

Giving Lenders Tools to Tap into Outsourcing

As more lenders want to move to a variable-cost model in terms of technology spending, ISGN is positioning itself to offer knowledge process outsourcing through its MortgageHub and Dynatek brands.

"We're seeing that everyone is cost driven these days," said Bill Adamowski, general partner and co-founder of ISGN. "We're getting more outsourcing inquiries as a result. It's about lowering cost. Midtier lenders are also looking to increase revenue by moving into new lending segments. For example, these lenders want to get into construction lending and reverse mortgages."

ISGN's answer is what it calls OnDemand. "The vision behind OnDemand is making outsourcing as easy as pushing a button," said Mr. Adamowski. "Our belief is that just like we order title, appraisal, flood, etc., lenders will order out processing, closing, post-closing, automated underwriting. We're looking at the next evolution of e-commerce here."

"We're aiming at the Dynatek user base for this first piece. However, why can't we offer this to everyone? The larger lenders have the wherewithal to do some of this on their own though. Midtier lenders want to

maintain quality, but they want to drive down their costs. They're reluctant to offshore it because they cater to the large guys, whereas that's our market niche essentially. We're an onshore company that has a lot of midtier clients. We have functional expertise and we'll rep and warrant the accuracy of what we offer."

"The OnDemand Services is wrapped up in our overall approach to our customers," noted Todd Luhtanen, president and CTO at Dynatek. "It's all about variable pricing vs. fixed cost. This also represents areas where these lenders may not have expertise, such as construction lending. Also, we're talking about offering services that are really a commodity like trailing docs and post-closing."

"Our acquisition by ISGN has brought a lot of added products and services that we can offer. We're bringing them to market through this OnDemand offering. This is the culmination of a full, companywide cross sell initiative."

But will lenders give up control and move toward knowledge process outsourcing? "Outsourcing invokes a lot of different thoughts. KPO is quickly becoming the

latest buzzword," answered Mr. Luhtanen. "Business process outsourcing is really about outsourcing labor for a lesser cost. We're talking low-skilled tasks. KPO takes that further and you talk tasks that require actual skill. We're marrying that with a platform approach to be able to offer this to our customers."

"OnDemand Services depend on experts here that have a knowledge of mortgage. There has always been a degree of outsourcing in the area of doc prep, for example. Our foray is a bit different because the platform allows the user to pick and choose what they want to leverage. Maybe they just want us to underwrite their government loans because they don't have the expertise. You can pick and choose, and change your selection over time."

"Also, a lot of people are getting displaced from their current company as result of the market. There are mortgage people that have been in the business for over 15 years and this is all they know. We'll help them start a new company with this service. We'll even help them get a warehouse line and investors. We have all those capabilities," added Mr. Adamowski.

In speaking about the actual MBA



BILL ADAMOSWKI, general partner at ISGN, said mid-tier lenders are looking to increase revenue by expanding into new segments.

annual, Mr. Adamowski expects a light show. "Attendance will probably be off. Also the distance from the west coast may be a hindrance. However, Boston is a beautiful city. Our customers are really waiting now. They're not hurting, but they don't know where things will be. Typically when we're in a wait-and-see mode it's not good for a conference."

"Default and loss mitigation is going to be a hot topic. While it gets a lot of headlines, not everyone has a lot of defaulted loans. People will be talking about how they offer loss mitigation services as well. On the reverse side people will look to understand new products being offered by FHA, Fannie and Freddie."