



**National Survey Report:  
How Advisors are Using Technology  
and What to Expect in 2013**



**blueleaf**

## Introduction

At the end of December 2012, Blueleaf launched a national survey to better understand advisors' technology plans and goals, business strategies and challenges, opportunities for improving processes, and firm growth plans for 2013. The survey was conducted online with the help of MoneyGuidePro and Orion. In total, over 450 advisors participated, more than half of which are Registered Investment Advisors (RIAs).

This report and analysis focuses on key areas that all advisors must consider in order to ensure success in 2013, including the following:

- Determining clear growth goals and expectations
- Understanding challenges and opportunities for improvement
- When to follow the leader: what is working for larger firms
- Optimizing technology to scale and overcome challenges

## Growth Goals and Expectations

Growth is the cornerstone of any profitable advisory firm. For 2013, advisors are heavily focused on increasing the number of new clients they bring on. According to the survey, the average RIA is planning to acquire 40 new clients, and respondents plan to grow AUM by an average of \$25-100 million. **When asked how confident they are in increasing their revenues, over 62% of respondents said they were very or extremely confident.**

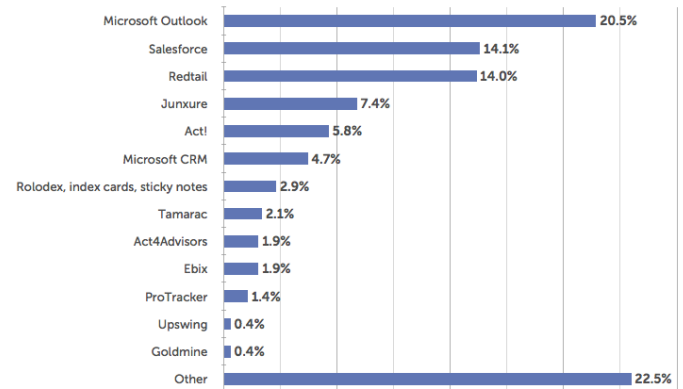
Since the majority of respondents currently serve less than 200 clients, adding 40 new clients translates into a 20% increase, a substantial jump for most firms.

To gain a better understanding of the respondents' current infrastructure and ability to support growth plans, the survey asked which custodians, client relationship management systems (CRM), and portfolio accounting systems they are using.

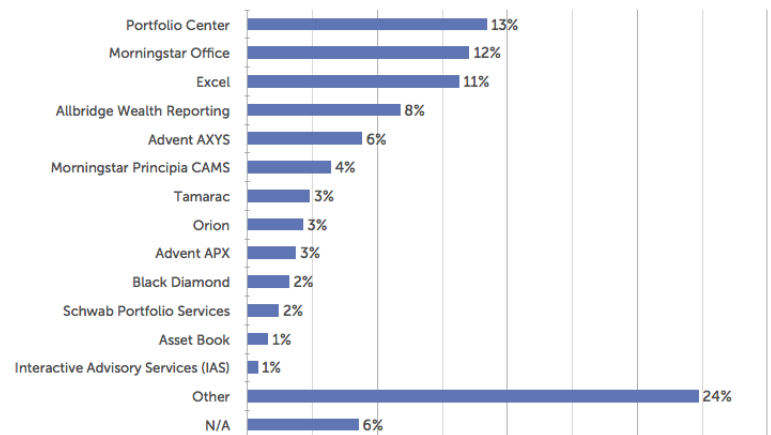
### Major custodians still lead

The most popular custodians were Schwab, TD Ameritrade, Fidelity and Pershing. Results for CRM and portfolio accounting systems can be reviewed to the right side. It was surprising to learn that 3% of respondents still use a Rolodex, index cards and sticky notes in lieu of a CRM system.

"What CRM system(s) do you use? (Select all that apply.)"

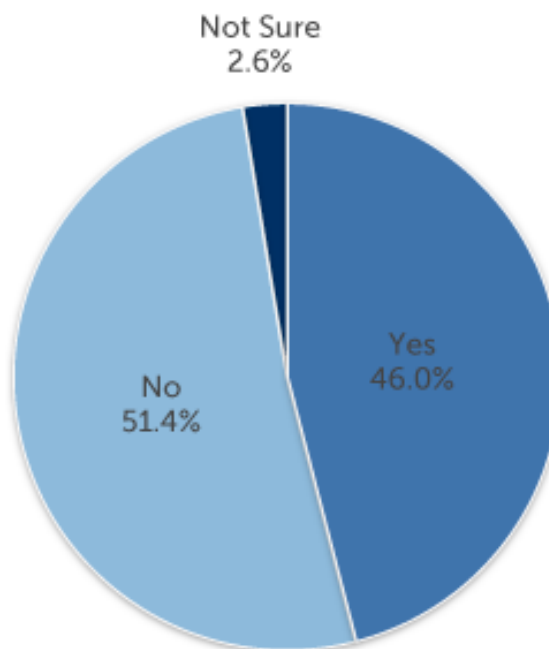


"What portfolio management system(s) do you use? (Select all that apply.)"



## Tablets Have Arrived

The survey also found that **46% of respondents use an iPad or other tablet technology in their firm**. When asked how they use their tablet technology, noticeable trends emerged (summarized below). This insight is particularly useful for advisors who may still be trying to understand the benefits of using a tablet for their business. We've summarized the wide variety of responses in the chart below in order to make the information useful.



## Top 5 ways advisors currently use tablet technology in their firms:

### 1. In-Person Client Presentations

Some advisors do entire presentations on a tablet, while others prefer to run the presentation on a screen and allow the client to follow along and make notes on a tablet.

*"We use tablets both as a replacement for desktop computer (compiling research, email, social media) and as a friendlier way to present to clients. We have set up a large screen in the office connected to the tablet so clients can see the presentations, and interact with the touch screen and provide feedback..."*

### 2. Remote Client Presentations

A significant portion of advisors use tablet technology to host client meetings remotely using Skype, join.me, GoToMeeting and other screen sharing hosts.

*"The vast majority of new business is "virtual" in that we rarely meet clients in person any longer. This allows us to be more efficient, provide lower costs to clients, work from anywhere, and reduce environmental damage from commuting (both us & the clients). We use GoToMeeting on iPads regularly to do face to face meetings virtually. When we want to jump to a portfolio review we just switch to screen sharing to pull up their Blueleaf profile. Same goes for monitoring their financial plan created with inStream - we just store them as PDFs within Dropbox to show them exactly how they are progressing toward their goal. So tablets are huge for us. We can in many ways run our entire business (Redtail CRM app too) from a tablet, anywhere in the world."*

### 3. Email and Scheduling

More than 50 respondents reported using an iPad for email and calendar purposes, especially while travelling.

*"So far I can only use it with Outlook for client contact and calendar purposes. I wish our different tech applications were more integrated."*

## 4. Compiling Research

Respondents also use tablets to compile research, read articles, and watch webinars or videos.

*"I use the iPad for research and reading. I use Evernote to keep track of ideas that come to mind when I'm doing my research. If I read an article on new commodity products, I'll record it in Evernote under my Investment category and revisit it once I'm at my laptop. I also use netX360 to view client accounts. I download conference presentations prior to the conference and use the iPad to view the presentation and make notes. I actually use it to work on MGP financial plans. I used to bring the hardcopy of Forefield's Key Tax Numbers to every client meeting as a reference, now I just use the download document on my iPad. I view it using PDF Reader so I can make notes on the document and quickly search key words."*

## 5. Accessing CRM, Financial Planning Software and Client Portal

Respondents report using a tablet for taking notes and sending them directly to their CRM while on the road, pulling up a client portal during meetings to answer client questions, and creating financial plans on the fly.

*"Utilizing an iPad, Apple TV, and MoneyGuidePro planning software we have shifted our financial planning process to an interactive model with clients in place of a "static" prepare and present a financial plan to a client."*

### \*Other Interesting Tablet Uses:

Filtering clients: *"I use the tablet to run a little program called Goal Getter which lets me run a very quick analysis of a client's/prospective client's financial standing. I also have pictures of my family on my iPad (as well as the dog!) and I use that as a bit of a "prospective client" filter as well. If prospective clients are just interested in numbers and the bottom line, then they're not going to be a good fit for me. I treat clients like family (whether that's a good long term decision or not is an entirely different issue), so they need to get to know me just as much as I need to get to know them."*

## Understanding Tech Challenges and Opportunities

Given that advisors are trying to achieve such lofty growth goals, it's not surprising that their top three perceived challenges for 2013 are: client acquisition, marketing/differentiation and technology & systems. Advisors are concerned with how to achieve their goals and how to support the resulting business.

However their goals are lofty and beg the question: Can an advisor's current technology and infrastructure support their plans to scale and grow? Given the sheer volume of complex and manual processes advisors report, the answer is likely 'No'. It's not surprising then that only 1 in 5 respondents feel their current technology delivers excellent value.

## Technology Still Not Delivering to Expectation

When survey participants were asked to share their technology challenges, **more than 50% of respondents said their biggest technology challenge is a lack of integration and automation**

This may not come as a surprise since most firms use a variety of disparate technology solutions - including, but not limited to, an accounting system, client relationship management system (CRM), email marketing system, financial planning system, and a document management system.

What should be more surprising is that in this day and age lack of integration is still an issue. A popular frustration reported by respondents is the need to re-key the same information into multiple systems. Given that with most modern software, particularly cloud services, communication among systems is simple, advisors are asking "Why not for us?"

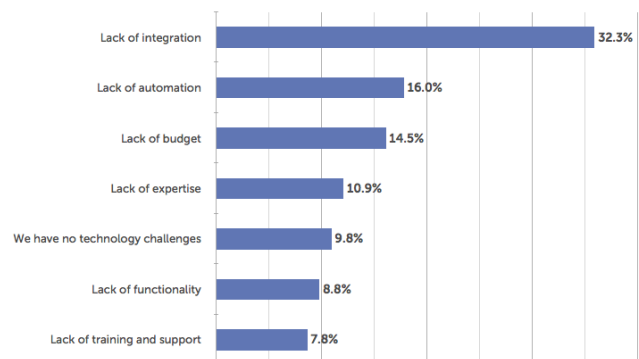
One survey participant explained his personal experience; a situation that is both avoidable and far too common:

*"I am a small fish; no problems and I have no shame in it. I nailed a huge account for me - nearly \$3MM, a single move account which would have raised my asset management by over 30% in one play. Over the first two years, that account likely would have generated over \$70,000. In filling out the forms for the client,*

*I missed some important data points. Imagine that you have six documents, and there is an error on four of the form. My back office found the errors not all at once, but rather in succession. The opening of the account, and the subsequent transfers, finally stopped when the account owner had already waited six weeks to complete. This might not seem like technology to you - but it most certainly is, because automated data entry and corrected forms makes a huge difference. My CRM didn't communicate properly to my forms system and as a result, I lost a potentially game changing account. Consider: over a normal two year span, I generate \$300,000 GDC. That simple problem - exacerbated by my back office, but preventable by better integration - amounted to a loss of 25% of what could have been."*

Additionally, the promise of single integrated systems appears not to have delivered the fix people hoped. While some of the integration challenges are solved, advisors with these systems were no more satisfied than those without. Our results suggest that it's because they traded mediocrity for integration. Clearly that is not a solution that will help scale an advisory business.

"What is your greatest technology-related challenge?"



## BIG vs small

On the other hand, if we look at larger firms (more than \$500M in AUM), an interesting trend toward client-facing technology arises. **More than 50% use a client portal, 39% have account aggregation and 38% use a document vault.**

### Why is this significant?

Strong client facing technology allows client to serve themselves, at their convenience without your firm in the way. And most significantly, without your firm incurring the expense of being in the way. Additionally these technologies appear to help these firms grow by automating more frequent branded touches with clients, connections to centers of influence via sharing technology for common clients and in some cases helping with client acquisition itself. It appears that if you want to grow, these technologies are important enablers.

Let's take a look at each one.

### Account Aggregation

#### For Advisors

Account aggregation technology relieves your operations staff of having to manually enter all of your clients held away accounts from paper statement or websites into your in-house systems. It also allows advisors to see a client's entire picture, allowing for better advise and more effective asset gathering.

These accounts, including 401ks, educational account and IRAs, can all add up to hours of manual entry and reporting each month as shown in the chart below. For more than 35% of respondents account aggregation takes 6-20+ hours per month. According to the survey the top 3 aggregation providers are: ByAllAccounts, Blueleaf and e-money.

#### For Clients

Clients can see all of their accounts in your reports, not just the ones you currently manage for them. This gives them as sense of context that keeps them focused on the long term rather than the short term swings in one part of their portfolio.

By providing this information you will increase client satisfaction, create more value in the relationship, and improve the likelihood of a client referring your services.



## Client Portal

### For Advisors

A client portal allows you to service clients at their convenience while decreasing the number of information request calls your staff needs to handle. At the same time client portals can increase the number of client touches each year by sending clients information automatically.

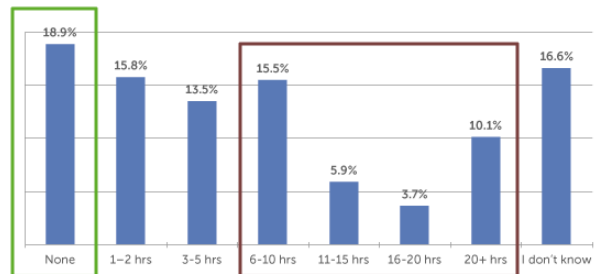
Additionally, portals can also provide you with data on clients behavior, how often are they logging in, how often do they read their emails. This can help you spot trends and identify at risk client.

Portals with sharing features can allow you to become more connected with other professionals by sharing client data (with the client's permission) via your branded portal. It makes working together easier than working with other advisors helping to drive referrals.

Another great benefit (Attention: Shameless plug alert) of using a client portal like Blueleaf is that it is also a data platform that consolidates and distributes client account data. That means it easily integrates with your other systems, which means you can save yourself the time and frustration of keying the same data all over the place. And it means that you only have to manage a single data source. According to our survey the most popular client portals are: e-Money and Blueleaf.

## 1/3 of Advisors Spend 6-20+ hrs Generating Reports Each Month

"How many hours per month does your firm currently spend producing reports?"



### For Clients

Clients can see all of their accounts in one place that is always, automatically up to date. They get unprecedented transparency centered around your firm. Clients can also share account information with you and other professionals without moving paper. Making the annual or quarterly paper shuffle a thing of the past.

Clients can receive information automatically to keep them updated on their situation. These regular automated updates from your portal can be critical in the battle against the 24-hour news cycle and CNBC invented emergencies. Regular bite sized information about their situation helps clients keep perspective and stay focused on the long term by deflating the alarmist stories in the news.

The truth is that clients of all ages expect technology to help them simplify their lives and keep them informed. Even older clients are in on the act. The average age of a client using Blueleaf at our last survey was 67. And the over 84 set is the fastest growing segment on Facebook.



## Document Vault – Document Sharing Technology

### For Advisors

Advisors use document sharing to securely share documents with their clients such as: financial plans, net-worth statements, insurance policies, tax returns, trust documents and wills. A document sharing system also allows your clients to upload their own documents to share offline information with advisors eliminating the mail and allowing everything to be found in one location in case of an emergency.

### For Clients

Document sharing technology eliminates trips to the post office the cost of postage and the inconvenience of need to keep extensive paper files.

Ultimately, what's important is providing value to clients by providing technology that makes their lives easier and allows the advisor to focus on reaching their business goals.

## Technology Plans for 2013

When we asked advisors what technology they planned to add/change in 2013 the top 6 responses were:

- Email marketing
- Client reporting
- Website
- Account Aggregation
- CRM
- Client Portal

Considering that advisors' number one challenge this year is client acquisition, it's not surprising that they're focusing much of their efforts on client facing technologies.

More than 50% of firms with \$500+ M in AUM use a client portal. **Want to get bigger?** Focus on what your clients want and invest in client facing technology.

They are also planning on making a substantial monetary investment in the right technology. On average RIA respondents are planning to spend almost \$30,000 in 2013 on software subscriptions alone.

If you're planning to grow your firm in 2013 consider these 3 key takeaways from our survey results.

Before adding clients make sure you have the right technology in place to scale and support growth. Considering advisor's #1 technology challenge is lack of integration, make sure your technology and systems can be easily integrated.

Reporting and aggregating accounts is still time-consuming and is taking 6 -20+ hours every month for 34+% of firms. Don't be one of them. Spend your time with clients and use technology to automate as much of these operational tasks as possible.

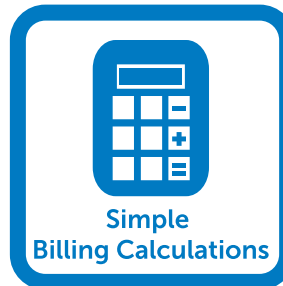
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