Greater Security Offered By a Hosted LOS?

By Daniel Liggett

Software as a Service (SaaS) or Hosted LOS is rapidly emerging as a leading delivery model for meeting the needs of lenders. However, many lenders are still uncomfortable with this deployment model due to lack of visibility about the way their data is stored and secured. According to the Forrester study, The State of Enterprise Software, security concerns are the most commonly cited reason why enterprises are hesitant about implementing a SaaS LOS.

Overview of SaaS

SaaS is a software deployment model where applications are remotely hosted by the application or service provider and made available to customers on demand, over the Internet. Enterprises can take advantage of the SaaS model to reduce the IT costs associated with traditional on-premise applications like hardware, management, upgrades, etc. On demand licensing can help customers reduce their up-front expenses for IT purchases.

Hosted LOS vendors may host the application on their own private server farm or deploy it on a cloud computing infrastructure service provided by a third party provider. The use of a hosted LOS approach helps lenders reduce the investment in their technology infrastructure services and enables them to concentrate on providing better services to their borrowers.

For many lenders, security is often one of the determining factors when implementing a hosted LOS. The hosted LOS is often more secure than traditional software implementations. Reasons for it being more secure include:

- Software upgrades are done better by host (specific expertise)
- Hosted solutions often have greater knowledge of solution and technology (specific concentration)
- Secure backups reduce downtime/data loss or theft
- No onsite data to be lost or stolen
- Reduced costs associated with physical security/disaster security
- Economies of scale

The SaaS model only requires one type of security configuration, whatever the location of the user. This is not the case with a business running its own servers which must administer several levels of security depending on whether the user connects from home office (direct access), a subsidiary office (Virtual Private Network, Citrix, Terminal Services, etc.) or remotely from anywhere else. Such a configuration can lead to added complications involving extra costs and sometimes security failures. The SaaS model provides a unified level of security and is also free of any complications regarding remote access to applications.

It's not uncommon for PCs to be damaged, or even for laptops to be stolen. The loss of data stored on a machine can be a disaster, both for the loan officer and the lender. With the SaaS model, the work station is no longer used for storage and instead the data is automatically saved on multiple servers for redundancy, with a high level of security.

At the end of the day, hosted LOSs are often more secure than traditional LOS software implementations. This provides a delivery model that allows lenders to grow as they go, which is a very appealing option in today's constantly changing lending environment.

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