



Process Improvement

You Have To Just Do It

I know that most lenders are reluctant to embrace new ideas and concepts, but some times you just have no choice.

By Tony Garritano

Let me tell you a story. I'm a married man with two sons. If you read this column regularly, you might feel like you know my family because I talk about them often. Guess what, I have another family story to share with you.

Right now we have a little Yorkshire Terrier. He's little in stature and big in personality. He rules over the house demanding everything from food, to teats, to regular belly rubs. My wife and my youngest son have decided that having one dog isn't enough. Being that I'm the one that is saddled with doing most of the work associated with the dog we have, I wasn't easily swayed. I had to be convinced.

However, in the end, I caved to popular demand. As of this writing, the dog is on the way. He's an 11-week old Maltese. I have to confess, he's pretty cute. Now I'm prepping the house and getting as much sleep as possible in preparation for the new edition. Why am I telling you this story? Getting a new dog, especially a puppy, is a big transition. At first I wasn't open to the idea, but after seeing how much my family wanted this puppy, I'm now very excited to welcome him to the family.

Looking back, I wasn't too happy to get our current dog. I thought to myself, this is going to be an added burden. Now, I can't imagine the house without him. I know this new dog will bring just as much joy. I think lenders often feel the same way about leaving behind paper processes in favor of automation. They see the paper processes as comfortable and the new technology needed to eliminate them as a burden. In the end, though, once you get that new technology you find that it brings huge benefits.

"Automation in general is going to create the opportunity to do more," said Brian D. Lynch, the founder and president of Irvine, Calif. -based Advantage Systems. "In our world, which is the accounting world, if people are bogged down doing transactions just to get month-end work done, they really don't have the time to analyze those transactions. With the automation capability in

our system we're importing transactions and we relieve the burden from people. People shouldn't have to go through each file. In the end, automation gives them a chance to do more in terms of analyzing the data, looking at profitability by loan, by loan type, by loan officer. It just opens the door to do a lot more."

Advantage Systems is a provider of accounting and contract management tools for the mortgage banking and real estate development industries. In this position Lynch is responsible for managing the company's day-to-day operations, and guiding the company's strategic direction. Lynch has more than 30 years of experience in the accounting industry.

Prior to founding Advantage Systems, he worked as an auditor for Arthur Young & Co., an international public accounting firm, and as a senior internal auditor with SmithKline Beckman, a multi-national pharmaceutical firm. After joining a consulting firm that provides computer software and hardware solutions, Lynch became involved with the CONTRACK software package to handle project management and accounting needs of real estate developers. Lynch formed Advantage Systems in 1986 to market CONTRACK. The solution was tailored in 1991 to meet the loan-level accounting needs of the mortgage banking industry, thus creating Accounting for Mortgage Bankers (AMB).

"If you have a systematic and automated approach then you have a degree of consistency that you can rely on," Lynch argues. "I think as a business manager, having the competence that those areas are taken care of is a huge relief, then you have a lot more confidence in the system. On the cost side, again for the accounting world that I live in, without automation you'd be looking at much increased audit costs. The cost it takes to audit with the labor-intensive approach where you're using a spreadsheet is much greater than if you had a systematic approach."

"When I think about automation, I think about the obvious pick up and efficiency and compliance

benefits,” added Sanjeev Malaney, co-founder and chief executive officer for Capsilon. “Technology standardizes your processes and makes more predictable output and a more predictable result for your business. We speak often to the operational efficiencies that we can create. But I think in today’s market, with more lenders chasing fewer deals, I think the opportunity cost is really where they need to focus on. If somebody can fund a loan in an hour versus two days, you are never going to be able to garner any market share.”

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Capsilon is a provider of cloud-based document sharing, imaging and collaboration solutions for businesses. Capsilon’s technology facilitates both internal and external collaboration by connecting virtual workspaces and enabling transaction participants to work together in real-time, reducing the time and cost associated with paper and electronic alternatives.

In January 2013, Capsilon acquired DocVelocity, a document imaging distributor of Capsilon’s technology, from Flagstar Bancorp. Following the acquisition, the company adopted the DocVelocity name for its imaging system. Capsilon has continued to update DocVelocity to provide increased productivity and flexible access for customers. The updates offered throughout last year included batch delivery of loan packages to investors and service providers, improved performance and automatic updates for the Desktop App and camera capture for the DocVelocity Mobile App. In addition, Capsilon now offers users of DocVelocity access to a variety of educational classes designed to train them how to more successfully manage and process their mortgage documents.

Capsilon introduced new Network Delivery capabilities that enable DocVelocity users to deliver secure and compliant loan packages to leading GSEs and financial institutions in December 2013. Lenders can deliver a single loan package or a group

for batch delivery to Chase, Citibank, Flagstar Bank, Wells Fargo Bank, Fannie Mae, Freddie Mac and the Federal Housing Authority according to their prescribed formats and protocols. The company also opened new offices in Troy, Mich. and Irvine, Calif. to better manage growth.

The reason why good vendors are growing is because they are introducing new forms of automation that lenders are adopting with huge success. For example, lenders are finding huge ROI associated with mobile computing, says Brad Durrer, mortgage operations manager at Wipro Gallagher Solutions, which provides end-to-end lending solutions to financial institutions.

“We find more and more mobility access is paying off for lenders. We’re working that into secure connections within the loan origination process,” reported Durrer. “Providing our customers the ability to have mobility solutions that they can funnel out either through their loan officers, or through to their customers in general is one area where we’re finding automation is an advantage for our customers today.

“Lenders need consistency across the entire value chain, whether that’s with buys backs and secondary marketing or whether it’s just in your operations. You just have to automate.”

And if lenders don’t automate, they’re losing out during a time in the history of the mortgage business where you just can’t afford to lose out.

“If lenders choose not to automate, they’re losing out on the efficiency,” noted Walt Thomasson, the managing director of College Station, Texas-based Rentsys Recovery Services. “Lenders are limited in resources, so the more efficient that you can become using technology and software to automate these processes, the company just becomes better.”

Rentsys Recovery Services is a provider of a provider of disaster recovery services for banks, credit unions, mortgage lenders and other organizations. In his position, Thomasson is responsible for providing the strategic direction of the company. Thomasson has more than 21 years of experience in the information technology industry, and founded the company in 1995 to offer organizations with a complete range of disaster recovery solutions.

“You need to take a step back and really think about your process,” concluded Thomasson. “Leadership really has to step up and let the experts that are there run through their processes and training to look for improvement. If you don’t have that culture in place, you probably don’t have the tools in place to handle the problems that will undoubtedly arise.” ❖