the things they can be “the best in the world at.” In other words, smart companies reduce or eliminate the parts of their business that don't give them strong returns. Collins calls it the “stop-doing list.”

Success, he said, is the intersection of three things:

1. Your passion
2. Doing what you can to be the best in the world at a particular task or skill
3. Your “economic engine” (the metric that would best show progress, whether “profit or cash flow per ‘x’ ”)⁶

And when you concentrate on this intersection, Collins says, you become a “hedgehog” – an idea which comes from the “ancient Greek parable that states: ‘The fox knows many things, but the hedgehog knows one big thing.’”⁷ This focused outlook enables such things as business process transformation, continuous improvement models and an overall “quality” approach.

Apple is an especially interesting example of this because, as was seen above, it is one of only two companies in Gartner’s “Master” category for supply-chain management. It could be stated that supply-chain management is Apple’s “one big thing,” but this conclusion misses the point. Apple’s ultra-efficient management of its supply chain enables the company to do what it’s truly the best at in the world: creating one home-run product idea after another. In fact, this is widely recognized as one of Steve Jobs’ greatest skills: ensuring that expertise like Apple’s supply-chain management was only ever a means to an end, a tactic in the service of a strategy. Apple, Google and Uber all show us that the future belongs to “hedgehogs.”

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What’s Your Inner Apple, Google or Uber?

So, what does this all mean for title companies? Remembering that more than 80 to 90 percent of title search processes are manual,⁸ a framework for considering these issues might begin with some broad observations.

It is important to recall what’s being sought here, which are the activities that only the company itself can do, like spending time with its customers, learning about their needs and helping them solve problems no one else can. Customers aren’t concerned with the behind-the-scenes minutiae of who completed the chain sheet, for instance. Those tasks are simply a given for them. They won’t pay extra for it. In light of this, owners and managers must carefully scrutinize their processes and costs involved in these tasks.

Companies tend to know what these growth areas are because they’re at the top of everyone’s “wish list.” Some are the fairly obvious “low-hanging fruit.” Often these are the best practices that evolve in most industries over time – things that might fall into the category of “service improvement.”

One offering that could please title companies’ customers is enhanced speed. Outsourcing could lead to quicker turnaround times in processing, as well as real-time reporting. As already mentioned, reduced errors are almost certain to be well received and title companies may be better able to match supply and demand as well, providing special services for volume clients, for example.

The true potential of this approach, though, predominately involves “high-touch” activities. A few examples of such activities include the following:

- Closing execution
- Exception handling
- Customer service

Smart outsourcing title searches to fewer and more efficient partners with investments and expertise in the latest data and technologies can enable title companies to climb the title value chain, concentrate on higher-margin activities and improve their bottom lines.

After all, these are things that simply can't be outsourced as they depend on a company's particular knowledge, voice and relationship with its customers. Customers reward companies that deepen their expertise in areas like these with stronger relationships, increased loyalty and higher spending.

These high-touch activities provide greater returns for invested resources, maximizing profits from existing customers, developing systems to help the company move toward serving more lucrative customers and opening up new fields of business. The result is an infinite loop of possibility.⁹

What Smart Outsourcing Can Do for Title

Research shows that many title insurance agents and companies are paying more for title evidence packages and search solutions than they think. In a survey of the industry conducted by Accenture®, the cost of these packages and solutions were found to be some 30 percent higher than title agents and companies were generally aware.¹⁰

This fact represents a major opportunity for increased productivity and potential cost savings, which can come about in a number of ways:

1. **Less Manual Labor via Smart Technology:** Title automation and increased efficiency through the use of technology can expedite title search and maximize the efficiency of the title supply chain.
2. **Look Beyond Your Company Walls:** Turn to external parties to maximize efficiencies while potentially reducing risk. DataTrace®, for example, offers nationwide title evidence packages and search solutions built on industry best practice standards and comply with state and federal regulations and major underwriter requirements.
3. **Leverage Data to Spot Opportunities and Reduce Errors:** Data is the key insight to effective title search and commitments. Access to title plants, recorded documents and title experts can make the difference in minimizing risk and errors while allowing you to operate with more insight and confidence.

Go Beyond Where Your Business is Today

Title evidence packages and search solutions are far costlier than industry participants believe. The most successful companies in the world are hyper-focused on maximizing the value of their supply-chain. These companies use the freed resources to focus on only one thing: **what they can be the best at in the world.**

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DataTrace's property and title reports, along with our title abstractor and research field services, provide you with the title supply chain so you can focus on being your clients' go-to resource for the insight they need.

The Modern Model for the Title Industry

DataTrace's property and title reports, along with our title abstractor and research field services, provide you with the title supply chain so you can focus on being your clients' go-to resource for the insight they need. Our property and title reports are fulfilled by specialists with state-specific expertise. This expertise, combined with DataTrace's embedded best practice standards – based on search type and jurisdiction – provide you with confidence throughout the title search process. When you choose DataTrace, you gain the benefits of:

1. Access to a nationwide title production network
2. Freedom to choose how little or how much is self-produced
2. Optimize supply chain with data, certified experts and vetted partners
4. Scale with a variable cost model that aligns with volume fluctuations
5. Put an end to the "hire to fire" pains
6. Differentiate by focusing on what you do best

Ready to enhance your Title Supply Chain with DataTrace? Our experts are ready to help.

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¹ CNBC, Apple's Cash Pile Hits \$285.1 Billion, a Record, Feb. 2018

² Gartner, May 14, 2015. "Gartner Announces Rankings of Its 2015 Supply Chain Top 25

³ CompareCamp.com, September 17, 2014

⁴ Good to Great: Why Some Companies Make the Leap... And Others Don't. Jim Collins. HarperBusiness, 2001

⁵ CPublisher's Weekly, September 3, 2001. "Collins's 21-person research team (at his management research firm) read and coded 6,000 articles, generated more than 2,000 pages of interview transcripts and created 384 megabytes of computer data in a five-year project."

⁶ Fast Company, October, 2001

⁷ MindTools.com, "The Hedgehog Concept – Strategy Skills Training From MindTools.com

⁸ Accenture, May 16, 2016. "Key Insights On True Title Origination Costs and What Title Companies Can Do About Them."

⁹ Tools like Cost-Volume-Profit (CVP) analysis can be useful in looking more carefully at activities and business functions in this sense.

¹⁰ Accenture, May 16, 2016. "Key Insights On True Title Origination Costs and What Title Companies Can Do About Them."