



Profit-Based Pricing for Banking and Finance

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### **Nomis Solutions Acquires Perspecta, LLC**

*Nomis Solutions Gains the Customer Portfolio Optimizer Solution and Mortgage Industry Expertise to More Profitably and Efficiently Manage Prepayment and Impairment Risk of a Mortgage Portfolio*

**SAN BRUNO, Calif. September 16, 2008** -- [Nomis Solutions](#), the leader in Profit-based Pricing for banking and finance, today announced its acquisition of Perspecta, LLC, a privately owned London-based software company. With the acquisition, Nomis Solutions bolsters its ability to serve the mortgage market and improve customer portfolio management. The Customer Portfolio Optimizer™ solution enables profit and loss owners in banks, mortgage companies, and building societies to more profitably and efficiently manage impairment risk, prepayment risk and cross-sell opportunities in their existing customer portfolio.

“Our mission at Nomis Solutions is to materially improve the financial and operational performance of financial services companies,” said Nomis Solutions’ Chairman and CEO, Dennis Stradford. “With Perspecta’s mortgage industry expertise, the Customer Portfolio Optimizer solution, and a base of satisfied customers, we see the potential to quickly expand into the mortgage market and help more mortgage lenders optimize their income and assets. We are excited about this acquisition as well as the timing of it.”

“In today’s mortgage market, the topic of higher expected losses is rising to the top of the boardroom agenda,” said Nick Young, director of mortgage solutions at Nomis Solutions and former managing director of Perspecta. “Higher expected losses are resulting from the combined impact of lack of management information and inadequate business processes to control impairment risk and prepayment risk. The good news is that these risks can be more profitably and effectively managed through a better understanding of customer behavior and an optimized contact strategy.”

Because of market conditions, impairment risk in mortgage lenders’ portfolios is a significant concern. Impairment risk results from a combination of the higher risks of delinquency and default and the decreasing value of the underlying assets in lender’s existing customer portfolio, which can lead to a need for increased provision requirements. This is magnified by the effect of adverse selection, which arises from the greater likelihood that borrowers with a lower risk of delinquency and default may prepay their mortgages in order to get a better deal with another lender. If not managed properly, these factors may leave mortgage lenders’ books with a portfolio that could have higher expected losses than anticipated.

The Customer Portfolio Optimizer provides executives with a more tailored approach to managing the business through a three step process that develops actionable customer segments based on their priorities and needs. First, by combining a lender's customer data with demographic, attitudinal and behavioral data, the Customer Portfolio Optimizer creates new data models and refined segmentations of the customer base. Second, the solution evaluates each customer segment's unique priorities and needs and determines customized offers that incorporate specific product features, rates and fees. Third, it allows lenders to develop the most effective outreach strategy in order to achieve business objectives and performance goals. This includes the tone of the message, the communications channel, timing and sequencing of the offer in addition to the optimal price point in order to generate the best response rate.

Unlike point solutions such as customer-to-offer matching tools and direct marketing decision tools, the Customer Portfolio Optimizer provides a comprehensive optimization process that incorporates individual customer preferences to drive decision-making. Focused on customer retention issues, the Customer Portfolio Optimizer complements the award-winning Nomis Price Optimizer™ solution, which is primarily used for customer acquisition.

"Mortgage lending executives are under immense pressure. Now, more than ever, it's important to keep good quality assets on the books to generate income to offset provisions elsewhere," said Craig Focardi, research area director, TowerGroup. "Lenders see the growing opportunity to leverage innovative technology, tailored business practices and processes, and advanced analytics to improve profits on both sides of the coin: targeted customer acquisition and retention."

Nomis Solutions customers that are using the Customer Portfolio Optimizer include Yorkshire Building Society, Principality Building Society and Stroud and Swindon Building Society. On average, the solution has generated 5-10 basis points of incremental income for assets at risk, in income per billion at risk during the first year of use. Nomis Solutions sees the potential to accelerate the use of the Customer Portfolio Optimizer in Europe and North America and build upon the success of the Nomis Price Optimizer, which has been implemented by leading banks and finance companies and is generating significant financial improvements across the auto finance, home equity lending, personal lending, mortgage, and deposits industries.

For more information about the acquisition of Perspecta and a complete Q&A with Nomis Solutions' Chairman and CEO, Dennis Stradford, visit [www.nomissolutions.com](http://www.nomissolutions.com).

### **About Nomis Solutions**

Nomis Solutions is the recognized leader in Profit-based Pricing for banking and finance. Profit-based Pricing is an advanced approach to pricing, powered by pricing optimization technology that provides the insights, automation and capabilities necessary to use pricing as a strategic lever to achieve performance objectives and implement price changes more dynamically and with a higher level of accuracy. The award-winning Nomis Price Optimizer™ Suite is a set of business solutions that combines pricing analytics, optimization, and execution into a comprehensive pricing strategy and process.

The suite includes specific solutions for auto finance, home equity lending, personal lending, mortgage, and deposits. Each solution delivers quick time-to-benefit, increases profits and market share by 10-20%, and provides valuable insights about how dealer and/or customer preferences impact product and portfolio performance through a consistent, repeatable and efficient pricing process that supports compliance. Select customers include Abbey, AmeriCredit, Chrysler Financial, HBOS plc, Royal Bank of Canada, and Washington Mutual Bank. Headquartered in San Bruno, CA, Nomis Solutions also has offices in London, United Kingdom. Visit [www.nomissolutions.com](http://www.nomissolutions.com) or contact us at [info@nomissolutions.com](mailto:info@nomissolutions.com) or 650-588-9800.

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