

 About Us

## Integrated Microsoft Excel

*White Paper*

## Overview

Underwriting has always been done in standalone Microsoft Excel spreadsheets. This approach has extensive benefits in terms of flexibility and analytic power. It also is limited by several factors. This paper will explore how Rockport's Integrated Excel Underwriting Model maintains all the advantages of Excel while removing the classic limitations.

## Traditional Advantages of Excel Based Underwriting

**TREMENDOUS FLEXIBILITY**

No web application can possibly match the flexibility of Microsoft Excel. The ability to change formatting, add rows, columns and sheets (and dozens of other features) are meant to provide the user complete flexibility.

**ASSET SPECIFIC ANALYSIS**

Commercial real estate deals are not all alike. Many firms forgot the fact that the brick and mortar details affect performance and have suffered devastating losses as a result. Excel Underwriting allows for the in-depth, asset-specific analysis that an underwriter should be doing on the deal and allows them to present it in an easy to read and understand format.

**USER EXPERTISE**

If a company which is hiring is using an application based UW model and hires a new underwriter - they will need to provide the underwriter extensive training on its quirks and how to click through the screens. On the other hand, every financial analyst under the sun knows how to use Excel.

**EMAILABLE**

If you need to send the model to someone else, just email it. There is no need to go through a long process of giving them access to secure internal systems when you just want to ask them if they are interested in bidding on a loan. With Excel, it is simply a file and can be sent to the appropriate party.

**VERSIONABLE**

Many times there are many different structures that might work for a deal. With Excel you can create branched copies where you can explore all the different permutations.

**SPEED**

Nothing will ever be as fast as an Excel file sitting on your computer that you can fly through. Online systems with screen after screen of entry and analysis pages or forced navigation mechanisms just cannot compete with Excel on speed.

**OFFLINE USAGE**

Sometimes you need to get on a plane for a site inspection or want to bring your work with you on the train. There is no reason to limit your capacity to work to solely be when there is a strong, stable, secure internet connection. With Excel there is no such limitation.

Now that we have explored the traditional advantages that Excel offers over system based underwriting applications, we will explore the traditional disadvantages which Excel traditionally encountered. We will then examine how these are no longer a concern with Rockport's Integrated Excel Underwriting.

## Traditional Disadvantages of Microsoft Based Excel Underwriting which no longer apply

**PORTFOLIO LEVEL REPORTING**

**Classic Excel:** Portfolio level reporting is nearly impossible with offline Excel spreadsheets. Excel is great for analyzing loans as you make them but is almost impossible to cleanly and automatically roll up to a portfolio level. In general this forces companies into have disconnected Excel spreadsheets and then additionally a centralized system. This tends to lead to double entry of everything. This is not only a terribly inefficient approach but inevitably leads to errors when data gets updated on one side but not the other. This limitation is absurd with today's technology.

**Integrated Excel:** As a result of Rockport's multimillion dollar investment in creating its integrated Excel model this is no longer an issue. Rockport has basically linked its model directly to the application so that the user can analyze the loan in Excel and then save back information (and vice versa, pull updated information into the Excel model). This allows all the information on the loan and portfolio level to stay up to date on a real-time basis.

**NO ABILITY TO RENDER INTO OTHER FORMATS**

**Classic Excel:** It is nice to have an Excel underwriting model, but how does that transform itself into an ASR, Borrower Commitment Letter or Pipeline Report? The typical answer is that a company makes do with only the Excel underwriting model and its limitations in terms of professionalism of presentation. If they need it in another format, they do double entry into the word file or whatever other format(s) the data needs to go into. This is a terrible waste of time.

**Integrated Excel:** Because the data is kept up to date with the integration of the Excel model and the system it means that all system reports (e.g. Asset Summary Reports, Pipeline Reports, etc.) can then be run from the system and are completely up to date. Rockport's capacity to export reports into PDF, Word and Excel format means that these files can be generated with a click of a button and can be customized to a specific client's needs.

#### **DATABASE VERSUS CONFUSING LOCAL FILES**

**Classic Excel:** A modern organization cannot afford to have hundreds if not tens of thousands of offline excel models, which get misplaced and can't be found when they are needed. What is needed is a centralizing mechanism where all these files can be stored, organized and have their information integrated with a centralized system.

**Integrated Excel:** Throughout the underwriting process, the Rockport user can save not only their data back from the underwriting model but they can also save copies of the model itself back into the systems document repository. This means that a user can keep all the different iterations of an underwriting for future records, all in one place.

#### **LACK OF AUDIT TRAILS/CONTROL MECHANISMS**

**Classic Excel:** It is logical and important for compliance to be able to audit the history of a piece of information. When did the interest rate get changed to 5% and who changed it? "I could swear it used to say 6%!" Excel is traditionally terrible about this and provides little or no capacity in this regard.

**Integrated Excel:** With an integrated system, all the data changes as saved back into the system where there is a full audit trail. By combining the two (Excel and System) you get more power than just with Excel alone.

#### **INABILITY TO CLEANLY HANDLE COMPLICATED DEAL STRUCTURES**

**Classic Excel:** Most excel models are built by one or two people in an organization and slowly evolve over time. But what about the property that is a different property type or the A/B1/B2/Mezz/Equity structure or the multi-property with 6 hotel properties? Unless a firm has a different template for each permutation of these (and maintain them), it is very hard to accurately structure different style transactions.

**Integrated Excel:** With Rockport's unique approach, the system builds every model to reflect the credit characteristics of each deal! This means that the massively intelligent system will figure out for you every single formula (of the several thousand) that populate these kind of complex models.

#### **CONCLUSION**

No longer do you need to pick between having Excel or having a centralized credit system.

Do not accept excuses or half solutions:

- "Excel-Like"
- "Excel-Based"
- "Online Excel"

These are NOT Integrated Microsoft Excel.

If it doesn't look like Excel, feel like Excel and function like full Excel, it's NOT Excel. And if it doesn't integrate with your internal credit system you should ask why.