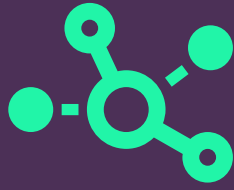
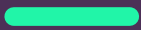



Is your technology holding you back?



A guide for private wealth management
businesses wanting to do more with less.



Are you as efficient as you could be?



Maybe you are, maybe you're not.

Despite heavy investment in technology and operations, many private wealth management businesses aren't working as efficiently as they could be—preventing them from achieving the optimal growth they are seeking.

With COVID-19 as the catalyst and future-proofing as the driver, private wealth management businesses are aware of the inefficiencies in their technology. It's now time for businesses to stop tossing the hot potato, put on some gloves, find the recipe for tech simplification and get cooking.

Keep on reading to discover more about how to simplify your technology—you may just find what you didn't know you were looking for.

“**COVID-19 has really put into sharp relief the operating costs of the wealth management business ... This has really amped up the technology agenda for established wealth management companies to find better ways of doing what they have done for decades but with technology.***

Pulse of Fintech H1'20

Wealthtech, KPMG International

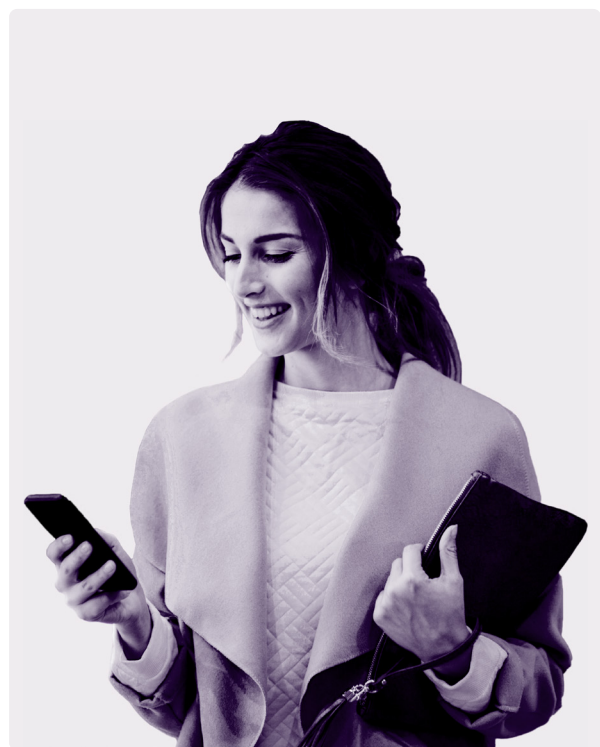
What's the hold-up?

The short answer: there's a deep and inherent complexity that exists within private wealth management businesses. Whether it's because of mergers and acquisitions—and the mishmash of operational processes they bring. Or because of the multitude of service propositions offered to the various categories of clients. While it seemingly feels like a bit of a circus, what's the real downfall? Siloed data, complex business processes, varying requirements and above all, disconnected technology.

The lag is because private wealth management businesses tend to find themselves in the complexity versus scalability predicament. They want to optimally service clients while using disjointed technology and creating time-consuming workarounds to make up for the lack of integrations—all while trying to turn a profit.

This complexity often drives the search for new technology. Businesses have a laundry list of processes, providers and software, seemingly being held together by rolls of sticky tape. The aim is to simplify—use fewer disparate systems, go through minimal processes to deliver better, more consistent outcomes to clients. Ultimately, they want to know how to do more with less.

The writing is on the wall; simplification is the answer. Technology can be the enabler to automate processes and streamline your client's journey from point A to point B.



Reasons to simplify

Scale, scale, scale

Scalability remains a significant issue within the wealth management industry, with costs surging and engulfing any growth in revenue.

The right technology helps address this issue by enabling organisations to manage many different propositions and relationships with different clients through just one system, allowing firms to capture more clients without costs rising in parallel. Therefore the revenue boost instantly supports margin improvement.



The re-keying roundabout

We know so much time is wasted re-keying client information across disparate portals and systems. Aside from time wastage, processing information in this manner allows for keying errors to occur. Re-keying is a thing of the past with the right software—a single client view means entering in client information once. This information is automatically updated across all records. Therefore, with this level of oversight, there's no need to toggle between systems—leaving you to have a more meaningful and efficient interaction with your client. The potential knock-on effects could be referrals from satisfied clients and front-office staff taking less time on admin per client.

Risk & performance

One source of data means less risk and improved monitoring. There is no need to worry about market data pricing discrepancies, waiting for market orders to be re-keyed or client data to be reconciled across systems. One system results in a single source of truth for your client activity, therefore improving your overall investor and adviser experience.

When it comes to compliance, the right technology should notify you of any compliance issues during the decision making process, or provide thematics across your client base. When compliance is inherently part of the advisory process, you have less to worry about and can spend your time where it counts; on your clients.

Dollars & sense

According to Oliver Wyman's report 'After the Storm' "Costs will be in the spotlight as bottom lines are pressured by diminished growth and challenged revenue margins. Wealth managers must improve their approaches to cost management to deliver positive operating leverage."

As a private wealth manager, continuing with your current set-up—while it seems cost-efficient—will likely create more of a cost burden for your business.

When you add up your bottom-line costs and then factor in all the time spent by each private wealth manager on each client, you'll soon realise that your profit margins are growing thinner.

When understanding the potential benefits a single technology solution can offer you, it's evident that operational efficiency tops the list.



Headwinds

The industry is experiencing increasing competition coupled with rising compliance and an ageing demographic of advisers and clients.

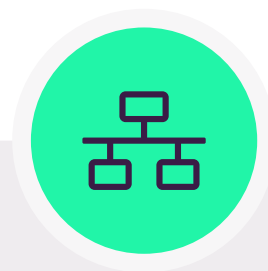
This simply means businesses need to move quickly, make changes to the way they provide advice to ensure clients continue to see the value in retaining a private wealth manager.



Business transformation

Identify the problems you are trying to solve and the outcomes you're after. Be clear about these with your technology partner from the get-go and refer back to them as the project progresses.

This maintains focus on the desired outcomes, making for easier and faster implementation.



Constraints

Leaving operating models as they are means business transformation is left unsupported. From legacy systems and manual data entry to inconsistent business processes and limited digital client experience—all pointing to a lack of digitally engaging solutions. These pose an issue, make scalability almost impossible and prevent both up-and cross-selling opportunities.

Five steps to simplification

The private wealth management industry is in a current state of flux, making now an ideal time to plan for the future. You'll need to understand where your business is spending and how to trim the fat—then make a plan for a sustainable and scalable way to deliver the best possible client experience. To get started, consider:

01 Setting clear objectives

Identify the problems you are trying to solve and the outcomes you're after. Be clear about these with your technology partner from the get-go and refer back to them as the project progresses. This maintains focus on the desired outcomes, making for easier and faster implementation.

02 Your priorities

Front, middle or back office? Your initial focus should be the low-hanging fruit, often what's most visible to clients. Then ensure everyone is on board so you can move forward with 100 per cent buy-in.

03 Thorough assessment

Take a look at your internal resources and capabilities—this will help you achieve your desired outcomes. If you find you don't have the internal engineering capabilities, then broach this with your technology partner. They will likely have several suggestions on how to make it work. These ideas may challenge current processes—or what you had in mind—but remember, your technology partner is on your side, so it's essential to keep an open mind.

04 Talking things through

Change management isn't an easy road. Explore (with your teams) which processes are necessary and which could be changed or removed. These conversations may not be the most comfortable, however, they are critical to the success of your technology implementation. While they may not offer a change management function, a technology partner should still be committed to your success. They can help support your internal change management team with any questions along the way.

05 Demonstrating rather than mandating

Show your team why their input is important. If they understand what 'good' looks like and why the outcomes are important, they are more likely to see the bigger picture and get on board.

A decorative background featuring a bright green circle on the right side and a thick, grey, stylized line that starts from the top right, goes down, then right, then up, and finally right again, framing the central text box.

“ Having everything in a single ecosystem through the Iress platform means that our advisers are able to make more informed and timely decisions for their clients—saving time and reducing risk across the breadth of services we provide.

Justin Greiner
CEO, JBWere

Sign of the times

“We are going digital,” she said, “sounds good”, he responded.

You’ve heard it time and time again—and even more often following the pandemic.

Starting with a thorough understanding of your business means you can more easily choose the right software. You’re after an offering that removes disparate systems, leaving you with something that saves your business both time and money. Gaining internal buy-in will ensure those inside your business are on board your internal champions.

Yes, digital is the way forward—and has been since before COVID was even a word in our vernacular—but it’s not necessarily a panacea for client engagement.

There is a sweet spot; whereby you provide digital engagement tools alongside personal interactions—a Goldilocks effect of sorts. You’ve created strong relationships with your clients, you know more about them than you probably realise, and they trust you with their portfolio. Don’t give that up simply to be seen as being progressive—we’re still humans after all.


Key takeaways:

- Operational efficiency is still a key challenge for private wealth management businesses.
- Streamlined systems usually mean cost savings.
- Use the right technology to automate, scale and improve your proposition.
- A single client view is essential to a better client experience.
- Having one source of data means less risk and improved monitoring.
- Be clear, open and honest with your teams and technology partner.
- Find the technology sweet spot—allow it to help you do more with less, so you can focus on your clients.

Want to get ahead with your technology?

Talk to Iress about the right software for private wealth management.

 iress.com/private-wealth

 +61 (02) 8273 7000

 enquiries@iress.com.au



Copyright © 2021 Iress. All rights reserved.

enquiries@iress.com.au

iress.com/private-wealth