

Making the case for digital transformation

A look at modernizing infrastructures, the choices involved, and why broker-dealers and financial advisors should care.



Today's digital transformation

The adoption of technology in financial services is still in its infancy. There's vast opportunity for broker-dealers to modernize their businesses through technology—what we at Advisor360° call their digital transformation.

Most financial services companies still have a tremendous number of manual- and people-intensive processes. Wherever a manual process exists, there's a good chance waste and human error exist, too. Digital transformation represents the most significant opportunity for banking, insurance, and independent broker-dealers as well as roll-up RIAs contending with inconsistent data, multiple applications, and regulatory environments to increase productivity and AUM revenue, lower operations costs, and reduce regulatory risk.



Today's market conditions: the catalyst for digital transformation

Enterprise-level broker-dealers and their advisors have one key objective: provide the best service possible for end clients. Easier said than done with consumer expectations, governance, and technologies in a state of flux.

- **Changes in regulation and compliance requirements**—following old policy practices can put advisors at risk. Yet, policies change frequently and often without advisors' knowledge.
- **Increasing investor expectations around returns and satisfaction**—as economies recover from the COVID-19 pandemic, more investors focus on company resilience and how organizations continue to evolve business operations.
- **Low interest rates' impact on business models**—low interest rates stimulate businesses to invest in business expansion and refinancing outstanding debt.
- **The technology "arms race" in financial services**—as the who-can-outbuild-who technology war accelerates, investments in building outstanding advisor and client portals become significant.

How to achieve digital transformation

Today's digital platforms must alleviate advisors' pain points—the things that prevent them from doing their jobs. Operational inefficiencies, disparate systems, choices within a tech stack, regulatory and compliance challenges, and communication with clients all get in the advisors' way, cost a lot of money, and slow productivity to a crawl.

We believe an “all-in-one” wealth management platform is the only way to modernize the broker-dealer business model. A proper digital transformation strategy helps deliver productivity benefits to advisors and achieve actual back office efficiency gains.

The paradox of choice

Some have asked, “Can't I just build my own platform?” We applaud the entrepreneurial spirit behind building a better mousetrap. (That same spirit is the backbone of our business, too!) But we think the more appropriate question is, “Should I build my own platform?”

Wealth management firms struggle with integrating their core transactional platforms with the other systems required to run an enterprise. Integration includes books and records, compliance, commission management, advisor desktops, SMA/UMA model marketplace, enterprise workflows, document imaging, and the list seems to get bigger every year. Firms create “homebrewed” systems or manual processes to operate their businesses; however, complexity of choice and unified platform performance present hurdles. Some broker-dealers go the route of building their own platform while others bring in and assemble numerous third-party systems, triage, and merge them to create a seamless, unified digital platform.

Most often, projects fail to meet their objectives due to incomplete requirements, disengaged project sponsors, inaccurate estimates, unanticipated risks, unknown dependencies, limited resources, or poor project management.

According to a 2017 report from the Project Management Institute (PMI), 14% of IT projects fail, and of those that didn't, 31% didn't meet their goals, 43% exceeded their initial budgets, and 49% were late.

In fairness, the systems and processes companies have built got them to this point. But when the future comes calling, are they scalable enough to meet demand? Most aren't.

The rate of technology advancement is both a blessing and a curse. Today, there are more technology options than ever before, including vendors, languages,

open-source frameworks, and architectures. Every choice has a short- and long-term impact. With today's uncertainty, technologies are almost guaranteed to change, requiring solution reengineering and investments in new labor skills.

In the end, the broker-dealers who build their own platforms or curate varied technologies are crushed under the weight of complexity, increasing their ops and infrastructure costs, reducing efficiency, and muddying regulatory compliance—the very problems they set out to avoid in the first place.

Productivity driven by data

Beyond cost, companies must consider the user experience. Even if the front end build is well-conceived, the lack of common underlying data sets for trading, reporting, portfolio rebalancing, customer household information, document management, planning, and proposal generation workflows radically complicates usability.

It's critical to organize data by household instead of by account. Doing so allows for a holistic, unified view of clients between and among all the software components used. The most formidable platforms use direct data feeds to gather, collect, and cleanse data per the needs of different advisors, all communicated through a common UI.

Direct data feeds: Great platforms delve into numerous direct data feeds. Data are reconciled, scrubbed, and enriched using automation, AI, and in some cases, human intervention.

A common UI: A common UI with a single sign-on is table stakes. The UI must be seamless, with a household data view from home office to advisor portal to client portal. Broker-dealers can't buy their way into this experience; it must be built.

Holistic Software as a Service platforms are key

Before Software as a Service (SaaS) models became prevalent, organizations most commonly relied on enterprise data warehouses as central repositories for consolidated data from disparate transactional systems for analytics and business intelligence. Data warehouses, despite almost 30 years in existence, are notoriously difficult and expensive to implement. The failure rate of data warehouses and analytics projects is high, and warehouses do not solve the inherent problem many companies face: diverse systems integration.

A holistic SaaS solution integrating enterprise data—the most critical business value-driver in financial services—best meets the needs of broker-dealers and their clients.

Five benefits of transitioning to an integrated wealth management platform

For chief compliance officer, chief operations officer, chief financial officer, or the head of advisor recruiting, the benefits of an all-in-one SaaS platform are enormous:

1. Supervision

By aggregating all assets and relevant systems that leverage the same data under one roof, supervisors only need to look in one place. Further, branch audits in a post-COVID world are streamlined since many audits can happen via the centralized system of record.

2. Operational processing

Dashboards let broker-dealers and advisors access staff performance and pinpoint bottlenecks. Operational metrics show high rates of straight-through processing (STP) and opportunities for greater efficiency. NIGO rates are easily tracked, showing training and performance opportunities.

3. Recruiting

Showing an advisor how easy it is to run their practice with everything in one unified system generally makes a recruiter's life easier, enabling the firm to grow—and retain—top advisors.

4. Cost and scale efficiencies

Scalability is the lifeblood of any wealth management firm. By reducing the number of vendors used, scale gets easier to manage and results in cost synergies.

5. Productivity

An all-in-one system creates significant productivity for those in the field to sell more and improve client service.

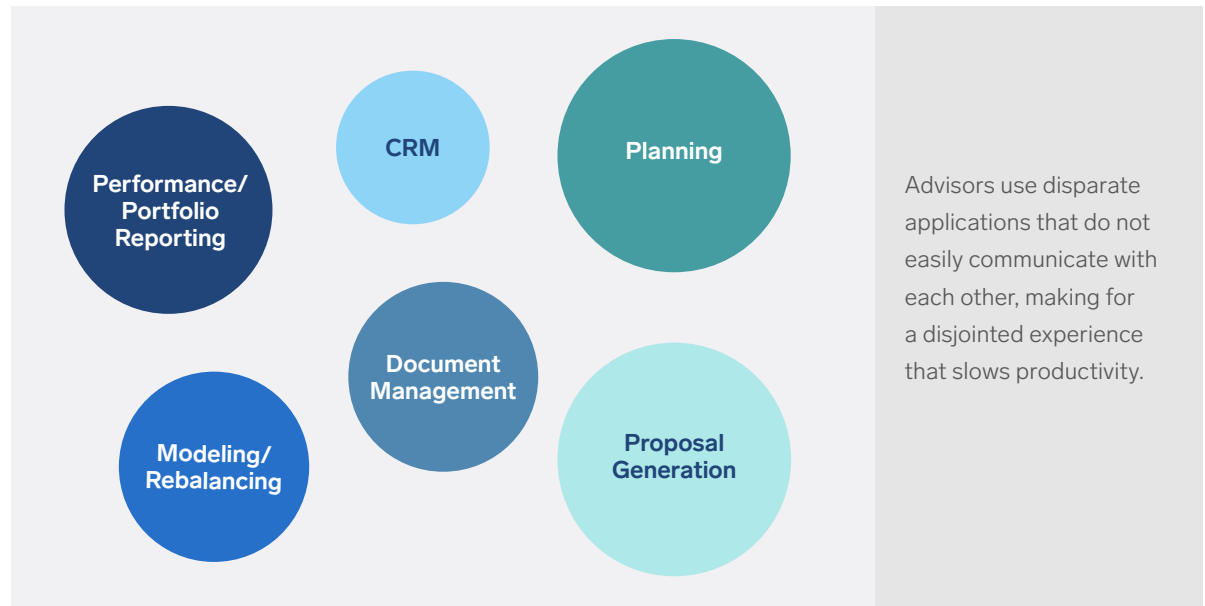
How can Advisor360° help you?

We help banking, insurance, and independent broker-dealers as well as roll-up RIAs digitally transform themselves, increasing productivity and revenue while decreasing costs and compliance risk. Through a configurable, comprehensive yet modular platform backed by our Unified Data Fabric™ (UDF) foundation, we enhance advisor productivity through a streamlined workflow and grant advisors more time to serve clients and prospect for new ones.

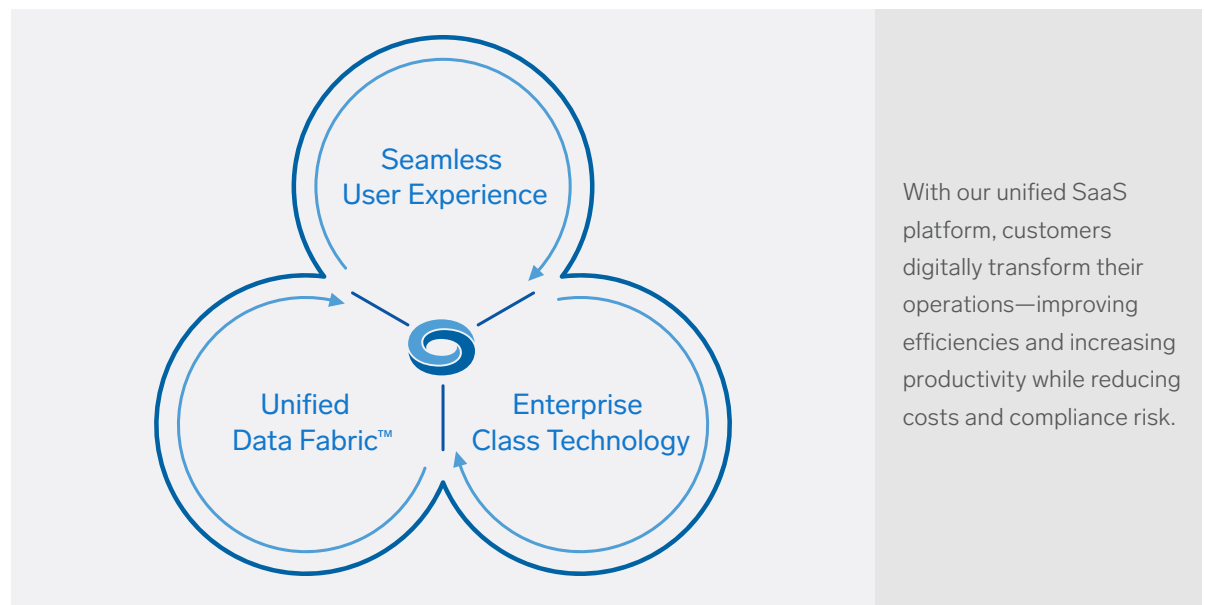
Fundamentally, disconnected data is no longer an issue. In one platform, our UDF enables the integration of performance reporting, customer onboarding, wealth-oriented CRM, portfolio rebalancing, trading, document management, planning tools, client portals, operations, and more.

Digital transformation of your wealth management business

TODAY—DISJOINTED SYSTEMS



TOMORROW—ADVISOR360°'S DEEPLY INTEGRATED FINANCIAL PLATFORM



Advisor360° enhances the advisor/client experience

Our platform is proven to increase AUM, productivity, and advisor satisfaction.

- **Increase advisor productivity and drive sales**

Advisors experience 73% higher AUM.

- **Increase advisor satisfaction**

We enable advisors to spend 20% more time with clients.

- **Sell additional products to clients**

Advisors offer new products to 44% more clients.

- **Reduce risk and increase compliance**

Our hardened enterprise-class solution meets SEC, SOC 2, FINRA, and GDPR/CCPA regulations.

Work with Advisor360°

Our all-in-one wealth management platform is the only way to achieve your best digital transformation. We offer broker-dealers and their advisors software suites that can be used in their entirety or as bundled components.

Look to us for:

- A comprehensive yet modular platform that consolidates clean, timely, and accurate data from hundreds of sources
- Customizable functionality, so enterprise customers can incorporate only the applications they use
- A single configurable code base to help clients add new features without headaches, allowing them to avoid outdated systems without customization

Learn more: Discover how Advisor360° can help you achieve your digital transformation. Contact us now to schedule a demo. sales@advisor360.com

Advisor360° is a Software as a Service provider that builds and delivers integrated technology for wealth management firms. The company's proprietary Unified Data Fabric™ synthesizes complex and disparate data streams into one platform for a highly sophisticated wealth planning solution. Today, 3 million households representing \$1 trillion in assets benefit from the integrated Advisor360° experience.

To learn more, visit advisor360.com