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Nationwide Lender Achieves Growth with Lower Costs

Loan Volume More than Doubles with New Distributed Document Capture & ECM Software

Throughput, the quantity of raw material or information processed or communicated in a given time, can either hamper or help an organization.

In the case of [Colonial Savings](#), a leading retail lender serving residential mortgage customers in the U.S., the maximum throughput of its older, centralized Electronic Content Management (ECM) system was both costly and becoming a performance bottleneck, hindering the company's growth.

One of the nation's largest mortgage loan servicing firms, Colonial, headquartered in Ft. Worth, Texas, issues, buys and services loans through 24 branches across the country with a volume of \$21 billion. The firm is also a mortgage service provider to more than 1,000 credit unions, and supplies mortgage origination and servicing to community banks.

Over the course of 62 years, Colonial grew from processing 700 loans monthly to over 5,000. Success is sweet, but the high volume was a double-edged sword. Colonial needed a newer and better solution to speed the processing of mortgages. The efficiency drag was costing the company time and money.

It's not to say that Colonial is a technology foot-dragger. The company name may hearken back to an earlier time, but its corporate history and commitment to using content management technologies goes back 20 years when it installed electronic scanning and storage capabilities for its back-end operations in 1993.

"There are new technologies that can help us do our job better," says Marcia Wilson, VP, Imaging for Colonial. "The labor required for our old workflow slowed the loan volume we could process, and meant we had to increase head count. Add that with requests from investors and staying compliant with new regulations, and it was simply time for an upgrade."

CASE HISTORY:



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New Regulations, New Customer Demands

Colonial's back-end processing challenges were a convergence of three issues. The first was processing volume and tedium. Even with an electronic document capture system, the staff scanning loan documents had to manually prepare and insert separator sheets, and key in other information about the loans. While this was obviously more efficient than a completely manual method, the procedure was becoming less effective as the company grew.

Colonial's push for a new system was also brought about by requests from investors, and the need to comply with new federal banking regulations.

"Our investors wanted us to build in more granularity in the type of documents we use," explains Wilson. "But delivering that kind of flexibility quadrupled (from 24 to over 100) the number of different document types we had to use to process a mortgage, adding even more complexity. Relying on the existing system—with bar codes and page separators—would have slowed our processes even more."

Colonial also had to work with the new Real Estate Settlement Procedures Act (RESPA) rule brought about by the Dodd-Frank Act, including a required, standardized Good Faith Estimate (GFE) to facilitate shopping among settlement service providers and to improve disclosure of settlement costs and interest rate related terms.

After almost a decade of using its early ECM and scanning setup, in 2002 Colonial began working with [Integrated Document Technologies, Inc.](#) (IDT), Itasca, Ill., a technology consultant and integrator of ECM and ERP systems for small, mid-market and enterprise firms nationwide. Initially, Colonial began working with IDT to support its existing system.

Colonial's first system included ECM software from Stellent and capture software from Captovation, both now part of Oracle. The technology served Colonial's purposes well, but Wilson, looking to keep the company's processes moving ahead, wanted to lower operational costs and integrate business process workflows into other key areas of the business.

"When we started looking at a new system in 2011, IDT was instrumental in helping us choose the right software to further automate our workflow, and integrate the back-end loan information into other workflows throughout the company," says Wilson. "We couldn't have done this as successfully without IDT's team taking the time to really understand our business—how we serve customers, and what our employees need day-to-day."

IDT recommended a comprehensive solution that included [Hyland's OnBase](#), [AnyDoc Infiniworx](#) with [CAPSYS™ CAPTURE](#) distributed data and document capture software, by [CAPSYS® Technologies](#), and [Kodak i5200](#) scanners.

"Using the CAPSYS, AnyDoc and Hyland system added simplicity to our operations because it didn't require a lot of coding. Moving to distributed versus centralized

document scanning with CAPSYS CAPTURE has made a significant impact for the better on our processes," says Wilson.

As distributed scanning is rolled out, Colonial's branch offices can stop shipping loan documents to headquarters—eliminating approximately \$30,000 in monthly shipping costs.

Hands-Off Advantages

Colonial was looking for a more hands-off process and got it. Hyland's electronic workflow automates processes and eliminates handling. The new system uses OCR to scan the mortgage documents and the software records, validates key fields in all the different document types, and extracts the information, greatly reducing data prep and data entry. As an added benefit, as documents go through the system, Hyland provides electronic versions of the loan packages, audit trails, and the ability to streamline the submission of loan packages to Empower LOS — Colonial's loan origination system.

For data and document capture, IDT recommended two Kodak i5200 scanners and CAPSYS CAPTURE software. The Kodak i5200s have done an excellent job of processing Colonial's high volume of scanning. At a rated speed of 140 pages per minute and an unlimited daily duty cycle, the scanners make it possible to process Colonial's monthly volume of 2 million pages.

For Colonial's centralized and decentralized scanning needs, IDT recommended CAPSYS CAPTURE. The new capture software leverages a Web-based user interface and is capable of running the Kodak scanners at full rated speeds. After scanning is complete, the CAPSYS software feeds documents directly into Hyland's AnyDoc and OnBase systems. CAPSYS CAPTURE's advanced capture workflow and Data and Document Transformation Services standardize the varying incoming content types into a format that is optimized for AnyDoc to perform advanced OCR services.

Additionally, because CAPSYS is web-based, Colonial didn't have to install anything at the workstations located at their various branches, and onsite workstation upgrades are no longer required. Moreover, maintenance is much lower as is the total cost of ownership. Other cost-savings aspects: there are no per-click count licensing or page count costs to users—a key consideration for Colonial's loan processing growth and high volume capture needs.

Speed, Volume and Proficiency Increased

After 18 months using its new ECM system, Colonial has sped up loan processing and underwriting; provided better loan tracking; and delivered efficient loan reporting. Colonial will soon be seeing other significant cost savings. As distributed scanning is rolled out to the branch offices, Colonial will no longer be required to ship loans to their headquarters. This will eliminate approximately \$30,000 in monthly shipping costs.

The new system also allowed Colonial to scale up its operation and reduce headcount. Colonial had eight full-time people plus 10 temporary workers to process 1,746 files per month. The new system has allowed the company to retain those full-timers, who are now deployed elsewhere in the bank, and reduce the number of temps to three to process an estimated 5,100 loans per month.

Overall ROI of the system is being measured, but Colonial calculates the cost of manually prepping and executing the scan of each mortgage document has dropped dramatically. Prior to implementing the new system, Colonial was spending about \$45 per loan to process. Today, that number has dropped to about \$7 per loan.

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Technology Commitment

Wilson says while Colonial is ahead of many other banks regarding technology, it works to maximize its investment instead of trying to be at the cutting edge.

“Without the new content management system, we could not have managed the amount of business we currently have while keeping our operations expenses low. Now we are looking at how we can leverage the Hyland system in other areas of the company, to further improve our business processes,” she says.

With better back-end loan processing efficiencies, Wilson now wants to apply its current technology gains to the front-end of its business. Front-end imaging is getting underway this year, and will be implemented more widely in the underwriting and closing phases at the beginning of 2014. With its improved workflow architecture, Colonial can route documents and workflows anywhere, including accounting and HR.

Wilson likes the new system’s scalability. “It has solved the very issue that was inhibiting Colonial’s efficiency and profitability,” she says. “When the opportunity arises, we have the capacity for new business with a system that is already in place.”

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Integrated Document Technologies (IDT) helps companies eliminate paper at its source, offering consulting services and a full line of content management, data and image capture and process automation products including hardware and software systems and Internet-based electronic solutions. Since 1992, IDT has put its sole focus on creating customized document management solutions for companies in diverse industries, serving as a one-stop resource for design, integration and long-term system support. With system installations nationwide, IDT’s expertise as system designer and integrator continues to expand as new document management technologies become available. Contact IDT at 630.875.1100 or visit www.idt-inc.com.

Colonial Savings, headquartered in Fort Worth, Texas, is one of the largest servicers of mortgage loans in the United States, with a portfolio exceeding \$21 Billion. It is the parent company of Colonial National Mortgage, a leading retail mortgage lender; CU Members Mortgage, which provides mortgage services to more than 1,100 credit unions nationwide; Community Bankers Mortgage, which provides mortgage services to community banks; and Colonial Savings, a network of eight commercial/consumer banks located throughout North Central Texas. It is also affiliated with Colonial Life Insurance of Texas, DuBose & Associates Insurance and First Western Title, a national residential and commercial title company. The company originates more than \$3 billion in FHA, VA, conventional and innovative single close construction loans annually. The company is privately held—by choice—ensuring its focus remains on customers and not the expectations of Wall Street. Visit www.colonialsavings.com for more information.

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