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October 2009

## Gleanings . . .

By Chip Kispert, Editor of The Beacon & Managing Partner of Beacon Strategies, LLC



### Convergence

Two weeks ago I attended the Pershing conference in New York. As I was sitting in a conference room, my interest was suddenly sparked by a word that flew up on the screen. The word was "convergence". Almost a week later I still cannot get that word out of my mind. Convergence is exactly the concept that all broker dealers need to keep in mind when they look at planning their future infrastructure.

When we look across broker dealers today, convergence would be not one of the processes that come to mind. Historically, broker dealers' infrastructures have most often been a series of inefficient, disparate processes and an assortment of tool sets. The truth is - broker dealers have been duplicating duplication.

Let's look at how an adviser's office has traditionally processed paperwork. An adviser's office staff manually fills out forms pulled down from the web and then manually enters data into their unique systems such as financial planning and client relationship management tools. The work gets done; but how many times is the data input, and with what guarantee of accuracy?

What happens when a broker dealers' home office gets the paperwork described above? The home office goes through their version of the same process already performed by the advisers and their staff. The home office staff will manually review the paperwork, after which the staff manually enters data into different back office systems. That means home office staff are ten-keying data numerous times into multiple data entry screens for multiple applications and databases. How is this a good way to scale a business?

Nowhere in the previous two paragraphs does the word convergence resonate. As we look at the future for broker dealers, convergence needs to be foremost in broker dealers' infrastructure strategies. Broker dealers must provide either system integration or a point of convergence between their systems and those of their advisers. Convergence will be driven by integration, because no single solutions provider can build a platform that will satisfy the home office and hundreds, if not thousands, of the broker dealer's advisers. At the end of the day, an advisor needs to be able to enter data directly into the front office system. That data will then automatically be driven into the broker dealer's back office systems. Once core system automated processing is in place, the last piece of the puzzle will be the implementation of a middle office reporting layer. This middle office reporting layer will allow broker dealers to efficiently manage and report on the various aspects of account opening, compliance, performance and management.

By embracing convergence, broker dealers will see incredible benefits. These benefits will include profitability, productivity, improved oversight and dynamic management reporting. To take the steps needed to implement convergence, a big commitment needs to be made. Making these changes can re-invent the core dynamics of a broker dealer. Convergence is the key to the successful future of the business.

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In this edition of *The Beacon* we are focusing on financial planning systems. We reached out to most of the players and are pleased that **AdviceAmerica**, **Broadridge - Aspire**, **FinanceLogix** and **SciVantage - Financial Guidance** submitted articles. We are disappointed that E\*Money, Money Guide Pro and EISI could not make our submission deadline. However, we are very pleased to have gotten calls from each of the missing firms expressing their disappointment with not being in our October Newsletter. And, Chad Blythe at **Money Guide Pro** let us know that their team is completely focused on releasing a new build next week. And based on my conversation with Chad, we decided to do a walk-through next week and write a blog review shortly thereafter.

As always if you have questions please let reach out to us either through email or by giving us a call at 720-259-3865.

All the best,

Chip Kispert, *Editor*

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## Holistic Wealth Management - Putting the Pieces Together

Pierre Bossaert is the Vice President of Financial Planning at AdviceAmerica



### Executive Summary

Financial Planning is becoming an increasingly important service offered by a wider range of financial professionals and demanded by savvy clients. This is being driven by increasing market volatility, greater client uncertainty and general mistrust of advice in the absence of a fact-based plan. Financial planning concepts are also increasingly being used as a marketing tool by large and small organizations to promote a range of financial services and products and to customize the benefits for their clients' specific needs. Amidst this increasing focus on financial planning, financial advisors are relying on a set of online applications and services to run their practice that includes client relationship management, document management, portfolio and asset management and market information, in addition to financial planning software. In order to improve their practice efficiency and increase productivity, advisors are looking for an integrated set of applications - essentially an advisor workstation - that can share data, allow collaboration with colleagues and automate office procedures. The market for such a platform will increase in size as the independent advisor market grows with the attrition from major firms, with independents expecting the same degree of integration and automation as enterprises delivered in the past.

### Challenges Facing the Financial Services Professional

In recent years, the number of investment vehicles has doubled not only in size but

complexity. Advisors are now expected to cover a wider spectrum of products and services. This is further exacerbated by the movement towards more fee-based business models. At the same time, they are under pressure to grow their revenue and assets under management. Many are now looking for ways to bridge the gap by discarding inefficient technology tools and embracing more holistic, integrated solutions.

*"Two of the top three challenges facing financial planners are integrating client account information and integrating software packages." -- FPA Practitioner Technology Report, June 2008*

As brokerage and wealth management firms continue to move toward fee-based business models, the concept of holistic wealth management becomes more relevant. Successful businesses will need to consider not only the scope of the client relationship but also the advisor's ability to coordinate that relationship more effectively. To compete, firms must provide an integrated framework from which to manage their practice more efficiently.

Today many financial advisors are burdened with using multiple independent systems to generate leads, maintain client data, provide quality planning services, execute and implement recommendations and research new opportunities. Because the systems they use are often not integrated, financial advisors must perform day-to-day processes manually. This results in manual data re-entry and duplicative functionality that cuts into advisor productivity and their ability to serve their client's needs effectively. To meet today's demands on the financial services professional, advisors cannot afford to waste time working with the disparate systems that could be better spent improving and deepening client relationships and developing new business.

To compete effectively, wealth management firms must look toward better technology to produce higher output and in turn provide high-touch personal services for their clients. To do this, they need a platform that:

- Provides a holistic view of client information
- Has an intuitive and familiar user interface
- Provides integrated client data, allowing for quick yet robust and sophisticated analysis
- Has a built-in intelligence with automated advice
- Is coupled with cross-application business rules and data orchestration engines
- Contains a centralized store of all documents and account-level client communications
- Allows for configuration by the end-user without development work involving technical specialists
- Provides near-real-time access to business intelligence
- Allows client and advisor collaboration
- Provides client and advisor alerts based on timely and actionable criteria
- In short, offers a full package of systems and processes designed to cut waste in half, improve productivity and client satisfaction.

### **The Strategic Planning Process**

- *Efficiency and Productivity* - Quick planning solutions allow advisors to deliver compelling proposals in just minutes. Our ClientVision product extends Microsoft Outlook to maintain detailed client financial data, documents and compliance-oriented records.
- *Increased Revenue* -We help advisors attract and retain clients, and help major firms market and sell the products. Our products offer compelling, trusted advice tuned specifically to the needs of the individual client. Our business intelligence reporting capabilities keep you in tune with your clients' needs and sales opportunities.
- *Flexibility*- AdviceAmerica's technology meets a wide range of advisor business models and needs from independent advisors to major firms, and is easily configured for virtually any financial requirement.
- *Easy to Use* - AdviceAmerica applications are intuitive, easy to learn, and provide a rich, graphical output that is easy for clients as well as novice users to understand.
- *Holistic Solution* - Compared to other solutions, AdviceAmerica offers the all-in-one workstation platform combining CRM, Planning, Investment Analysis, Portfolio Construction, research, data aggregation, collaboration and alerts, giving the independent advisor the same quality of technology that the large companies have come to expect.



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*Pierre Bossaert is the Vice President of Financial Planning at AdviceAmerica and leads a team of domain experts on all aspects of financial planning, including investment strategies, risk management, taxation and estate planning.*

[Learn About AdviceAmerica . . .](#)

### Using Planning Tools to Gather Assets

By Andrew Besheer, Vice President over Broadridge's



If you are a broker-dealer, how do you grow your business? By providing your advisors with streamlined and efficient tools to help them gather more assets. If

Wealth Management Group, and Scott Fergusson, Vice President at Broadridge, helped envision and build the Investigo broker desktop and data aggregation systems.

you haven't thought of planning tools as asset-gathering tools, now may be the time to start.

In 2008, two-thirds of the male but fewer than one-third of the female professionals in the "mass affluent" category had financial planners. Many were hit hard by the 2008 meltdown, and one-third expect to have to postpone retirement as a result.

An effective financial planning tool can be a powerful asset-gathering tool that allows advisors to target the held-away assets of both current customers and new prospects.

The planning tool is only effective though, if the advisor will use it. And he'll only use it if it plays well with the entire cycle of wealth management -- from prospecting and proposals to monitoring and reporting. It needs to offer an integrated workflow, manageable choices, best-practice models, and attractive proposals.

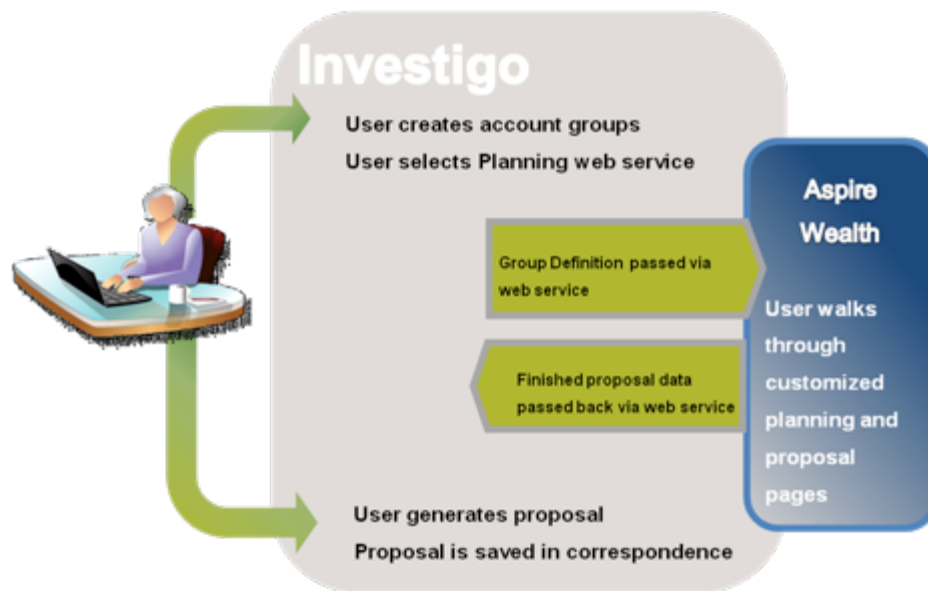
The planning tools must capture the prospects' life goals, and must generate branded, goal-based, actionable proposals directly from the plan. In an ideal world, your planning/proposal tool would reuse any existing data on your current book without any need for a special "import" operation (or - worse - reentry). It also would make it easy to include the held-away assets you hope to gather. It would embed best-practice allocation models, including those managed by trusted third parties. And certainly, the planning/proposal tool should provide a trade blotter - hopefully, including some new assets gathered as part of the sales process - to execute the plan. It should certainly use your own text and branding to customize compelling proposals.

After the client agrees to move forward, your platform should make it easy to include the new accounts in consolidated reports.

A tall order? Perhaps. But the 2008 marriage of Investigo with Broadridge Financial Services is making the vision a reality, today. The acclaimed Investigo desktop, that aggregates account data daily from more than 1100 sources, now invokes Broadridge's integrated Aspire Wealth planning and proposal tool.

Investigo provides prospecting and CRM tools and rich consolidated reporting. Aspire Wealth captures your prospect's goals, determines strategies and suitability, provides powerful analytics, and returns its results - automatically. Investigo then generates attractive, detailed, branded proposals in moments.

The investors anxiously planning their at-risk retirements represent an advice market ripe for growth. If you can offer your affiliated advisors usable, integrated, goal-based planning services, they can capture assets easily -- offering essentially the same strategies and model-based risk management services formerly available only to the very wealthy. And grow their - and your -- assets under management at a very satisfying pace.



*Broadridge has integrated Investigo with Aspire Wealth to offer planning and proposals, easily and automatically.*

Broadridge's Investigo and Aspire Wealth:

- Plan based on a complete understanding of your client's holdings with Investigo account aggregation
- Ensure a seamless process with Investigo's tight integration with Aspire Wealth
- Make the process as simple as possible with Aspire's planning wizard
- With Aspire Wealth, control the products and allocations your advisors recommend

*About the authors: Andrew Besheer is Vice President over Broadridge's Wealth Management Group, and Scott Fergusson, now Vice President at Broadridge, helped envision and build the Investigo broker desktop and data aggregation systems. Both have many years' experience creating groundbreaking solutions in financial services.*

[Learn More About Broadridge ...](#)

## Look For The Early Adapters!

By Sal Esposito  
Chairman,  
CEO Finance  
Logix



**FINANCE LOGIX®**

I have recently attended a number of financial planning conferences and in addition to finding fewer advisors attending the event I have also noted that the attendees in general have been a bit more eager to find the "killer app" or "product" that can turn their practice around. My advice is to look to the early adapters.

It is obvious that the last 12 months have been somewhat challenging for our industry and it is also evident that the turmoil will have a considerable effect on the business model. The way we interacted with our clients in the past is likely to change

drastically. At this time, no one is quite sure how financial advice will be delivered in the future.

As in any industry, the market will look at early adapters of new practices and technologies to lead the way and define the shift and the new model.

In discussions with advisors that I would consider early adapters, I have found a significant willingness to include the client in the process and a renewed focus on the advice portion of their value proposition. These advisors have concluded that their clients are now demanding to take an active part in the planning and monitoring phase of their financial planning strategy.

They require immediate answers to simple questions.

Their clients are no longer willing to wait for the next meeting or a call back to discover the impact that a change in the inflation rate may or may not have on their retirement strategy. They want to feel in control of their financial strategy and in return, are willing to take ownership and share responsibility for the tactical strategies.

Clients are demanding assistance in steering the boat to keep it on course with sound and well-qualified advice. They are fully aware of the changing currents and are no longer willing to wait below deck until it is too late. They want to understand the risks and have an active role in finding ways to mitigate the impact on their financial future. They are eager to learn more.

The education component of their practice is now a crucial part of the advice. Client education is the basis of the new paradigm of client relationships. However, education must be delivered in a new dynamic format.

Pushing out static and dense educational material will no longer suffice. A visual and dynamic platform is required to suit the client's hectic life style. Education will come with applied models. Practical education will outperform academic and theoretical models.

The early adapters in the industry are looking to change their practices by introducing new processes and technologies that allow their clients to have a hands-on approach to planning thus freeing them to focus on delivering education and advice that mitigate risk.

Change will come fast, and as always, a speedy adaption to the new model will be crucial to survival and growth.

### **Finance Logix - integrated features of our advisor & client portal**

- Dynamic Financial Plan to facilitate client participation.
- Multi-client risk tolerance based on industry wide analysis and research.
- Investment analysis tools for client assessment and research.
- Aggregation of financial accounts with nightly refresh of client data.

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*Mr. Esposito has over 20 years of experience in the financial technology industry.*

*Mr. Esposito served as a senior executive for several technology consulting companies focused in the financial industry. During a ten-year tenure with Logica plc, a London-based IT consulting company, Mr. Esposito held the position of Senior Vice President for the international business unit and served as the Vice President for the US financial services division. During that time, he was responsible for domestic and international client relationships and emerging financial services technologies with appointments in the United Kingdom, Italy, Germany and New Zealand. Mr. Esposito also worked in Corporate Acquisitions for Key Bank and his experience included strategic IT planning, program management and the reengineering of core financial applications.*

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## Goal-based Planning Creates Opportunities within Mass Affluent Market

By Michael Forbes Senior Vice President & General Manager, Financial Guidance a Division of Scivantage, Inc.



With the fallout from the financial crisis of 2008 still fresh in their memories, many financial advisors are beginning to step back from their day to day activities of trying to; calm clients, salvage their books of business, and implement short term strategies to stop portfolio declines, to assess the state of their business and determine what they need to do to begin to grow. The picture for many is not pretty. A recent Merrill Lynch/Cap Gemini 2009 World Wealth Report conducted in the 2nd Quarter of 2009 suggests that the high and ultra high net worth population of the United States has dropped 19% to just 2.7 million people. This represents a smaller client base than in 2005 and may be insufficient to support the growth in the financial planning advisory market. Advisors are going to need to look beyond just those with more than \$1 million in investible assets if they are going to be able to grow their practices in this market. The logical place to expand their client base is in the mass affluent market.

In servicing those with less than \$1 million in investible assets, however, the advisory community faces the dilemma of how to generate enough sustainable revenue and provide the right level of advice to develop long-term clients. Pure management fee arrangements typically won't suffice if the advisor must allocate the same amount of time to these clients as they do to their high net worth clients. On the flip side, generating commissions from these clients can also be difficult as frequent churning of their portfolios will erode their ability to meet the clients' long term objectives. Advisors need to be able to create viable financial plans for these clients, but be able to do so in a highly efficient and effective manner.

One solution, is for the advisor to be able to generate on-demand, goal-based, plans for clients in significantly less time than they have been able to do with cash flow based planning models. Geared toward specific life events, goal-based plans are much easier to present and are readily understandable by the clients, providing more clearly understood trade-offs when assets fall short of being able to reach objectives.

Coupling goal-based plans with asset allocation models and re-balancing solutions further simplifies the advisor's activities and makes the planning process for mass affluent clients more attractive. With the decline in the high net worth market, more advisors are going to need to focus more efforts on the mass affluent and financial planning solutions providers will have to meet this challenge.

Through its Financial Guidance Division, Scivantage offers a full range of planning

and wealth management solutions for financial advisors, insurance professionals and centralized planning departments. Utilizing Financial Compass, Scivantage's goal-based, needs analysis solution, financial advisors are better positioned to capitalize on the growing needs of the mass affluent client. Financial Compass offers the following benefits:

- Easy and Intuitive to Use
- Provides thorough and actionable retirement, education, and risk management plans in under 15 minutes
- Creates persuasive, action-oriented client presentations and reports to help close more business

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*As Senior Vice President and General Manager of Financial Guidance, a division of Scivantage, Michael Forbes has over 20 years of experience in product development, business operations and information technology management in the software and financial services industries. Mr. Forbes is responsible for leading the product development, marketing and deployment of wealth management products at Scivantage.*

*Prior to joining Scivantage, Mr. Forbes was President and CEO of Financial Guidance Solutions, Inc. (previously Unger Software Corporation). Mr. Forbes holds a BA from Randolph-Macon College, a MBA in Finance from Pace University, and a postgraduate Executive Management Certificate from the University of Virginia, Darden Graduate School of Business.*

*Helen Kearney, "World Losing Millionaires", Financial Planning (June 24, 2009), <http://www.financial-planning.com/news/world-losing-millionaires-2663068-1.html>*

**[Learn More About SciVantage - Financial Guidance . . .](#)**

## Editorial Calendar

Our monthly calendar and the subject matter we will cover in 2009:

- **February** - Forms Management & Account On-Boarding
- **March** - Imaging Systems
- **April** - Compliance
- **May** - Data Aggregation
- **June** - Marketing Tools
- **July** - Client Relationship Management
- **August** - Commission Processing
- **September** - Email Surveillance
- **October** - Financial Planning
- **November** - RIA Reporting
- **December** - Training
- **December II** - Best of . . .

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