



IndUS BUSINESS JOURNAL ONLINE

Issue Date: June 15, 2007, Posted On: 6/19/2007

ISGN keeps spending, buys Dynatek

Three recent acquisitions aid targeting of mortgage industry

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PHILADELPHIA — The acquisition spree continues for ISGN Technologies Ltd.

The technology-services provider to the U.S. mortgage industry announced in May that it acquired Dynatek Inc., a Livonia, Mich.-based provider of mortgage automation software for retail and wholesale lenders. Beginning last year, ISGN has acquired three companies in the United States mortgage industry.

With this latest acquisition, ISGN will now serve more than 400 lender clients, focusing on the industry's mid-market companies. Financial terms of the deal were not disclosed.

The Philadelphia-based company has been focusing on reducing costs for lenders. With this acquisition, ISGN hopes to offer a considerable drop in loan processing costs.

"It is costing lenders around \$1,500 to \$2,000 to originate a loan," said Krishna Srinivasan, the chief executive officer and vice chairman of ISGN. "That cost is incurred in the system and is borne by the buyer. But with our technology and the team that we have created, we can reduce that amount to \$500 to \$600."

Dynatek provides software to mid-market mortgage lenders in the United States. Its flagship product, MORvision, automates processes such as underwriting and closing.

ISGN's addition of Dynatek follows the company's late-March acquisition of the mortgage software division of Fair Isaac Corp., a Minneapolis, Minn.-based provider of predictive technology to the financial services industry.

These acquisitions drive ISGN's competitive strategy of bringing process and technology improvements, as well as cost efficiencies to the mortgage industry through platform-based knowledge process outsourcing, according to the company.

"You can't optimize just by outsourcing," Srinivasan said. "We need a combination of technology and potential global cost model to strengthen the industry. That's where ISGN will provide efficient, and at the same time cost-effective, services to the mortgage industry."

ISGN already has an 18 percent share of the market, which is close to about \$500 billion of the \$2.65 trillion in total loan originations in the United States each year. Recently, The Tower Group Inc., a financial services technology research firm, predicted that the offshore market for mortgage lending processes will grow to \$13.1 billion in 2010 from \$9.0 billion in 2005, with over 80 percent of these costs occurring in loan origination processes.



"ISGN is pleased to announce the acquisition of Dynatek, a pioneer in the mortgage software space," Srinivasan said in a statement. "With this acquisition and our combined customer base of more than 400 lenders across all market segments, we have a tremendous responsibility to innovate and enhance process excellence in order to service an industry that is going through a business model transition at a rapid pace never before seen.

"We believe that our combined strengths, size and portfolio of offerings give us the agility and capability to deliver value to customers and transform the lending experience. We are very enthusiastic about the potential of this synergy," he added.

Once the transaction is closed, Dynatek will become a wholly owned subsidiary of ISGN.

"Dynatek is pleased to join forces with ISGN, a company that has both the leadership and business model to transform the United States mortgage industry," Jack Luhtanen, chief executive officer of Dynatek, said in a statement. "Together we can help build upon the success we've experienced in more than two decades of bringing technology solutions that simplify and automate the lending process.

"Lenders want to invest in a partner and a product that will provide a long-term solution to their business needs, and this is core to the philosophy of both Dynatek and ISGN," he added.

With its Indian headquarters in Chennai, ISGN has offices worldwide, including in New Delhi, London, Singapore. The company is also backed by the K.K. Birla Group.