



## HCL Technologies Announces Release of CapitalStream Survey of Best Practices in Business and Commercial Lending

*Interviews with 180 Bank Executives Reveal Most Critical Capabilities, Processes, Policies and Systems*

**Sunnyvale, CA and Noida, India, November 3, 2008** — HCL Technologies today announced the release of one of the most comprehensive research projects ever conducted in business and commercial lending. The CapitalStream Survey of Best Practices in Business and Commercial Lending is based on in-depth interviews with more than 180 executives and senior managers at North American banks. The survey report released today reveals the critical capabilities, processes, policies, systems, controls, channels, organization and compliance methods that have become lending best practices. The survey focuses on sales, origination, credit, documentation, booking, monitoring and servicing and ascertains which best practices have been implemented or will be implemented at different sized banks and how successful they have been.

“The credit crisis reveals a lack of process, controls and systems across the lending industry. While much attention has been focused on the retail mortgage industry, business and commercial lending operations are also being scrutinized,” said **Patricia Hines, Research Director for Wholesale Banking at TowerGroup**. “This survey reveals the processes and systems implemented at leading banks, and allows each bank to compare their current operations and future plans with those of their peers to develop a roadmap to improve effectiveness, control risk and avoid future crises.”

Key findings include:

- **Many Top Priority Best Practices Already Implemented.** The survey results indicate many of the top priority best practices have already been implemented by most banks, including tracking sales calls, decisioning small deals in 24 hours, and automating and centralizing document generation. Each has been implemented by 80% or more of the banks surveyed. However, the survey revealed that some critical best practices are still very poorly implemented. The gaps can be summarized as a lack of integration from origination through servicing with one straight through process and systems platform, known as Straight Through Processing, or STP.
- **Straight Through Processing (STP) is the Most Significant Area of Investment.** The industry is plagued with many different functions and processes each with their own separate systems and information. More than 65% of business and commercial lending systems are implemented stand alone and require significant reentry of information. Only one quarter of respondents have integrated these effectively and implemented STP satisfactorily, but the survey reveals this trend is improving — 60% plan to implement or improve their STP platforms in the next two years, making STP the most popular initiative in business and commercial lending.

- **Some Banks are Much More Effective due to Automation and Centralization.** There was significant variance among respondents regarding the time required from customer request to credit decision, or from credit decision to document delivery. The top 25% of banks can decision deals under \$100,000 in less than 24 hours and large loans over \$2M in less than one week, and the majority of these banks have integrated and automated STP operations. The bottom 25% take more than two days to decision small deals and over two weeks for large deals. In addition, the top 25% can complete due diligence and issue documentation for loans under \$100,000 in less than 3 hours and loans of \$2+M in under a day, as virtually all of these firms have centralized and automated the documentation functions. The bottom 25% of banks take more than 2 days to issue documentation for smaller deals and over a week for larger deals.
- **Credit Policy and Procedures Vary Widely.** The survey revealed great diversity in the type and application of business and commercial credit policies across banks. For example, a lender with the necessary authority can make a decision on their own deal (i.e., a “field decision”) at 70% of the banks surveyed, but are not allowed to do so at the other 30% of banks. The survey revealed field decisions are less common for large banks and more common for small banks. Lender authority also varies significantly, as 25% of banks indicated they set the limit at \$250,000 or below, an additional 25% set the limit at \$1M or above, and the median was \$500,000.
- **Top 5 Areas Focus Areas for Investment in Technology.** The top five areas are STP, Web Portals, CRM, Pricing/Profitability Models and Risk Management. In addition to the STP initiatives outlined above, customer satisfaction, retention and penetration are top priorities with planned investments in customer web portals (60%) and CRM systems (56%). In the wake of the recent credit crisis, an emphasis on risk, margin and compliance controls is revealed by the planned investments in pricing and profitability models (56%) and risk management systems (56%).

“HCL’s industry research provides valuable information to help understand the trends in the industry, the types of systems and processes in use and their potential impact,” said **Andrew Kaplan, Executive Vice President, Commerce Bank**. “The latest survey report highlights the importance of Straight Through Processing and reinforces Commerce Banks’ investment to integrate our operations and systems in order to improve customer service and grow portfolios while systematically enforcing policy controls.”

“If you combine these findings regarding STP with the inevitable increase in regulation due to the recent crisis, and there is a tremendous opportunity for HCL to add value to on our banking customers by integrating their lending processes and systems,” stated **Premkumar. S, Corporate Officer & Global Head - Financial Services, HCL Technologies Ltd**. “Leveraging HCL’s CapitalStream lending platform and our integrated technology and outsourcing services for lending, HCL can help



our banking customers address the increased regulatory requirements while also improving their bottom line by increasing throughput without increasing headcount.”

The survey was conducted by the HCL CapitalStream Lending Group, a division of HCL Technologies which provides software and services for business and commercial lending and develops the CapitalStream software platform. CapitalStream is a Straight Through Processing platform which integrates and automates lending to streamline origination, credit, due diligence, documentation, booking, monitoring and ongoing risk management. The survey was sponsored by HCL Technologies and IBM, leading providers of technology services for the business and commercial lending industry.

“This important industry research allows HCL to further its thought leadership and provide in-depth, relevant and comprehensive industry information to our customers and the overall industry,” said **Kevin Riegelsberger, Senior Vice President and Head of the HCL CapitalStream Lending Group**. “Future surveys will expand beyond North America to Europe and Asia and uncover both local, regional and worldwide trends in lending that are relevant to our global banking customers.”

Research was conducted from mid 2007 to mid 2008. The final survey report is available at no cost to all survey participants. Executives interested in participating in the CapitalStream surveys and receiving a copy of the survey reports can send an email to [CapitalStreamSurvey@hcl.in](mailto:CapitalStreamSurvey@hcl.in). The survey results are being presented by HCL at the upcoming Small Business Lending Conference in San Diego, California on October 28, 2008.

### About HCL Technologies

HCL Technologies is a leading global IT services company, working with clients in the areas that impact and redefine the core of their businesses. Since its inception into the global landscape after its IPO in 1999, HCL focuses on ‘transformational outsourcing’, underlined by innovation and value creation, and offers integrated portfolio of services including software-led IT solutions, remote infrastructure management, engineering and R&D services and BPO. HCL leverages its extensive global offshore infrastructure and network of offices in 19 countries to provide holistic, multi-service delivery in key industry verticals including Financial Services, Manufacturing, Aerospace & Defense, Telecom, Retail & CPG, Life Sciences & Healthcare, Media & Entertainment, Travel, Transportation & Logistics, Automotive, Government and Energies & Utilities. HCL takes pride in its philosophy of ‘Employee First’ which empowers our 52,714 transformers to create a real value for the customers. HCL Technologies, along with its subsidiaries, had consolidated revenues of US\$ 2.0 billion (Rs. 8300 crores), as on 30th September 2008. For more information, please visit [www.hcl.in](http://www.hcl.in)

### About HCL Enterprise

HCL is a \$5 billion leading Global Technology and IT Enterprise that comprises two companies listed in India – HCL Technologies & HCL Infosystems. The 3-decade-old Enterprise, founded in 1976, is one of India’s original IT garage start-ups. Its range of offerings spans Product Engineering, Custom & Package Applications, BPO, IT Infrastructure Services, IT Hardware, Systems Integration, and distribution of ICT products. The HCL team comprises over 56,000 professionals of diverse nationalities, who operate from 19 countries including 360 points of presence in India. HCL has global partnerships with several leading Fortune 1000 firms, including leading IT and Technology firms. For more information, please visit [www.hcl.in](http://www.hcl.in)

### Forward Looking Statements

*Certain statements in this release are forward-looking statements, which involve a number of risks, uncertainties, assumptions and other factors that could cause actual results to differ materially from those in such forward-looking statements. All statements, other than statements of historical fact are statements that could be deemed forward looking statements, including but not limited to the statements containing the words ‘planned’, ‘expects’, ‘believes’, ‘strategy’, ‘opportunity’, ‘anticipates’, ‘hopes’ or other similar words. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding impact of pending regulatory proceedings, fluctuations in earnings, our ability to manage growth, intense competition in IT services, Business Process Outsourcing and consulting services including those factors which may affect our cost advantage, wage increases in India, customer acceptances of our services, products and fee structures, our ability to attract and retain highly skilled professionals, our ability to integrate acquired assets in a cost effective and timely manner, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in*



*telecommunication networks, our ability to successfully complete and integrate potential acquisitions, the success of our brand development efforts, liability for damages on our service contracts, the success of the companies / entities in which we have made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property, other risks, uncertainties and general economic conditions affecting our industry. There can be no assurance that the forward looking statements made herein will prove to be accurate, and issuance of such forward looking statements should not be regarded as a representation by the Company, or any other person, that the objective and plans of the Company will be achieved. All forward looking statements made herein are based on information presently available to the management of the Company and the Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.*

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