

The Digital Revolution

By Randy Schmidt



As I was driving to work last week, I drove by a local Blockbuster video store with a “Store Closing” sign draped across the front of it. It was kind of sad to see another business close because they didn’t recognize the effect that the digital revolution has had on all of our lives. Whether we like it or not, many things are becoming digital. Movies, Music, News and Books have all had their industries rocked by the lightning fast transition into the electronic world. Companies that saw this coming and adapted have flourished. While others, like Blockbuster, ignored the signs and are destined to try and pick up the pieces.

The move into the electronic realm for the Mortgage industry has been a little slower, but don’t be fooled into complacency. While the industry itself has been slow to ride the digital wave by implementing e-mortgages and other technologies, borrowers themselves are leading the charge by turning to the internet in record numbers. These digital borrowers are looking to conduct business via the internet. A recent study showed that over 80% of American households that have internet access already use it for internet banking. Is it really that implausible that these same consumers would like to transact their mortgage financing electronically?

In order to make the most of the opportunities that are out there, proactive lenders are turning to technology to make themselves more available to this group of consumers. By revamping their online presence to educate these consumers, giving them all of the information they will need to make a decision, these lenders are appealing to these do-it-yourself borrowers. Tools such as detailed and customized rate quotes, pre-qualifications, instant approvals and even electronic disclosures are becoming the standard for those wanting to compete in this market. By acting now, and implementing an electronic channel into their sales strategy, these lenders are setting the stage for future success.

To understand the significance of what joining the digital revolution can do, let’s take a look at some of the success stories from other industries. While companies such as Blockbuster and Hollywood Video are entering bankruptcy, NetFlix adjusted their business model to include streaming videos and are signing up new subscribers in record numbers. The Kindle e-reader was created to help Amazon compete in the digital world. Last Thursday they announced that Kindle books have overtaken paperbacks as the most popular format on Amazon.com. Apple created iTunes in 2001 as their entry into the digital revolution. Ten year later, the iTunes music store is the largest destination for buying music in the U.S., bigger than either Wal-Mart Stores or

Amazon.com. And while newspapers across the country are struggling to maintain readership, USA Today and the New York Times are both listed in the top 50 free applications within the Apple app store.

As Sir Winston Churchill once said “Those that fail to learn from history, are doomed to repeat it.” The choice is yours. Are you ready to join the digital revolution? Or is there a “Store Closing” banner in your future?

Randy Schmidt is President of Data-Vision, Inc. and is responsible for overall operation and strategic planning for the company. Randy became involved in the IT side of mortgage banking almost 30 years ago and has been involved in numerous projects on both the origination and servicing side of the business. In 1993, Randy co-founded Data-Vision, Inc., in Mishawaka, Indiana as a Web design company. He then combined his previous mortgage experience with Internet knowledge to bring the speed, power and availability of the internet to the Mortgage industry. He can be reached at *rschmidt@d-vision.com*.