



Loan Servicing 2.0

Vishal Soni, co-founder at Oxane Partners, talks about the digital transformation in real estate finance

Earlier this year, Oxane Partners, a leading technology-driven solutions provider to the real estate industry, announced its expansion into loan servicing followed by the firm being rated by DBRS Morningstar as a commercial mortgage servicer. Over the last few years, Oxane has earned a reputation in real estate investment management technology, picking up several industry awards before their latest foray into loan servicing. The firm's co-founder, Vishal Soni, talks about this expansion and plans for the future.

REFI Europe: Tell us about how it all started for Oxane Partners?

Vishal Soni (VS): Before we co-founded Oxane Partners, Sumit and I were at Deutsche Bank's real estate and structured finance desks. Back in the day, managing these complex transactions meant spending an inordinate amount of time poring over spreadsheets. There was a glaring gap in terms of availability and fitment on the technology front and so we co-founded Oxane Partners in 2013 to address this market need. We started off as an advisory services firm, while we were building our technology in the background. Based on our principal investments experience, direct feedback from early clients and spending more than three years building the foundation, we launched our real estate investment management platform, Oxane CREST, in late 2017.

The platform found quick acceptance as it was designed from an investor's perspective and solved their challenges of data management, monitoring and reporting, analytics, and regulatory compliances. The vision we shared of bringing together technology and asset expertise was coming to life at Oxane Partners.

REFI Europe: Why and how did you decide to venture into loan servicing?

VS: With the Oxane CREST platform, our focus was on helping real estate lenders better manage their deal pipeline, deal screening, portfolio management and reporting with a technology-driven ecosystem. Within a couple of years, the platform grew to monitor over €35bn in assets under management.

“

Given our depth of expertise in the asset class, award-winning technology, and an experienced servicing team, expanding further into loan servicing seemed like a natural extension of the business”

However, there was still one key area in the value chain that we weren't actively involved in: loan servicing. Interestingly, as we grew our technology mandates, we got into master servicing and sub-servicing mandates as clients leveraged these services in addition to our technology platform. Very soon, we were supporting mandates on commercial mortgages, SME loans, consumer loans, REOs, student loans portfolios, and helping investors with

Loan Servicing 2.0

Digital-first world

Runs on purpose-built technology designed for real estate lenders

Direct access to complete dataset

Lenders see what servicing agent sees for complete transparency

From reactive to a proactive approach

Servicing team with a sharp acumen for anticipating and solving problems

Highly responsive

Eliminate operational bottlenecks to facilitate swift decision making

portfolio surveillance, data management, servicer oversight, and consolidated investor reporting.

We realised that in addition to inadequate portfolio management technology, lenders face gaps in data accuracy and completeness of servicing data with long turnaround times for information requests. These challenges compound as the lending structures become more sophisticated like in a complex multi-tranche structured transaction. Given our depth of expertise in the asset class, award-winning technology, and an experienced servicing team, expanding further into loan servicing seemed like a natural extension of the business.

REFI Europe: What's different in the Loan Servicing 2.0 world?

VS: The Loan Servicing 2.0 world is a digital-first world. It's a world where the lenders' needs are paramount and are met in the most efficient way possible by the servicing agents. It's built on a combination of technology and strong team of loan servicing agents to provide lenders with extensive, timely and accurate information on their investments. In Loan Servicing 2.0, the aim is to transform loan servicing from a perfunctory administrative role it currently plays to a value creator in the investment management process. This brings in unprecedented transparency, focus, and agility to lenders in how they run their investment operations.

REFI Europe: According to you, what developments have made lenders sit up and take note of the need for technology?

VS: To understand the outlook towards digitalisation among real estate finance professionals in the UK and Europe, we conducted a targeted market research a few months ago which brought forth some telling revelations. Three out of five respondents cited over-reliance on manual processes and spreadsheets, while another 45% cited slow work processes in time-intensive, mundane tasks as the two biggest operational challenges. Lenders' need to act nimbly, leverage own data, and address requirements from investors and regulators in the most efficient way were the top priorities, with close to 40% of the respondents highlighting they were using some technology for portfolio and risk management.

Lenders who are ahead of the curve are realising that for being better prepared for another turn of the markets and staying ahead of the competition, technology is more a

'need-to-have' than a 'good-to-have'. The survey revealed that over half the respondents (56%) were aiming to get on a technology solution to streamline their business processes and operations.

REFI Europe: Tell us more about the background and expertise of your loan servicing team.

VS: We have been steadily building the team over the past few years in line with client mandates. Our core servicing team has the experience of working with Morgan Stanley, Credit Suisse, UBS, Mount Street, Situs, and Berkadia, among others, bringing a wealth of real estate investment and loan servicing expertise. The three senior leaders in our servicing team have over 50 years of experience between them in the servicing and real estate finance industry across Europe and the US. We expect to ramp up the team further over the coming months to keep pace with our growing business.

REFI Europe: How does your offering compare with the existing large servicing players in the market?

VS: Our evolution as a loan servicer is diametrically opposite to that of existing servicers. Our offering is a fusion of asset expertise built over a technology DNA. Our technology has been successfully proven with real estate lenders before being extended to support the servicing function. This is in stark contrast to traditional servicing businesses that have been people-intensive and are catching up on technology as an afterthought. This baggage of legacy systems and force-fitting solutions are causing more problems than they are solving. Because of this route that we have taken into servicing, we deliver with a tenacity and responsiveness that stands out with our clients.

REFI Europe: What are your plans for 2020 and beyond?

VS: We remain committed to our vision of transforming real estate investment management with a blend of technology and asset expertise. We are looking to make great strides in institutionalising the role of technology in real estate lending. With our expansion into the full range of servicing functions, we now offer a complete solution across the deal lifecycle – underwriting support, loan servicing, portfolio surveillance and reporting with a cutting-edge technology platform. We believe this one-stop solution will reduce data friction, increase transparency and improve efficiency for our clients and the industry as a whole. ■

About Oxane Partners

Oxane Partners is a technology-driven solutions provider to the alternative investments industry with a focus on real estate. The firm's solutions transform the way real estate investments are screened, managed and analysed. They complement technology with deep domain expertise to enable solutions that reflect an investor's perspective.

Founded in 2013 by former real estate and structured finance professionals at Deutsche Bank, Oxane Partners is at the forefront of the digital transformation that is underway in the real estate industry. For more information, visit: www.oxanepartners.com.