

TALKING MARKET LEADERSHIP

Dennis Boggs of Calyx Software details what it means to be a dominant LOS in today's market.

When you talk about the loan origination space, you would be remiss if you leave out the market share leader Calyx Software. Calyx has maintained its market share dominance through the years and has continually looked to improve its Point offering to better the mortgage process. Now Calyx Software is going even further this year with the launch of LoanScoreCard, mobile applications and a new LOS designed from the ground up with compliance in mind. Dennis Boggs, the EVP of Business Development at Calyx Software, talked to us about his past and the future of Calyx Software and the LOS space. Here's his candid thoughts:

Executive Interview



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Q: You've been in the mortgage space for over 20 years. Why have you decided to make this your career?

DENNIS BOGGS: I came to California in 1990. I was looking around for something to do and I came across a company called Daily Mortgage Facts. This company published a book that had all the wholesale lenders in that book with their products and guidelines. It was a paper version of a product and pricing engine, really. The book was published monthly and they also created a software product to supplement the book. The software was built using a FoxPro database and I went around selling it and installing it in broker shops. It failed as a company because brokers didn't want to pay and we couldn't get all the lenders on the system. It was too early, but this is what the product and pricing services are offering today 20 years later. That's how I got into this industry.

From there, I disengaged from that company and set myself up as a reseller that sold different software to the various brokers that I had met. During that time I accidentally met Doug Chang. I wanted to install the software from Daily Mortgage Facts onto a client's system but I couldn't get passed their network security. They told me to call Doug to help me type in my DOS command, because this was all pre-Windows, so I could install my software. Myself and Doug swapped cards and he called me six months later to help him sell a new product that he created. He had six clients at the time.

Doug asked me if we could ever sell into 1,000 clients, well we peaked at over 40,000 clients.

So, I learned everything I know about mortgage by interacting with mortgage companies and I learned everything I know about technology from being inside a technology company.

Q: How has the mortgage business and the technology business changed since you first started out?

DENNIS BOGGS: It's scary to think that so much time has passed. When I started, offices had what they thought was this super-great technology called an IBM Selectric typewriter. They also had an NCR three—part loan app that they would shove in and type. If you typed anything wrong you had to rip out your carbon copy and type it again. The other advance at that time was that laser printers were starting to come out. The idea of programming the form that could be printed on a plain piece of paper and have your data entry stuff on your screen so you could back up and make changes, was considered just revolutionary. The idea of not retyping data was also revolutionary. If you needed to type the loan amount in four different places you used to have to retype and you could have different loan amounts if you made a mistake. So, the idea of typing the loan amount once and having the software put it wherever it needed to go was also revolutionary back then. That's where Calyx Software started.

We were replacing the form in those days. So, we represented the form in the software so when you were typing into the system you were seeing what looked like the form on your screen. That created a lot of value and a lot of challenges. If we're talking about how the business has changed, we started by replacing the typewriter. From there, we added things like FHA, prequalification, and just more and more features. The next revolution was integration to vendors because that did not exist prior. The efficiencies of saving time and not having to retype data were huge. You wanted to have the right data just populating into your software from the source. Now the LOS was switching from just being a form generator to being a central hub for data transactions and collection.

That went along and continues to evolve. As time went on, Calyx became so dominant in the mortgage market. The broker base started when we started Calyx, so they really grew up on Calyx Point. Now the big issue is compliance. The question now becomes if representing the data in a form is the best way. So, before the meltdown we launched Point Central. Now we have the ability to centralized data in an Internet-based software. It is Internet-based in that you can get to the data through the Internet, but that data is still securely stored in a central location. We didn't want to create something where data resides on individual computers because if they're stolen there goes all this sensitive data. That product has evolved to include rules, a whole document management system, and you can create rules to create compliant documents.

The next step is questioning if the best way to organize a software is around emulating the form because the mortgage process is no longer linear. What do I mean? Something can happen in the process simultaneously that knocks you out of compliance. We can overlay rules over the system to put in hard stops that enforce compliance. Now we're rethinking this. We're asking: Is it

INSIDER PROFILE

Dennis Boggs is the EVP of Business Development at Calyx Software. Boggs has 22 years of experience in the mortgage industry and has been an instrumental part of Calyx since 1991. Dennis first joined Calyx when there were only 6 customers, serving as an independent sales representative and marketing partner. Through his early efforts, Dennis was largely responsible for building the user base and market share that Calyx still enjoys today. More recently, as an active member of the Executive Director team, he has been instrumental in the progression and evolution of the Calyx product lines throughout the years and plays a key role in forging our business relationships. Dennis played a critical role in bringing Loan-Score to Calyx.



Executive Interview

about forms? Is it about tasks? Is it about workflow? We're taking all this into account as we launch our newest LOS this year.

Q: Let's continue that thought. How do you think lenders and vendors are handling compliance?

DENNIS BOGGS: If you layer a rules engine over your software you can sort of make it work. A lot of training is involved, but we question if taking that old software and continually connecting new things into it to make it work in a new world is the right approach or is a better approach to start over and remake the software based on this new world. That's the question. Your software has to be about compliance and how the different parties interact and communicate. You need to design compliance from the ground up.

INDUSTRY PREDICTIONS

Dennis Boggs thinks:

1 LOS vendors will keep moving in the direction of providing End-to-End solutions.

2 Compliance issues will ratchet up and continue to be a major factor in technology choices.

3 The TPO channel will not die and will see new players emerging as top lenders in this space.

We're all trying to achieve the same thing. We want to create a compliant loan package. However, every mortgage banker goes about that in a different way. Calyx Software is not a custom software

house. Custom software costs millions of dollars. Our strategy is such that we are looking to create software designed around compliance that is extremely configurable.

Q: In terms of Calyx Software news, you acquired Loan-Score Decisioning last year. How has that acquisition shaped Calyx now?

DENNIS BOGGS: Loan-Score has a pricer that is the equivalent of a NYLX, Optimal Blue, LoanSifter, etc. It also has an underwriting engine. Pricers are all about eligibility and pricing. They take 15 to 20 data elements and run them against an engine to give you a sense of what products the borrower is eligible for. From there the secondary department works to overlay specific products and guidelines. The problem with pricers is they don't take into account these investor overlays and you may have a loan that you can't sell to the investor that your pricer matched you up with. Loan-Score offers a full underwriting engine on top of the pricing capability so you don't go down a road with a loan that you can't sell. If you don't have an investor, you shouldn't waste time on that loan. We embed Loan-Score into Calyx Point so you get direct integration. If you are not using Calyx Point you can also use Loan-Score with another LOS. Also, Loan-Score was the first non-investor AUS to integrate to FHA. What does that mean? You can get an FHA TOTAL Scorecard decision without the lender having to go through Fannie Mae.

Q: Last question, what is the future of the LOS space as you see it?

DENNIS BOGGS: I don't think I'm saying anything new or revolutionary when I say that end-to-end solutions are clearly what people want. Lenders want to deal with less vendors. They want one system. The less cobbled together the system is, the better. The danger for vendors is that they will be cut out of the process if they are not tightly integrated or are an actual part of the LOS. ❖

