



BEYOND THE CLIENT PORTAL: Redefining the Client Experience



Finding New Ways for Advisors to
Compete in an Increasingly Digital World

TABLE OF CONTENTS

| | |
|--|-----------|
| Introduction | 3 |
| Client Experience Defined | 4 |
| What CX Means to Advisors | 5 |
| Unbundling CX to Develop a New Technology Strategy..... | 6 |
| Practice Management Benefits | 10 |
| About Orion Advisor Solutions | 11 |

Introduction

The Internet giants such as Amazon, Apple, Google, Netflix, and Uber/Lyft have all used sophisticated technology strategies over the past decade to redefine, enhance, improve and dramatically lower the cost of the customer experience in obtaining goods and services. So much so that the world has now grown to expect such delightful, digital experiences in working with their service providers across industries.

As a result, these powerful digital platforms are leaving entire industries in disarray and destruction in their wake as they cement their hold on new digital delivery strategies. The idea that I as a consumer can get what I want, when I want, where I want, immediately on my mobile device with simply a swipe of a finger is now the new reality for commerce.

However, in today's wealth management world, we are simply not there yet, as much of financial services is still constrained by paper and manual processes with only partial digital experiences that leave advisors exposed for potential disruption by new technology entrants as well as from the highly resourced online brands such as Schwab, Fidelity, Vanguard, and Blackrock. These similarly positioned financial services Internet giants are rapidly moving to deploy similar disruptive client experience technologies to deliver financial advice at lower and lower costs.

These disruptors are leveraging technology to unbundle aspects of financial advice into the core components, and then offering those for a fraction of the cost. Case in point, the recent development of robo advisors offering asset allocation, security selection and rebalancing for "free" or low basis points, while extending this digital experience to include a human component in the form of a CFP professional available on the phone.

So, how does an independent advisor respond as these new unbundled models from digital leaders take hold and potentially redefine what financial advice has become? According to industry experts, the new imperative is to upgrade the RIA tech stack to start with a client focus at the center and build technology to engage and delight clients across their customer journey.



Client Experience

Interactions between a customer and an organization throughout their business relationship.

By disaggregating the client journey from prospect to onboarding to developing a financial plan and implementing the investing recommendations to providing ongoing communications and service delivery, clients turn into advocates who then refer new business, enabling advisors with a roadmap to provide an outstanding, end-to-end, client experience and growth engine.

Similar to how the technology disruptors are unbundling the advice chain into its separate components, advisors too, can unbundle the client experience they deliver into its core components which can serve as that blueprint for how advisors can differentiate their approach to wealth management versus a technology player or discount broker.

This client experience approach positions advisors to not only protect from disruption, but to also provide a compelling marketing message and service delivery to capitalize on the growing demand for financial advice as 10,000 baby boomers reach retirement age every day.

Accordingly, this whitepaper will break down the client experience into these core components along with the key action steps advisors can take to design and implement a compelling client experience strategy. By doing so, advisors are able to ward off digital players while further refining and defining how a human-based, comprehensive, fiduciary, wealth management experience can drive growth in an increasingly digital world.

Client Experience Defined

The client experience (CX) is defined by interactions between a customer and an organization throughout their business relationship. An interaction can include awareness, discovery, cultivation, advocacy, purchases and service, and is felt along many touchpoints that the client has with that organization—often many of which are now increasingly digital in nature.

For years, advisors have intuitively been focused on providing an outstanding client experience, but often have not taken a step back to look at CX in its entirety to identify opportunities for improvement, and new ways to communicate their value.

Why is this so important? According to Pershing, firms focusing on CX grow 5 times faster than those that don't¹. And according to PWC², "The payoffs for valued, great experiences are tangible: up to a 16% price premium on products and services, plus increased loyalty. Additionally, if you get CX wrong, one in three consumers (32%) say they will walk away from a brand they love after just one bad experience."

Firms focusing on
CX grow
5x FASTER
than those that
don't¹.

¹ <https://www.thinkadvisor.com/2018/05/29/want-to-build-an-enduring-business-heres-how/>

² <https://www.pwc.com/us/en/advisory-services/publications/consumer-intelligence-series/pwc-consumer-intelligence-series-customer-experience.pdf>

What goes into CX? "Speed, convenience, helpful employees, and friendly service matter most, each hitting over 70% in importance to consumers," again according to PWC. "Those who get it right prioritize technologies that foster or provide these benefits over adopting technology for the sake of being on the cutting edge. Despite this focus, 54% of U.S. consumers say customer experience at most companies needs improvement."

The good news for advisors is that despite the growing influence of technology, human interaction still matters now as, "82% of U.S. and 74% of non-U.S. consumers want more of it in the future, however, regardless, the technology supporting human interaction must be seamless and unobtrusive across platforms," concludes the PWC study.



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What CX Means to Advisors

Much of the recent industry research on CX has been focused on client portals, which are of critical focus to be sure, but are often just the beginning of a digital strategy. In fact, 81% of advisors agree that the client portal is the most important technology solution for improving the client experience, and accordingly, the number one area of investment for improving the client experience³.

However, there is much more to the client experience than just a digital place on the web for clients to interact with your business. In fact, many of the technology disruptors mentioned earlier have powerful, integrated client portals and mobile apps as part of their core offering—again compelling advisors to need to go above and beyond just a client portal strategy.

Our research has shown that there is a much more strategic and broader way to think of the client experience by unbundling an advisor's wealth management delivery into its core components to show how all of the aspects work together to enhance and improve the client experience.

Famous advisor Michael Kitces has often said that clients liken their financial planning experience with advisors to a combination of, "A dental exam, math class, and marriage therapy⁴."

The industry needs to do better and that starts with putting the client experience at the forefront of the process.

³ 2019 Investment News Advisor Technology Study

⁴ <https://www.kitces.com/blog/what-if-financial-planning-was-more-like-a-build-a-bear-experience/>

Unbundling Wealth Management CX to Develop a Technology Strategy

According to our research, there are roughly 5 components that go into a wealth management client experience:

1 Marrying Financial Planning with Investing

The value of a financial plan is not lost on clients today. Whether they're focused on early retirement or beginning a second career, paying off a child's education or starting a family later in life, clients' complex financial goals rightfully warrant comprehensive financial planning. But, in today's world where investors can get investing and planning in a bundled relationship from Vanguard for under 30 basis points, the value of good financial planning should not get confused in the crowded space of new alternative planning options.

While we know advisors will argue that they provide a much richer, sophisticated and in person engagement, however, in these more competitive times, those distinctions are becoming harder and harder to prove and communicate as Wall St. firms aggressively ramp up their advertising.

In order to go further, advisors need to not only bring their power of advice forward as an integral part of the value prop delivered to clients, but also remove planning and strategy from their respective silos by integrating their investment strategy directly into their financial planning recommendations at a deep level.. By linking the planning recommendations visually into the portfolio construction and management process, advisors are able to "show their work" and get credit for a much more meaningful client experience versus just a plan delivered over the phone.

Examples include delivering a holistic view of one's financial picture based on their stated goals and cash flow positions that integrates calculated data, such as an annual savings need and rate of return requirement for a retirement planning recommendation with the actual investments selected to deliver those outcomes needed to make the plan a success.

2

Turning Planning into Action

One of the more compelling opportunities contained within the financial planning process is to showcase and demonstrate to clients the boundaries of their financial plans. Asking “what if” questions such as what if clients live to be 120, what if we have a long market downturn, what if clients establish a charity – what will these do to their ability to achieve other goals are common interactions advisors have. Illustrating these with visual charts, graphs, illustrations, drawdowns and more all create a dynamic conversation and ultimately, lead to a differentiating client experience.

However, the key is to also bring those plans from the theory to the practice through an implementation model that again shows how the investments are selected and portfolios are constructed through links to model marketplaces and TAMPs to illustrate taxes saved, costs lowered, returns amplified, net worth increases, and more, with visual illustrations, proposals, options and details of the many choices advisors can bring to bear.

This type of an “enhanced planning experience” is superior to just creating and presenting a static plan and further differentiates the client experience delivered, as advisors and clients collaborate to create the optimum, customized and personal strategies, showcasing the details of their recommendations.

3

Client Portals

With all of the advancements in technology, a rich, interactive client portal is table-stakes these days and advisors need to ensure they have all of the latest features/functionality to again deliver an outstanding digital client experience. In fact, the client portal experience has become so much more robust than even just a few years ago, compelling advisors to ensure that they have invested in the latest capabilities instead of relying on a dated website that just has pdf reports available for download. Today's portals now feature so many more digital benefits, including screen sharing, chat bots, integrations with financial planning and investment portfolios, identity theft protection, and more.

Thus, in order to go above and beyond, these portals must be integrated with the clients' financial and investment plans via real-time notifications, alerts and other communications that are relevant to the client, such as market movements, updates on investment holdings, new investment opportunities, reinvesting cash opportunities, updating for life experiences such as grandkids, divorce, or death along with charitable inclinations and other interactive experiences.



Advisors need to ensure they have all of the latest features/functionality to again deliver an outstanding digital client experience.

These client experience interactions also need to be multi-touch and multi-channel, so combining with mobile apps, video conversations, document vaults and other components are also critical to again differentiating from the current crop of robo and discount broker offerings.

4 Advice Alpha

Vanguard⁵ and others have done a tremendous job documenting the “advisor alpha” that comes from financial planning, wealth management, behavioral coaching, professional investment management, and tax efficiencies – the typical core value proposition of a professional human advisor.

This research has been a very logical argument for why investors should hire a professional financial advisor based on an economic ROI. However, we believe there is a broader, more emotional-based “advice alpha” that advisors provide that goes a long way towards enhancing the client experience, which is the more psychological benefits that advisors provide through their financial planning and investment management work.

Most notably, the difference that an advisor’s insight, guidance, advice, coaching, and more have in illustrating where clients can end up in terms of meeting goals and dreams, taking care of family, ensuring protection from financial difficulties, growing their wealth, being able to pursue hobbies, and retire early all combine to create something akin to a “happiness index.”

According to noted psychiatrist Carl Jung⁶, components of happiness are “Good physical and mental health; Good personal and intimate relationships, such as those of marriage, the family, and friendships; The faculty for perceiving beauty in art and nature; Reasonable standards of living and satisfactory work; and lastly, a Philosophic or religious point of view capable of coping successfully with the vicissitudes of life.”

One could argue that these are exactly the peace of mind benefits and outcomes that advisors deliver based on their financial planning and investment management work, thus incorporating and communicating them as part of the client experience advisors deliver completely takes their services to a different level than any phone-based CFP for \$30 a month could ever do. The key is to be able to communicate these benefits through an advisor’s process, which often comes down to simply reminding clients of how far they have come in changing their financial behaviors, meeting goals and objectives as well as contributing meaningfully to ensuring a healthy lifestyle while leaving a positive financial legacy. Thus, having the right technology to communicate these milestones becomes a critical component in your CX strategy.

⁵ <https://personal.vanguard.com/pdf/ISGAA.pdf>

⁶ <https://www.forbes.com/sites/gretchenrubin/2012/02/23/carl-jungs-five-key-elements-to-happiness/#b2f7cee51fbb>

5

Narrowing the Gap Between Advisor and Consumer Technology

The “consumer-ification” of business software has been happening for quite some time. According to Forbes⁷, “Executives need to understand that the pace of digital technology change has dramatically accelerated. The ease of deploying emerging technologies out-of-the-box is growing (principally through cloud delivery). Rather than build-out data centers, deploy enterprise software applications and hire huge teams, companies of all sizes can rapidly pilot and deploy emerging technologies with little or no initial cost via XaaS delivery models.”

The author of this seminal article also notes that, “The cost of deploying technology has fallen significantly and shows every sign of falling even more through commoditization and increasingly favorable price/performance ratios (and the availability of cloud-based services) – though it’s still possible to waste tons of money on the wrong technologies targeted at the wrong problems.”

Thus, in all aspects, advisors need to rethink the user interface, mobile app experience, and even their own websites to make sure that they are up to par with what consumer-technology leaders are providing and partner with industry leaders who are on the forefront of innovating constantly to take these new digital technologies to bear on the wealth management client experience. Just like brain surgery, this critical business strategy is something you should not attempt yourself; instead, find the best in breed providers and partner with them to create a cost-effective, modern, client experience platform.

| CX Component | Technology Deployment | Features |
|--|---|---|
| 1 Marrying financial planning with investment management process | <ul style="list-style-type: none">Financial planning and portfolio management tightly integrated | <ul style="list-style-type: none">Calculated planning data visually translated into investment recommendations |
| 2 Turning Planning into Action | <ul style="list-style-type: none">Financial planning, portfolio management tightly integrated | <p>Direct integrations with:</p> <ul style="list-style-type: none">TAMP (FTJ)Model marketplaces (Communities)Rebalancers, Direct indexing (ASTRO) |
| 3 Client portal: multi-touch, multi-channel experience | <ul style="list-style-type: none">Comprehensive client portal, integrated with custodians, Portfolio management, reporting, Planning, CRM, aggregation and more | <ul style="list-style-type: none">Alerts, notifications, campaigns, personalized reports, customizable, interactive digital experiences |
| 4 Advisor Alpha: visually showing the differences and outcomes of advisor recommendations vs. their current path | <ul style="list-style-type: none">Financial planning and portfolio management tightly integrated | <ul style="list-style-type: none">ProposalsOngoing updatesReportingHappiness indexPeace of mind |
| 5 Narrowing the Gap Between Consumer and advisor technology | <ul style="list-style-type: none">Integrated tech stackPartner with industry leaders who are constantly innovating | <ul style="list-style-type: none">Elegant, intuitive, easy to use, user interfaceExtensibility |

⁷ <https://www.forbes.com/sites/steveandriole/2019/04/01/the-executives-guide-to-emerging-business-technologies/#587771f32e89>

Practice Management Benefits

There are a number business and practice management benefits that a differentiated client experience will provide:

Grow Your Business

With a focus on delivering an outstanding client experience, advisors create a compelling marketing message that can differentiate your firm, while actively driving referrals from existing clients. Particularly in the rapidly homogenous sea of sameness as more and more advisors from traditional channels such as the wirehouses start claiming that they offer, “holistic and comprehensive wealth management services,” communicating the above elements of the client experience will separate your firm from other financial advisors, as well as help you differentiate from digital and discount brokerage competitors.

Further, it is a well-documented trend that the next generation of clients will seek out a technology experience from their financial services provider⁸, thus the future growth of your firm will be dependent on providing an enhanced digital client experience.

Create Scale

Not only will a focus on the client experience through a technology strategy enhance your client's loyalty, it will also create new ways to enhance productivity, save time, and drive efficiencies. For example, the time-consuming process for preparing for client meetings—one of the few dramatic and important touch points you regularly provide—can be transformed through an integrated technology stack that brings together financial planning information, investment results, portfolio recommendations along with all of the relevant documents needed to inform clients of their progress and the steps you have taken to help them reach their goals and objectives.

Without this deep technology integration among the many components needed to analyze, calculate and illustrate a client's financial situation, advisors are left with manual processes and data gathering from disparate systems, which limits capacity and restricts future growth.

Increase Business Value

With today's focus on succession planning in order to create a transferable business as the industry ages, investing in client experience technology can provide tremendous leverage for increasing business value. Most importantly,



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⁸ https://www.accenture.com/_acnmedia/PDF-68/Accenture-Millennials-and-Money-Millennial-Next-Era-Wealth-Management.pdf

lowering expenses, creating scale, client loyalty, and a growth engine are all top of the list for increasing multiples on cash flow – the primary driver of valuation.

As detailed above, having an integrated tech stack that can grow with your business is a powerful business valuation asset. Additionally, this scalable client experience foundation also provides your business with the opportunity and marketing message to fuel your own acquisition strategy—making it easy to showcase that for retiring advisors, their clients will actually be better served versus what they can currently provide and willingly look to firms with these tools and capabilities to join via an M&A transaction.

Bring in Next Generation Talent

As the talent war continues to rage in wealth management, newer advisors based on their preferences for working with technology-forward firms, will seek out the best technology stacks and digital client experiences they can personally deliver to their clients. Firms investing in the latest technologies will have a profound advantage in recruiting the best talent to their firms and those who have not invested are at great risk in retaining their future superstars.



About Orion Advisor Services

Orion Advisor Services, LLC (Orion) is the premier portfolio accounting service provider for advisors. Our firm has unique insights into the advisory profession because it was founded for investment advisors by an investment advisor in 1999. Orion frees advisors from back-office tedium, so they can enjoy their business again by devoting their time and energy to better serving clients. Orion provides the integrated and fully customizable technology solutions that advisors need to help grow their businesses over the long term. The firm's technology solutions empower more than 1,800 firms, have over \$800 billion in AUA and over 3 million accounts.



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