

# The Battle for Our Industry's Portal.

Today's E-Commerce world defines a portal as a primary web site that a group of people visit frequently. These can be general in nature for consumers like Yahoo and AOL or they can be Vertical portals that cater to a specific industry. This article discusses the current battle that is just beginning to get into full swing.

Recently, MGIC announced eMagic which appears to be a yet another Internet startup in the making. While it's currently a separate subsidiary under MGIC, it's easy to envision a potential spin off or an IPO. The interesting aspect is their desire to see [www.emagic.com](http://www.emagic.com) become a portal for the mortgage industry. Of course, they aren't the only ones chasing this Holy Grail of the future. Today, companies like Yahoo and AOL battle to be the primary portal for consumers because of the value such a position holds. This battle is now just beginning within our industry.

What's on the table are huge sums of money. The industry's portal will certainly be a major E-Commerce player in helping handle a large variety of services. Consider all the services a mortgage company uses and how centralizing all such orders might be a big plus for their users. This includes items like credit reports, automated underwriting, borrower prequalification tools, appraisals, title insurance, homeowners insurance, closing document services, etc. The Internet Portal to these services has the ability to earn fees on every transaction that flows through it. Other income possibilities include advertising on the site which alone can be very substantial – just look at the income Yahoo receives which is almost all from advertising. The portal would effectively obtain much of the industry's advertising revenue. This fact isn't lost on the industry's trade journals that certainly see such online sites as long term competition. It's not a whole unlike the local newspapers across the country being supplanted by on-line portals of news sources.

The players battling to be the industry's portal is now pretty clear. First are the startups such as IMX, iOwn, and OpenClose which Mortgage.com recently sold off half to investors. These companies, all with tens of millions from investors, all hope that every mortgage company looks to them first for a variety of services – many of which they provide themselves.

Another segment battling in this space are the GSE's. They offer the value of their Automated Underwriting Systems which often must interface to many of the services that mortgage companies use. For example, they decide which type of appraisal is needed on a given loan. It's just another step to then have that order placed with any of several vendors. The better their portal, the more likely it is that you'll use it and consequently use their automated underwriting system. Of course, there's other income to be obtained as well.

A third segment in this battle are the Loan Origination System vendors. They capture all the data needed for all E-Commerce transactions and have historically built the gateways to the services of the industry. Most of the top vendors in this group are in the process of building up their E-Commerce solutions and are incorporating web sites into their solutions. The line between a desktop loan origination system and a web site designed to help the mortgage industry will continue to blur.

Finally, all of this doesn't get past all the existing trade journals. Printed media is under threat by their online counterparts so they must move aggressively to the Internet. Their primary objective is become the daily viewing habit of all those in the mortgage industry. As such, they own a lot

of eyeballs and can continue to obtain advertising revenue. However, such sites could also expand into other areas like E-Commerce. Somewhat differently, they can sell their news sources to other portals so that those portals add value to their users. On the Internet, “Content” is king and clearly, a source for industry news offers a lot of content that is valuable to many industry segments vying to be the industry’s portal.

You’ll likely see various companies merging or coming together in an effort to cement ownership of the industry’s portal. The most recent example is the purchase of Genesis by iOwn. This certainly won’t be the last. IMX recently announced deals with both Byte Enterprises and Contour Software. eMagic has similar agreements with many Loan Origination Systems. The jury is still out in determining who will win this battle. However, it will likely be a combination of parties coming together either under Joint Venture arrangements or through mergers and acquisitions. The only constant will be change and we’ll see a continued slew of announcements in 2000. It’s going to be a real race among all these contingents.