

## What Ever Happened to Video Conferencing?

It was just a couple of years ago that Video Conferencing was the latest technology craze to hit the mortgage industry. Some top names in the industry made predictions that soon every Realtor would have a Video Conferencing unit in their office and all home buyers would simply step up to the touch screen and begin their home loan search process and start the loan application. So what happened?

This article is more about how technology is adopted by the industry than it is about the failure of Video Conferencing. Still, we can say today that Video Conferencing is just this side of dead. Hundreds of units were installed throughout the industry yet their numbers are far less today than during their heydays in the mid 90's (make that mid-1990's to be Y2K compliant) when they peaked. In fact, almost all of the units previously installed are seeing little to no usage and most have been pulled.

Millions of dollars were spent building video conferencing solutions for the industry and almost everyone saw the benefit. Venture capitalists jumped on board and even Intel gave it some very healthy efforts. It certainly didn't fail for lack of technology, poor design, lack of funding or any of the other typical problems of new business ventures. Hundreds of companies tried their best to make it work. How could so many people be so wrong? Why did it take so long to find out it wouldn't work? How can originators insure they don't waste thousands of dollars on a new technology only to find it wasted (hundreds of mortgage brokers did with Video Conferencing)? What can we learn from this? Is Internet based mortgage origination the next flop?

To begin, let's take a look at what it did. Video Conferencing attempted to be used for purchase money transactions. As we all know, these are a whole lot different than refinances and they require a lot of hand holding. Many felt that face to face is face to face even if it's through video conferencing. What we learned was a lesson in human nature. Video Conferencing, while seeming to be face to face, really isn't. Consumers want to shake hands with a loan officer for such a major transaction. Many psychologists can explain the power of the human touch. If only they had been consulted before so much money and effort was wasted.

However, there are other aspects that led to its demise. Consumers pay a lot of money in Realtor commissions and loan fees. For the amount of money consumers spend, they don't expect to be sat in front of a computer in a "do-it-yourself" fashion. They expect a high level of service and any self respecting Realtor won't deny them of that. Realtors know that service is the name of the game. This was strike two.

The third strike did have something to do with the technology. It was cool but it was still cumbersome. It was actually slower than being face to face and it couldn't be done in the borrowers home. It was a convenience for the industry and not for the consumer. While the consumer might have saved a few hundred dollars (at best) it was minuscule compared to the thousands they were actually paying.

While being a technologist, I've always argued that technology won't replace the human element for any transaction that is complicated, frightening and full of potential problems that could cost the consumer dearly. In similar fashion, you don't look for a brain surgeon in the yellow pages. Loan originators will continue to be a vital part of the loan origination process for purchase transactions for many years to come.

So what does this mean for the current web site mania sweeping the industry and for online mortgage origination? We already know that loans are

being taken on the Internet in high volume and it's growing rapidly. However, if you were to look at the successful companies that are obtaining lots of loans from their web site, you'll see one thing painfully obvious. Most are finding that 90+ percent of their loan volume is refi's. That's right, just the kind of business most mortgage operations don't want to build a future on. So does this mean traditional mortgage origination companies should dump their well planned web sites? Absolutely not!

Still, you must understand the role the mortgage web site plays for the vast majority of the originators to insure that it (and you) don't go the way of video conferencing. The two primary thrusts of your site should cover what I call Expanded Yellow Pages and Service Enhancement objectives. The Expanded Yellow Pages effect refers to the fact that prospects looking for a local mortgage broker or that are referred to a local broker will look to the Internet to learn a lot more about that broker before giving them their business. Of course, if you aren't there that will say a lot about your interest in your business. Your web site will be used to help the borrower decide what company and/or originator to go with. The Service Enhancement effect refers to the fact that your site should do a lot to enhance your level of service to prospects and customers. This includes prequal tools, libraries, calculators, loan status information, email addresses and anything else that just might answer a question or provide easier and faster access for the borrower.

As we adopt new technologies we must insure that they increase our level of service and promote the human factor desired by most borrowers. To the extent that you can maximize these areas with the help of new technology, you'll end up the winner in the end.