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“KPO Venture Gets \$25 Capital Infusion”

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http://www.mortgagebankers.org/technewslink/2007/7/3/edition1/new_products1/#new_products1

ISGN Technologies, Chennai, India, a provider of platform-based **knowledge process outsourcing** services to the U.S. mortgage industry, received **\$25 million** from venture capital firms **New Enterprise Associates**, Reston, Va., and **NEA-IndoUS Ventures**, Bangalore, India.

ISGN officials said the company expects to leverage the funding to build global infrastructure and expand its sales and marketing initiatives to increase business. The global investment strengthens ISGN's capital base by adding to the investments of its parent company, the India-based **K.K. Birla Group**.

“Over the next decade, the Indian IT services industry will increasingly move up the value chain by providing added KPO services to the world. This will entail the use of technology platforms to improve efficiencies and scale,” said **Vinod Dham**, executive managing director of NEA-IndoUS Ventures and ISGN board member.

ISGN provides KPO technology and advisory services in the mortgage-lending sector to lenders who originate and refinance the near \$2.6 trillion market in the U.S. each year. ISGN holds **18 percent market share** and originates nearly **\$500 billion** in loans through its various platforms in the residential and construction lending space.

“We were looking to add a U.S. component to the picture while competing with Indian firms. Our company is one that is more global rather than being completely offshore and operating abroad only. Our presence in both the U.S and India makes us not just a foreign company—having onshore and offshore investors makes the most sense,” said **Bill Adamowski**, CEO of **MortgageHub**, Conshohocken, Pa., part of ISGN's network.

Investors are increasingly looking more toward technology firms and start-ups in India, especially with growth potential rising as businesses expand. Additionally, lenders are seeing cost-saving potential. While other industries went global earlier, the mortgage banking industry is relatively new to offshoring.

“General acceptance of global business is picking up but it's not the driving force in the mortgage banking industry. We are in a market that is constructing in light of problems with subprime loans and falling house values,” Adamowski said. “This has caused lenders to open up to reducing costs and be more efficient. The question right now is how to reduce costs, and perhaps the answer is in going global.”

Today, the industry is seeing higher investment in security and data privacy, as well as savings potentials for companies to take advantage of KPO services.

“There is certainly enthusiasm among investors in this market and there is a need. The question is how to make the right investments, purchasing assets and ultimately seeing them mature,” Adamowski said.