



Open Text and Filogix Create Collaborative Document Management Solution

Exchange 2.0 facilitates electronic exchange of data and deal documents for mortgage brokers and lenders

Industry

Financial Services

Customer



Business Challenges

- Facilitate the exchange of deal documents between brokers and lenders electronically and securely
- Required underlying technology foundation for hosted application on Filogix servers
- Integration with other Filogix products including Filogix Expert® (mortgage origination solution) and Filogix Express® (lender underwriting solution)
- Solution needed to be robust and highly scalable to support millions of documents and future growth

Business Solution

- Open Text Document Management
- Kofax® Capture
- emFAST FACSys®

Business Benefits

- A simple interface with easy navigation means rapid deployment into the user community
- Robust technology platform allows Filogix to build on functionality and also target different markets for further growth
- Offers customers real-time, anytime, anywhere access to documents
- Completely secure solution with full audit trail
- Deal documents stored in a central location providing controlled and audited access
- Customers are offered seamless deployment and upgrades

Filogix is a leading provider of credit solutions for the retail lending, small business lending, commercial lending, equipment finance, real estate, and mortgage industries. As of June 2006, Filogix Limited Partnership started operating as a subsidiary of Davis + Henderson Income Fund.

Situation

Filogix saw a trend in which originators and lenders look for more streamlined processes for communicating and exchanging transaction information. Developing a faster, more efficient and secure system that uses less paper was going to be essential and a tremendous value-add for its clients in the mortgage market. With the objective of advancing its integrated network of applications to meet the industry's growing requirements for automation, data security, and performance, Filogix launched Exchange 2.0, its next generation collaborative document management solution for the mortgage industry.

Exchange 2.0 is a Web-based application built on Open Text Document Management (DM), a powerful, fully integrated document management system that delivers the essential capabilities for managing business-critical documents. Hosted on Filogix servers, Exchange allows mortgage brokers and lenders to share and collaborate with all those that touch the deal in a highly secure environment. All documents are stored directly to a central deal folder either by faxing or uploading. Documents can be electronically sent back and forth, commented on, faxed or emailed out, and archived without a restriction on the size, number of pages, or document file type, for as long as required. Exchange is integrated with Filogix Expert® (mortgage origination solution) and Filogix Express® (lender underwriting solution) to streamline the mortgage origination to funding process.

Immediate benefits for Filogix clients includes an increase in productivity while maintaining privacy and security, decreased administrative time, and reduced paper and storage costs. Organizations can realize a 70 percent cost savings in document handling processes. Going paperless not only saves clients time and money, it also enables the convenience of real-time access to deal documents anytime, anywhere.

Assessing the challenges

As markets for mortgages have become more competitive, the role of the mortgage broker has become more popular. Typically, the mortgage broker is required to make an assessment of the borrower's circumstances and then recommend a lending institution that fits the borrower's needs. But before a loan can be approved, there are copious amounts of paperwork that the broker and lender must process including credit reports, appraisals, verification of employment and assets, and so on. Helping to decrease administration, improve turnaround time, and reduce the cost of paper handling, storage and retrieval was a priority for Filogix as they knew that there were not only industry efficiencies to be gained but an overall streamlined process.





“Filigix provides a solution that allows clients to complete mortgage transactions electronically, securely, and very quickly. There is no need for paper, files, or storage. With Exchange 2.0 we’re able to demonstrate to our customer base that we are listening and building the solutions that they are asking for.”

Greg Czylyski,
Filigix Product Manager, Exchange

“The average mortgage generates about 60 pieces of paper. In the past, the broker would make copies for their files and then fax the documents to the bank. Once the transaction was approved, the documents had to be faxed to the lawyer. Sometimes, if the documents were incorrect, they’d have to be faxed back to the broker. So there was a lot of paper being faxed back and forth and printed and stored on both sides,” explains Greg Czylyski, Filigix Product Manager for Exchange. “As a result, there’s an efficiency impact, a cost impact, and an environmental impact.”

Speed is incredibly important in a mortgage transaction because of the competition that exists in the marketplace. For a lender, a paper-based process is time consuming and highly inefficient. “Once a document is faxed to a lender, there’s no guarantee of when the document will make it to the right person for review,” says Czylyski. “We knew a more electronic process, complete with auto-notifications via email, would fit our client base’s working style more appropriately.”

Industry and government security and regulatory standards are a concern for both brokers and lenders. Real estate laws and policies require that every document that is associated with a mortgage deal must be protected, retained, and easy to find. “Depending on the province and the type of lender that you are, a mortgage lender has to keep documents for a certain number of years from the last payment on the mortgage. The documents have to be accessible because of potential audits both internally and externally,” says Czylyski. “It’s very similar on the broker side. The broker could be audited by the head office if they work for a national firm, and they could also be audited externally, depending on the province and which jurisdiction they fall under. If those documents are stored electronically, the broker can do a simple search and have everything at hand. That’s much easier than calling your off-site storage facility to deliver the files or searching endlessly through filing cabinets.”

Filigix concluded that providing a secure document management and archiving solution for its clients would facilitate increased productivity associated with faxing, filing, data entry errors, as well as shipping and searching for documents; reduced paper and storage costs; and improved collaborative capabilities.

Closing the deal with Open Text

The Filigix business requirement is different than the average Open Text customer in that they were not looking for a solution to manage their internal documents. Filigix provides a Software as a Service (SaaS) model for their clients with the software application hosted on their own servers. The company needed to build the underlying technology foundation for that product to allow their clients to view and modify content while connecting to a secure Web browser.

Finding a world-class, robust, and highly scalable document management solution was a key requirement for Filigix because of the sheer number of users that it needed to support and the future requirements for the system. “We knew to succeed we needed a vendor that could provide us with high-level support and product progression and with a well-recognized name to back it up.”

According to Czylyski, the Open Text document management product had the best look and feel: “however, what sold us was the functionality, usability, and pure technology,” he says. “Where Open Text really differentiated themselves from the other vendors was in the service they provided. They responded to our questions and requests and were very flexible during the proof-of-concept phases. Open Text understood our requirements quicker. They provided the most innovative and creative solutions to our unique challenges, and they were significantly more knowledgeable and much more expert in their own products than the other companies we looked at.”



Open Text Global Services and Open Text's product development team worked together with Filogix for several months to create their environment, tailoring it to their own look and feel and unique requirements. "We have such large requirements in terms of usage—there are about 15,000 brokers in Canada and about 77 lender options, so we will need to support a very large user base of 20,000 to 30,000 users. To understand the complexities, imagine multiple different companies using the same instance of DM: all their permissions have to be unique; they can't have access to each other's data; everything has to be separate; and security has to be solid. We are hosting the servers, so it's a whole different way in which we offer this product compared to other Open Text clients," says Czylyski.

A key requirement for Filogix was giving their clients the capability to transmit documents into and out of the Exchange repository. "One of the customizations that we built on top of Open Text DM was the Transmit feature®, which enables us to provide a completely secure alternative to email. So, let's say I am a mortgage broker, and I have 20 documents in my deal folder. I can simply check off the documents that I want to send, click a Transmit button, select the bank I'm dealing with on that particular mortgage, and click 'send.' Within seconds that bank receives those documents. They do not go over email. It's completely secure. It's all audited, and they have a 100 percent guarantee that those documents will be delivered," says Czylyski.

Filogix built several different types of email notifications that alert the recipient and the sender when an action occurs in the system. For example, when a document transmission is done, an email is sent to the person who is responsible for that deal so they will know that they have to go into Exchange, open those documents, and review them.

Rapid adoption

Filogix launched Exchange 2.0 on April 20, 2009, went live with its first client on May 1, and has been adding clients every week since. "Almost 3,000 users have been added to the system since May 1, which represents about eight distinct organizations," says Czylyski. "We are tracking incredibly well. We were projecting around 3,000 users in the first year, but we had already reached that number after only two months! From my perspective, it has already been a big success."

The pricing model for the broker is per seat, per month. For lenders it is per transaction, meaning there is a charge for every mortgage deal that a lender stores in Exchange. "For both brokers and lenders, we offer unlimited file storage and document archiving for a maximum of 20 years, which, when you look at it from a mortgage-transactions point of view, is unlimited time and unlimited files. Users can store as many documents in the system as they want for as long as they want, which is unique in the industry," says Czylyski. "We



anticipate that we will have millions of documents stored in the DM repository within the next couple of years."

At this stage, Exchange is only being used by lenders and brokers, but Filogix has plans to pursue other markets as Czylyski explains, "If you look at a typical mortgage transaction, there are a number of people who are involved. The broker and the lender are the two foundations, but there are lawyers, appraisers, the real estate agent, the mortgage insurer, et cetera—all the different people that submit or receive documents as part of a single mortgage transaction. These are all people we would like to connect via Exchange so they can all collaborate and manage documents electronically."

Czylyski adds, "With the mortgage meltdown in the United States and the subprime situation that arose, there's a lot of focus and a lot of pressure on the mortgage industry to be even more transparent and responsible with the information that they process and handle and how business is performed. Having a product like Exchange available to the industry solves so many issues. Documents that are stored in the system stay in the system. It's a brilliant tool for the market."

Positive feedback

According to Czylyski, client feedback for Exchange in terms of usability has been excellent. "The interface is so intuitive. It's really easy to use. People like the product. We were running training sessions twice a day for two weeks when we first initiated the rollout, and we found that 15 minutes was all it took to train people," he says. "We ended up consolidating the training sessions to once every couple of days because there was simply no need for more than that. It's been a really easy rollout."

Czylyski adds, "Filogix is able to provide a solution that allows our clients to complete a mortgage transaction electronically, securely, and very quickly. Now, they can do their paper, data, and mortgage deal in the entire application. Everything is electronic. There is no need for paper, files, or storage. With Exchange 2.0 we're able to offer another product to our clients, providing



further entrenchment in the marketplace, and demonstrate to our customer base that we are listening to them and we're building the solutions that they are asking for."

Looking ahead

True to their innovative mindset, Filogix is already poised for future growth. "Open Text provides us with such a robust technology platform that it allows us to not only target different markets but also build functionality. We have such a broad penetration within the mortgage market that it is an easy and natural progression to provide other solutions. We can take Exchange and integrate it into software solutions that are used for any credit product," says Czylyski.

Some of the items that Filogix is focusing on include enabling Exchange for the complete lifecycle of the mortgage, not just the originations—the dealing between the mortgage broker and the lender—but also for the lender to use when they service the mortgage and handle collections.

"We are also looking at other lines of business. All financial transactions require paper. Exchange can make many of those transactions significantly more efficient. We are looking at ways to generate more revenue for Filogix and expand the capabilities of the product for existing and adjacent markets," says Czylyski.

Filogix also plans to make more Open Text DM functionality available to their clients. "We can build functionality that will give clients even better notifications. We may also look at utilizing the workflow feature for the servicing aspect of a financial product," explains Czylyski. "As we look forward to the next few Exchange releases, we're simply going to turn on more of the DM functionality and make it available to our clients. We'll also look at Web 2.0 functions like news channels and RSS feeds."

Since Exchange 2.0 is still quite new, Czylyski plans to spend the next six months listening to their clients to understand how they are using it, what they like about it, and how they would like to see it improved. "As far as additional functionalities, we want to hear from our current user base. They will ultimately tell us what they want to see in this solution."

Finally, Czylyski praises Open Text Global Services and product developers for their support. "Every week we're so grateful that we chose Open Text. The developers were exceptional. They are experts on the products, which is actually rare to find. They were all incredibly dedicated, going above and beyond what was expected of them," he says. "When someone on the team came up with an idea, they ran with it and came back with a design. It was amazing to work with them. Obviously there were some hurdles; this is software development, so it's not always going to work as designed or requirements may be misunderstood. But what set the Open Text team apart was the fact that they were always willing to help find the solution. They took accountability and ownership of the issues that came up. "

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