

How Successful Advisors Use Technology

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On last week's podcast, I had the great pleasure of hosting Rich Cancro, CEO of AdvisorEngine, and Joel Bruckenstein, president of Technology Tools for Today (T3). We had a broad-reaching conversation on how advisors are using technology to deepen relationships with clients and how AdvisorEngine is positioned to help solve many of the challenges of running an advisory business.

Cancro discussed his 25 years in financial services. He started his career at Waterhouse Securities, now part of TD Ameritrade, working on the registered investment advisor (RIA) custody platform, and this is where Cancro fell in love with the independent RIA channel. Cancro built consumer apps at DLJ Direct, worked as program manager at NetEx 360 for Pershing and then worked in product development and technology platforms for custodian businesses at both Bear Stearns and Merrill Lynch.

Bruckenstein became interested in technology for RIAs as part of his own RIA business. One of his clients was running a lab out of his house for testing technology, and Bruckenstein wondered why no one reviewed technology for advisors. That led him to found T3 to help advisors understand technology better—and now he hosts two conferences, T3 for Advisors and T3 for Enterprise customers, including banks and insurance companies.

AdvisorEngine

AdvisorEngine's mission is simple: help advisors grow and connect to clients in a deep, meaningful way.

During the 1990s, the technology that advisors were buying related to portfolio management. During the 2000s, they started adding Customer Relationship Management (CRMs), as well as financial planning.

In 2017, Cancro believes you need technology that connects a three-pronged approach to users with elements that deliver the following:

- A client portal
- An advisor portal
- Home-office controls

Cancro wants to automate all pain points of managing an advisory business. It starts with the client onboarding process, and Cancro believes AdvisorEngine has the best-in-class tools and processes for opening accounts digitally—whether led by the client online or with an advisor assisting in the process. But onboarding is clearly the start, and it flows through to goals-based planning, performance reporting, fee-based billing and client engagement through an integrated CRM system.

Do Different Generations Have Different Demands?

Bruckenstein talked about how client expectations are changing. In the past, everyone expected to receive paper reports, but now clients want things to be delivered electronically and be available on smartphones. Bruckenstein also believes there are misperceptions about what clients actually want: even older clients are more tech savvy than they're often given credit for being. Of course, not all want to interact digitally. But choice is important—Bruckenstein believes all advisors need to give people the choice to receive information digitally. Cancro relayed a story of how a millennial advisor who targets clients with \$10 million and above had a 70-year-old, ultra-high-net-worth client call him up and say, "Your technology sucks."

Personal Finance Is Personal

Bruckenstein discussed how advisors compete with conventional robo-offerings through their personal relationships—advisors need to bring their intellectual property into a customizable digital offering. That seems simple, but Bruckenstein sees few platforms that allow such customization of the personal side of financial advice today.

In general, Cancro sees three ways advisors can deliver advice today:

- Direct to the consumer digitally—this is low touch, low cost and automated with cool client portals
- Traditional interactions with advisor-driven advice, with the advisor at the center of relationships
- Or a middle ground, with automated solutions supported by advisors, an approach that is starting to grow

Cancro thinks advisors should segment clients and turn features on and off depending on the desired interactions.

Cancro built AdvisorEngine to accomplish both personalization and customization through open architecture and flexibility—including flexibility on investments (the platform is compatible with models incorporating exchange-traded funds, mutual funds, and individual stocks) but also different CRM systems, different risk questionnaires and a broad number of models that clients can put on the platform.

Bruckenstein: Investment Management Alpha to Advisor Alpha?

Bruckenstein said that less than 5% of advisors think they add considerable value to the investment process, yet historically advisors have led with investment management. Bruckenstein sees this approach changing to goals-based planning and managing behaviors.

Bruckenstein outlined the mistakes that advisors make:

- Bruckenstein thinks the most common mistake of advisors in integrating technology is thinking of tech in a vacuum. Advisors think they have trouble interacting with clients so they buy a CRM system without the processes in place for how that system will augment client experiences and the rest of their tech ecosystem.

- From Bruckenstein's vantage point, most advisors do not have a tech plan, so everything is done piecemeal. Bruckenstein's firm, T3, consults advisors on their plans to tackle full technology stacks.

WisdomTree partnered with AdvisorEngine because we saw in Cancro a leader who built a strong technology platform with a simple mission to help advisors deepen relationships with their clients to help foster growth. Our conversation reinforces my excitement to be working with Cancro, and I think advisory firms would benefit from learning more about how the AdvisorEngine platform can help their businesses.

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