



The FinTech Advantage Is Real—Are you Ready?

Advisors know technology is key to their practice's future growth, but many aren't making the most of the digital tools they use. Here are **five ways** to build a better tech strategy.

 WealthManagement.com

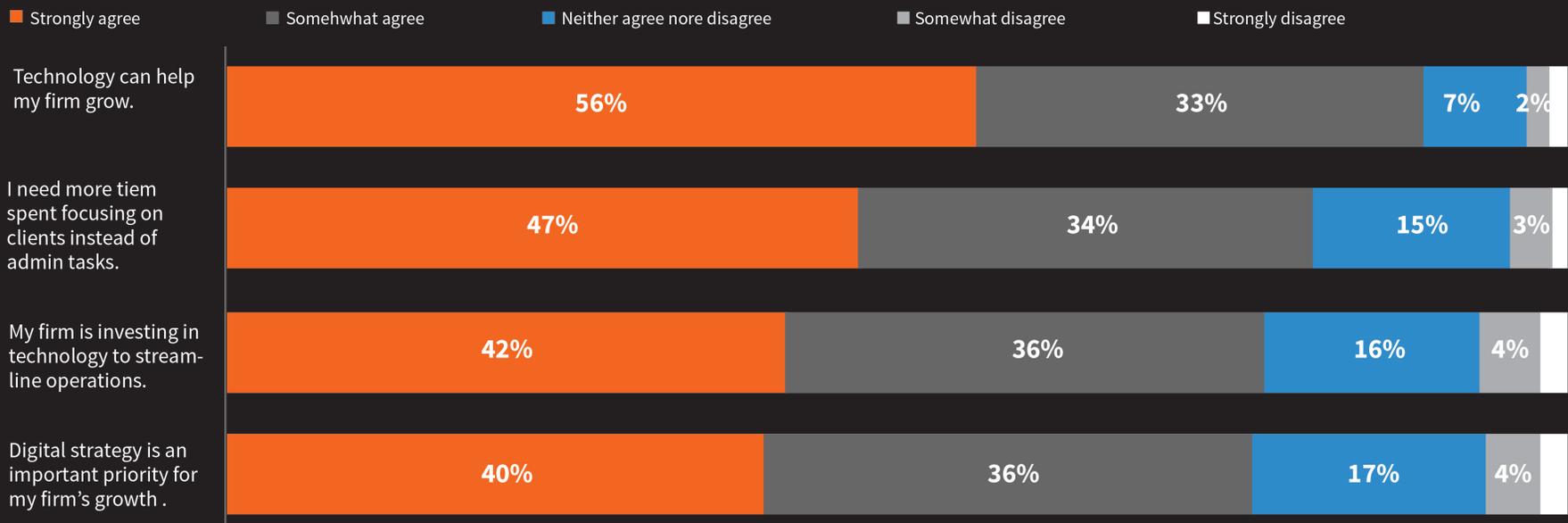
Introduction

The technology revolution has changed our lives. These days, you can get a ride, order dinner or even set your home's thermostat from your smartphone. The rapid pace of technology advancement has worked its way into the fabric of our daily lives, and—in most cases—helped us become more efficient.

For advisors, the story is no different. Technology has fundamentally changed the way they operate, from the ways they manage their practice to how they work with clients. Advisors understand how important technology is to the long-term success of their practice: Nearly 90% agree that the right technology can help their firm grow, according to a recent survey by [WealthManagement.com](https://www.wealthmanagement.com).

Opinions on Technology

The majority of respondents strongly agree that technology can help their firm grow. Nearly half strongly agree that they need more time spent focusing on clients rather than administrative tasks.





But finding the right technology and integrating it effectively into an existing operation can be complex and challenging. And with all the choices available, it can be easy to get lost in a maze of attractive—but ultimately unnecessary—bells and whistles.

The bottom line: Advisors want to spend their time serving their existing customers and prospecting for new ones, not keying in data or other rote activities. To do that, they need well-integrated, user-friendly applications that reduce the time they spend on administrative tasks and help them focus on their clients' needs.

Understanding the Technology Landscape and Its Value

The majority of financial advisors rely on technology for one or more critical applications in their practices. Advisors are looking to improve operational efficiencies and pockets of manual processes. They are looking for workflow simplification through best of breed technology. The most popular tools are customer relationship management (CRM) systems, systems that, according to the recent WealthManagement.com survey, are used by 77% of advisors. Dashboards, performance reporting and portfolio management applications also feature heavily in many advisors' rotations. Solutions involving administrative applications—such as document management, proposal generation and fee billing—also exist, though they see moderately less widespread use.

73%

Seventy three percent of investors are seeking transparency in a new advisor.

Tools that allow advisors to serve their clients' needs more efficiently are the key to success in a rapidly evolving industry. When investors seek a new advisor, most say the top factors they consider are transparency (73%) and an advisor's willingness to spend the time necessary to understand their needs and goals (67%).¹ Investors simply want to be confident that their advisors are listening to them and ultimately providing service to help them achieve their personal financial goals.

67%

Sixty-seven percent of investors are seeking advisors willing to spend time to understand their needs and goals.

Those preferences underscore the importance of financial planning technology that help advisors serve clients' needs efficiently and transparently. At the same time, advisors also need technologies that provide simplification and streamlined solutions to help free up their time, so that they can better focus their efforts on growing and building client relationships.

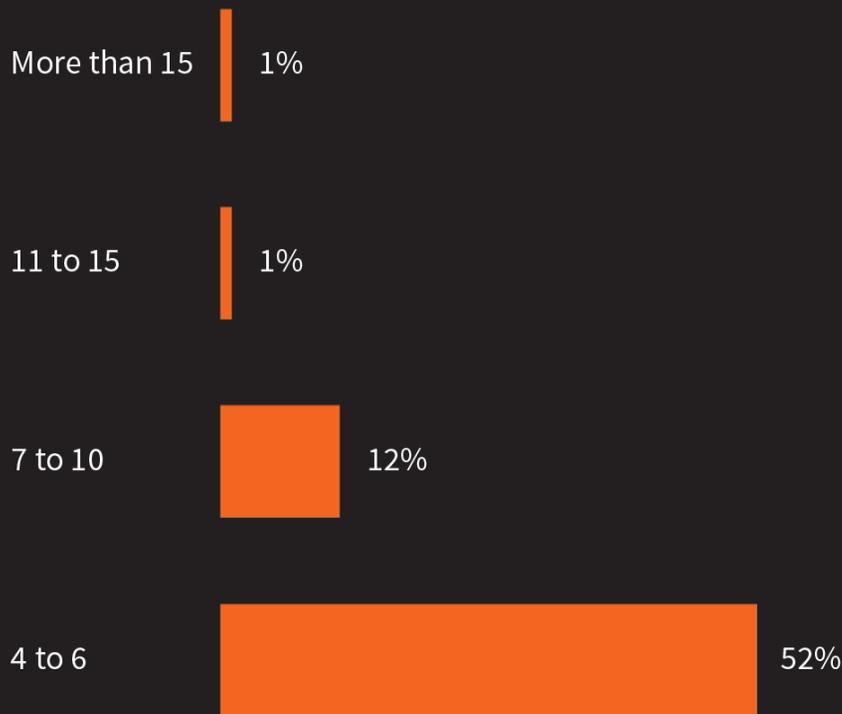
As the universe of available tools has grown, so too has the number of software programs, applications and platforms advisors rely on every day. While about a third of advisors use just one to three tools throughout the day, more than 50% report using four to six tools.



¹ "Subtract, Add, Multiply – The Formula to Efficiency", Cerulli Associates & Fiserv White Paper, 2019.

Q: Approximately how many different technology tools or business applications do you use throughout the day?

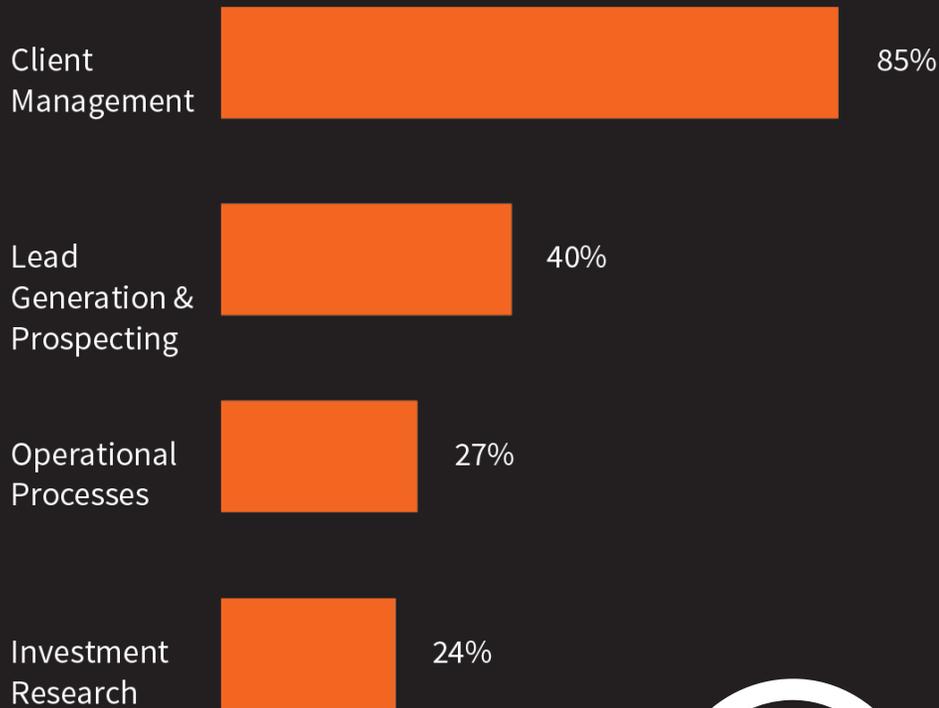
Number of Tools



And 14% use seven or more tools a day. The more tools an advisor uses, the more complexity they face in wrestling all those disparate systems into an integrated workflow. With greater complexity comes greater odds of a domino effect where one tool affects the way advisors use their other tools. For example, if an advisor's systems don't integrate well with one another, the likelihood of errors and redundancies increase. Something as simple as updating a client's address becomes a massive headache if it needs to be changed manually in multiple systems. Multiply that lost time and increased chance of confusion by increasing numbers of clients, and the inefficiencies mount. Those inefficiencies decrease the value of individual elements of the advisor's technology stack, and in turn, distract advisors from growing their business. The way advisors, operations professionals or the home office choose technology solutions may play a key role in generating these challenges. For instance, busy advisors need access to critical tech wherever they are—whether at their desk, at an off-site client meeting or at an event with prospective clients. But just 15% of advisors say all the tools they use are optimized for mobile use, meaning many of the technologies they depend on can't be accessed until the advisor is back at their desk.

Q: On which of the following activities do you spend most of your time?

Time Expenditure



Meanwhile, two out of three advisors indicate ease of use is extremely important, while just 50% rank integration as extremely important. This suggests a substantial number of wealth management providers may be underestimating key elements as they consider adopting new technology solutions. For advisors to take full advantage of the powerful applications at their disposal, one needs to consider how user friendly their tools are, and how smoothly they integrate and communicate with the other tools in their workflow.

The Benefits of Simplification

When advisors describe their ideal technologies they talk about solutions that help them build client relationships, ultimately growing their business. Advisors look for technologies that help with prospecting clients, building financial plans, generating proposals and, eventually, opening accounts to trade on.

Advisors Frustrations

“

There is absolutely nothing about my platform that works intuitively.

“

I'm constantly verifying myself on so many websites.

“

There's a huge amount of time involved, and total success is a rarity.

Some 85% of advisors note that client management activities—including financial planning, proposal generation, ongoing monitoring and portfolio rebalancing—occupy the bulk of their time during the average workday. At the same time, more than 25% of advisors report that they spend too much of their time managing operational processes such as data reconciliation, performance reporting and client billing. In fact, 47% strongly agree that they need to spend more time focusing on clients instead of administrative tasks.

With this in mind, wealth management providers have been actively seeking out technology to solve the problem. More than 75% of advisors say their firms are actively investing in technology to streamline operations. A similar proportion agrees or strongly agrees that digital strategies form an important priority for the growth of their firms. Despite that commitment, however, many advisors have issues with their technology not working the way they'd like it to.

When we asked advisors about their greatest frustrations with their technology systems, their answers often focused on complexity, confusion and connectivity.

For many advisors a more unified and simplified approach to technology may offer a way to address these challenges. Wealth management providers that figure out how to choose and implement the right mix of technology should find their applications working together smoothly to produce value for the advisor that's greater than the sum of the individual solutions.

5 Tips for Improving Advisor Technology



TIP 1: PLAN AHEAD

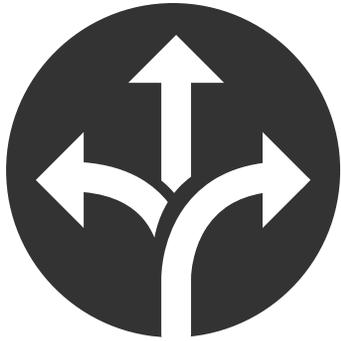
Wealth management providers should not paint themselves into a corner with a short sighted approach to technology. Instead of buying tools that just address current issues, shop for solutions that will also fit five or 10 years from now. That means accounting for scalability as business grows, as well as supporting any products or services you intend to offer along the way. These tools may carry a higher up-front cost than other offerings, but over time firms will save time, money and hassle by not having to upgrade every few years.



TIP 2: PRIORITIZE INTEGRATION

Make sure technologies are compatible with one another. Many wealth management providers look at four key areas when seeking a technology solution for advisors: CRM, financial planning, portfolio management, and administrative tasks. When these tools can communicate with each other, advisors save time. When they don't work together, advisors likely have to spend much more time making sure the right data is in the right place.

Ideally, advisors should only need to enter critical information once. Data connectivity is the key to making this happen. APIs can lend greater systems flexibility and data integration to support an end-to-end technology platform. With a more unified technology experience, advisors can focus on where they add the greatest value, building client relationships, not toggling between systems.



TIP 3: STAY FLEXIBLE

Business is unpredictable. Even when firms and advisors plan ahead, they can find their practice has grown in unexpected ways, and that the technology they bought five years ago no longer meets their needs. While it's always easier to plan for the expected than the unexpected, smart choices around software and systems can help keep advisors nimble.

Flexibility can manifest itself in several ways. For example, a seamlessly integrated system might offer advisors a single platform for a wide range of activities. Ideally, an advisor could record notes in a CRM while prospecting, generate a financial plan for a prospective client, open the client's account, manage the account, trade and rebalance, all through a single system. By looking for technology tools that fulfill needs in a variety of business areas, firms can solve multiple problems at once.

Additional flexibility comes from tools that don't force advisors to make the types of choices they've traditionally had to make when deploying technology solutions. For example, financial planning tools have historically required advisors to pick between goals-based and comprehensive solutions. A simple goals-based plan might work for a new client with relatively basic needs. As client relationships grow, however, they can easily become more complex. In that case, a flexible tool means not having to move a client from one system to another. That helps keep the focus off the technology and on the client, where it belongs.

In a similar vein, advisors should take care not to become so focused on saving their own time that they miss some of the flexibility technology can provide for communicating directly with clients. Client-facing financial planning applications can offer more flexible ways for advisors and clients to interact, potentially opening up new opportunities for advisors and a better experience for the clients themselves.



TIP 4: REVIEW REGULARLY

The right time to repair a leaky roof is when the sun is shining. Technology advances at a rapid pace, making today's bleeding-edge solution tomorrow's obsolete dinosaur. At the same time, firms and clients evolve, and so do their needs. With all those moving parts, firms can't afford to wait for a critical issue to arise before they review their tech strategy.

Regularly scheduled technology reviews give wealth management providers a chance to ensure the systems they worked so hard to put in place don't outlive their usefulness. Many of the principles from our first three tips continue to apply here: regular reviews should account for changes that have occurred in a firm's current operations, as well as adjustments to its expectations for growth. If changes to clients' needs require an advisor to rethink some of their technology tools, it's better to have the time and space necessary to plan and execute an effective migration.

Finally, regular reviews allow firms to scope out technological advances that could improve their systems materially.

For example, better integration, improved ease of use, greater scalability, or new hardware platforms, like phones or tablets, may present an attractive opportunity to upgrade. Even if the time isn't fully ripe for a change, regular reviews can get firms planning ahead for their next move.



TIP 5: MAKE THE MOST OF YOUR TECH

Don't buy features that aren't needed, and don't get bogged down by the bells and whistles that can make your existing tech tools so irresistible. As with any solution tied to productivity or efficiency, the best tool is the one that actually gets used. It's important to plan ahead and look for flexible solutions, but wealth management providers should take care not to overpay for fancy extras that don't provide much value. It's even more important to make sure not to skimp on the features that'll get the most use in exchange for glamorous extras.

Finding this balance means understanding advisor priorities before shopping for technology solutions. No two workflows look exactly alike, so it's important to focus on what you actually need, and then make sure you get those capabilities. In some cases, the extra bells and whistles can become a burden if you don't need them.

It's a good rule of thumb to consider what you need 80% of the time and focus on meeting those needs effectively. After all, it doesn't matter how efficient technology can make a process if it's only done once in a great while.

Advisors' Top Tech Tools



CUSTOMER RELATIONSHIP MANAGEMENT (CRM) - Software that allows advisors to manage, track and record their interactions with prospective and current clients. Two-way information flow between a CRM and other systems is critical for reducing repetitive administrative tasks.



FINANCIAL PLANNING - Applications that help clients meet their financial needs by offering anything from a simple calculator to a comprehensive set of projections, charts and graphs. Flexible solutions that allow advisors to cater to their clients' needs shine in this category.



PERFORMANCE REPORTING - Tools that provide records of investment transactions and performance. The best solutions are flexible enough to produce transparent reports for clients as well as administrative reports that provide information about fees and costs.



ADVISOR DASHBOARD - Applications that consolidate information onto a single screen. A properly integrated dashboard gives an advisor easy access to disparate systems.



DOCUMENT MANAGEMENT SYSTEMS - Administrative systems that provide digital storage for important documents. To the extent these integrate with dashboards or CRM systems, they can improve both compliance tasks and client transparency, as advisors can easily track the status of necessary paperwork at crucial times, such as during onboarding.

Growth Through Technology

Ultimately, technology is a tool. For any tool to make a job easier, it must be the right tool for the job. That means matching any technological features to an organization's ever-evolving needs, and checking in routinely to make sure the tools still match the activities for which they get used. Most importantly, it means thinking ahead to make sure the technology choices an advisor makes today don't wind up boxing them in tomorrow.

Used correctly, technology can make an advisor's life easier, shouldering some of the administrative workload and freeing up the advisor to direct more resources toward their clients. A well-considered approach to technology can help advisors deepen their relationships with existing clients and pave the way for new clients. Poor technology choices bring frustration, wasted time and lost value.

Finding the right mix of technology for your firm requires time and organization. By planning ahead, emphasizing ease of use and integration, staying flexible, undertaking regular reviews, and focusing on your priorities, you can improve the odds of finding the right tool at the right time to support your organization's growth.