Technology Hyperbole

I TRY MY BEST TO TRACK ALL OF THE technology developments in our industry, and part of this is reading white papers and press releases put out by many of the technology firms. Some of the material I read just amazes me with its hyperbole. I should mention that I am familiar with drafting press releases and other marketing material that sometimes can exaggerate a product's capability. I ran Contour Software for 20 years, and I was always dealing with the ethics of marketing—what's marketing material versus what's technology hyperbole. I tried to set customer expectations that were realistic, but I also knew that many competitors would go out on a limb with promises that weren't achievable. In the end, explaining what a software product could do was more art than science. For the user, it's very difficult to separate realistic product capabilities from hyperbole.

Today I was perusing a white paper from a firm that proposed real dollar savings from using its eMortgage-related products from loan application through loan servicing. The white paper contained holes large enough to drive a truck through. It claimed that its company's software would make a given step 90 percent more productive, and then took average costs from a Mortgage Bankers Association (MBA) study to determine how much the company's customers would save for that step of the loan process. The white paper then totaled the savings for all the steps, which it said came to almost $2,000 per loan—just from using this company's magical software.

Now, you and I know that there isn't any new product coming to market that would save that much overnight on each loan. If such a solution were indeed possible, you can bet all the major technology firms in our industry would be all over it.

Over the years, I've learned a few things about separating hyperbole from reality. Here are some ideas that just might help the next time you are trying to evaluate the merits of some claim from a mortgage technology firm.

Let's start with startups, as they seem to be the worst at properly describing the strengths and weaknesses of their new products. With these companies, you have to question almost every printed word. I'm not sure why it's the startups that are so extravagant in how they describe their product. Perhaps it's because they don't have customers that can counter any claims, or perhaps they are doing anything they can just to get a toehold in a very competitive mortgage technology field.

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>
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So be sure to force the company to detail out and prove every claim. Also, don't ever be the first customer, as I've never heard of a positive outcome from that. Another common problem with startups is that they'll concentrate in one area, such as document imaging, but miss several other basic areas such as management reporting. Look at the core areas first before getting exciting about how these companies incorporated some new technology.

Firms that have been around for a while can be more difficult to interpret. Their marketing statements won't be so egregiously wrong, but they can still be fundamentally flawed and misleading. One of the things I've found is that each company has a personality. In many cases, companies' marketing efforts follow the personality of the firms' founders.

Over time, you can develop a sense of what the products can realistically do and how much their claims might be exaggerated. Attending the conventions and talking with others in the industry are also great ways to learn about major technology firms that serve our industry. As always, talking with existing customers of a technology firm is the best way to get a feel for its product. Be sure to talk with customers who aren't on the firm's "best customers" list. I've often recommended that the technology firm turn over the name of all its customers with names beginning with a given letter in the alphabet. The firm won't give you its whole customer list, but it should be willing to give you a small random portion of the list. Every company will have customers with complaints, so you have to look at the actual complaints to determine what may be the fault of the technology firm and what might have been a user issue—you'll find both.

If a company makes a bold claim about the increased productivity of your employees, make it back that claim up with factual studies. Several years ago a major automated underwriting system (AUS) came to market, and the AUS' company claimed it would save users something like $1,000 per loan. Today I can't see any such savings, though I do believe that AUSes have made the industry more productive. When I asked back then how the AUS company came up with the figure of $1,000, I could never get a solid answer.

I have seen some well-done studies that did show some savings from the introduction of new technology into a workplace. However, they often miss one key area: Anytime you introduce new technology into a process, you have learning costs, increased computer costs and miscellaneous costs. The miscellaneous costs are really hard to define, but we all know them—it's what happens when the printer stops printing and it takes two hours for someone to figure out why. That's a lot of lost productivity that isn't factored in when switching from a manual process to an automated one. The manual process might not have ever used a

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printer. Thus, we have to make sure there is a significant savings when introducing new technology.

We can pick up any industry publication and find hyperbole at its finest in the publication's advertisements. To a certain extent, we accept some of this as just plain old marketing—let the buyer beware. However, there is a line to be drawn when a technology company makes some bold claims that aren't even close to reality. When you see this, it's best to keep your distance, as probably little else about the company can be trusted as well.

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