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# Find Solutions in the Clouds

Online systems may deliver a path  
to sustainability and higher profit margins

**M**any mortgage brokers who emerge as new industry leaders following the subprime (aka, nonprime) collapse will be those who embrace community-minded solutions and focus on how their actions affect not just their clients but also society at large. Increasingly, brokers and lenders face scrutiny for many of the economic ills stemming in part from trouble in the mortgage market. In light of this, good citizenship and community leadership represent vital steps in rebuilding the mortgage industry.

Today, environmental responsibility comprises perhaps the greatest opportunity to stand out as a community leader. This means more than thinking green and disguising old practices with environmentally oriented marketing. It means implementing business methods that reduce your company's impact on the environment substantially.

One way brokers can incorporate environmentally astute practices and grow their profitability is by embracing cloud computing. The term "cloud computing" has been around for about 10 years. In essence, cloud computing involves any system run entirely online. This can include software applications and technological infrastructure — often called software as a service and infrastructure (or platform) as a service.

Cloud computing is a newer concept for many mortgage-industry participants, and

it stands to grow in importance as brokers face tighter margins from the growth of government-backed lending and a stricter regulatory environment. The advantages of cloud computing can be quantified in many ways.

## Saving resources

Mortgage lending long has been a paper-based industry, sometimes maddeningly so. Take a walk through a lender's office or off-site warehouse to get a feel for the sheer volume of paper the industry produces. Managing and cataloging all that paper can be time-consuming, resource-draining and highly inefficient.

The ongoing difficulties in refinancing troubled mortgages highlight some of the problems a paper-based approach to lending can cause. If part of a loan file — such as a credit report, employment history or appraisal slip — goes missing, it can halt the refinancing process and send mortgage brokers scrambling in search of a single document buried among thousands. In other cases, a loan may have passed through so many owners and been sliced into so many asset-backed securities that determining who holds the file can be near impossible.

This office- and paper-centric approach to mortgage lending also leaves a huge carbon footprint. It takes a different way of thinking to appreciate the enormity of the problem. For example, many mortgage brokers work on-site at an office where

they can access paper files and interact with other employees involved in the origination process. Generally speaking, this translates into commuting miles for everyone who works at the office. This yields the use of gasoline and the production of carbon dioxide.

Printing paper and mailing documents also produces huge amounts of carbon. For example, the U.S. Government Accountability Office found that the U.S. Postal Service used about 123 million gallons of gasoline and diesel fuel in 2006. Another area of waste is electricity consumption. The U.S. Environmental Protection Agency reported that servers and data centers consumed about 61 billion kilowatt-hours of electricity in the U.S. in 2006.

Brokers can realize a massive reduction in each of the aforementioned areas with cloud computing.

## Increased security

With cloud computing, brokers' business data and necessary software are stored on off-site servers. This allows brokers to use much less infrastructure and to reduce or eliminate their own energy-consuming servers and systems. Instead, brokers and their staff can update and review projects and collaborate with colleagues with little more than an Internet connection.

With cloud computing, data storage is centralized and sometimes shared among

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various companies. This decreases overall energy consumption and costs. Off-site data storage doesn't mean less security, however. Often, users of cloud-computing solutions can implement stronger encryption software, user identifications and firewalls than they could have with their old software and hardware.

Because the required information is stored virtually and can be accessed in real-time, the need for paper documents drops dramatically. This also eliminates the need to fax documents back and forth, a process that often leads to misplaced paperwork.

Cloud computing also reduces opportunities for fraud, as real-time collaboration can be paired with real-time compliance monitoring. In addition, borrowers benefit from smoother, streamlined processes, and brokers experience lower operational costs.

### **Making the move**

In addition to being accessible from anywhere brokers have an Internet connection, cloud-computing systems can generally be accessed on all types of computers and smartphones. This sets them apart from many computer-based loan-

origination systems (LOSs), which often reside on brokers' internal hardware and only can be used from specific computers or types of devices.

A true cloud-based LOS will handle all parts of the process electronically — including lead generation, data gathering and analysis, storage, and production of closing documents. This contrasts with many electronic LOSs that involve a broker-facing Web interface that produces paper documents on the back end.

The move to cloud computing doesn't come without hurdles, however. Companies must replace long-entrenched and often-expensive legacy systems and retrain lending professionals. Making the change, however, can increase your business' sustainability, yield higher profit margins and deliver a competitive advantage.

When thought of in these terms, cloud computing emerges as a way for mortgage brokers to excel in an industry that is slowly starting to emerge from the recent downturn and look toward the future. By pairing technological innovations with sustainable, environmentally friendly business practices, brokers can realize significant benefits and emerge as industry leaders. ●