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MERGERS & ACQUISITIONS

Xerox Steps Back Into Mortgage

After a hiatus, Xerox Corp. has decided to come back into the mortgage space with the acquisition of Advectis as part of a long-term play to offer both business process management and business process outsourcing services.

Xerox paid \$52 million for the electronic collaboration vendor in an all-cash transaction, which includes an additional performance-based supplement to the sale price. The acquisition is expected to close in the next 30 days, subject to customary closing conditions. All Advectis employees will be retained. The company's president, Greg Smith, will now be vice president, general manager at Xerox Global Services North America. The Advectis name and branding will be determined after the deal closes.

Xerox's document technology and services portfolio includes consulting and outsourcing services, records management, digital imaging, e-discovery for litigation support and managed services in more than 160 countries. By contrast, the Advectis Web-based BlitzDocs Collaboration Suite helps lenders, brokers and investors manage the process needed to underwrite, audit, collaborate, deliver and archive loan documents electronically.

"We have great expectations," noted John Kelly, president, Xerox Global Services North America. "We were looking for the right electronic workflow and collaboration partner. We saw the quality of this company and the people and they fit expectations. We focus on document-intensive businesses.



We did some work in mortgage in the past. We are now looking for a partner in Advectis. The industry is ripe for transformational change. We seek to invest and become a major player."

The mortgage space has seen a lot of household name technology companies entering the space recently. Adobe has tried to pass off its Intelligent PDF as an alternative to SMART Docs and IBM has come back into the space with the acquisitions of FileNet and Palisades Technology Partners. Other large international companies like ISGN have also entered with the acquisitions of MortgageHub, Dynatek and the former London Bridge.

Given that Xerox and IBM were major competitors when they both entered the mortgage space the first time around, one might wonder if that

rivalry will be re-visited today. What's different now is that instead of trying to force their own technologies on lenders, this time around they're both buying mortgage technology companies with a history in the space.

"The timing wasn't right for Xerox to put the lever down back then," said Mr. Smith, in addressing Xerox's first foray into mortgage. "Now is the right time."

"We've been successful with the acquisition of Amici," pointed out Mr. Kelly. "We feel we've learned how to enter new industries."

As part of its effort to diversify and enter new markets, Xerox acquired Amici LLC, a provider of electronic-discovery services, primarily supporting litigation and regulatory compliance, and XMPie, which provides variable information software for the graphic arts and marketing industries.

Further, Mr. Smith noted that Advectis began talking with Xerox in April and the mortgage market has gone through turmoil since that time with the impact of the subprime debacle and the credit crunch still working itself out. "We've seen material market changes since the talks started. They see this as a long-term play. They are hanging tough. This is going to be a big thing that they'll be pushing forward," he said.

In terms of why Xerox chose to acquire Advectis over one of its competitors, Mr. Kelly said, "The quality of the people and the leadership at Advectis is great. We want to grow in this space and we think this management can grow with us." ■