



WHITEPAPER

Stop the Swivel



Reducing Friction in the Advisor Tech Stack So
RIAs Can Finally Scale Wealth Management

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Introduction

Ever since the AITE group released a study¹ 10 years ago that showed that advisors with some form of an integrated tech stack made 20% more than advisors who didn't, the industry has been on a mission to drive better integration between systems. However, with the proclivity for independent advisors to focus on customizing their technology stacks and using multiple technology vendors and custodians to bring various applications together, such as CRM, planning, reporting, billing, portfolio management, risk modeling, etc., one could argue that advisors' lives are no better now, 10 years later, as there still remain technology integration challenges.

In fact, 57% of advisers say that the lack of integration between their core applications is still their biggest pain point with technology², while nearly 70% of advisors believe they can make better use of their existing technology³ if they could only find better ways to bring them together.

This integration gap is creating many inefficiencies in advisors' workflows, creating the "swivel chair advisor" – e.g., the advisor who is constantly switching between multiple systems, re-entering data, and copying and pasting information in order to complete a task or workflow.

As a result, advisors' technology infrastructures remain inefficient with manual aspects that are not scaling, creating capacity constraints and holding firms back – ultimately slowing growth, profitability and the ability to serve more clients.

With all of the recent enhancements in technology, however, surely there has to be a better way?

The good news is that with advancements in software development methodologies such as micro-services and data warehouses, advisors can now "stop the swivel" and take advantage of unified platforms and integration methodologies that bring together a complete set of applications into one user experience to simplify workflows across technology applications.

Further, the ability to parse these workflows into "components" enables advisors to adopt the best parts of these integrated experiences and drop those into their existing technology stacks to better streamline workflows — significantly streamlining advisors' back offices while still providing choice and flexibility.

Accordingly, this white paper will highlight the industry and changes to technology development driving this movement, provide lessons from top advisors on how they are leveraging unified systems to streamline their operations, eliminating integration friction so they can focus on client relationships, growing their businesses, and finally scale wealth management.

70%

of advisors believe they can make better use of their existing technology.

Industry Trends

In the history of the independent advisor technology industry, there has been a constant pendulum swing between the use of “best in breed” stand-alone applications vs. a unified platform that contains all of the core systems advisors use in the delivery of their advisory services and managing their businesses. These include CRM, financial planning, performance reporting, portfolio management, risk modeling, billing, compliance, proposal generation, and more.

Because these are small businesses owned and operated by the advisors themselves, RIAs typically do not have access to massive, end-to-end, comprehensive workstations that employee-based advisors are provided to manage their practices.

And that is not necessarily a bad thing. One of the recent main drivers⁴ for advisors who are breaking away is access to more flexible and modern technology tools that the constant innovation in the independent advisor space has created.

On the flipside, however, independent advisors must source their own core technologies and somehow cobble them together so they can drive operational efficiency – often a skill set and time resource they do not possess, leading to tremendous opportunities in RIA firms to better rationalize their technologies and integration approaches. According to Jeff Kliewer, Senior Product Manager for Orion, “We’ve been working on integrations for over a decade because advisors like choice, they like to customize their product offering so that their deliverable resonates with clients. However, the enthusiasm for pursuing these integrations has changed over the years as advisors realize the complexities that having multiple systems in their back offices create.”

Because of this, there still remains advantages of having all of these components and applications reside in one platform, most notably streamlined workflows, better data integrations and interoperability between systems. At the same time, there will always remain tradeoffs for functionality that advisors seek for some of the nuances of their clients and their business models, which is why there are now so many new technology vendors to choose from.

According to the latest T3 Technology Survey⁵, there are now over **800 products available** to independent advisors, yet **only 20% of advisors** are using a unified system – and of those, many also bring in additional third-party solutions to supplement missing functionality.

According to *InvestmentNews* Research’s 2022 Adviser Technology Study⁶, the typical RIA firm uses five different technology vendors, while a third are looking to add more, so the issue of better technology integration remains a challenge and ultimately a key opportunity for advisors going forward.

Over a decade has passed since the industry took a formal approach to providing better technology integration, along with the emergence of “most in one” technology platforms, driven by strategic acquisitions to acquire the many applications necessary to provide a full tech stack. Recently, those M&A activities have been ramped up and now several large wealth platforms that have all of the components necessary, from asset management, TAMPs, proposal generation, financial planning, risk modeling, CRM, performance reporting, billing, compliance, portfolio management and more, are emerging to better manage the technology integration challenge for advisors.

As a result of this new landscape, the question now becomes: how can advisors take advantage of fully featured technology platforms to finally be able to have an integrated technology experience and benefit from the promised efficiencies and productivity enhancements that comes from streamlined workflows, while still maintaining choice and flexibility in the applications they want to use?



Technology Integration Challenges

Interoperability of systems is the holy grail of technology integration, meaning that typical advisor workflows that involve multiple systems are supported in one “user experience” that is able to access standardized data necessary to perform multiple functions. However, this holy grail only works if that data is unified, updated and sourced from one place, across systems.

For example, using the Excel spreadsheet analogy, software applications are in “columns,” as they typically do one function, yet advisor workflows operate as “rows” as they require multiple systems to complete a task, e.g., pulling data from the custodian, CRM, performance reporting, risk modeling and financial planning systems to prepare for a client meeting.

In today’s API-driven world that is attempting to integrate multiple third-party applications, there are many back and forth data pulls happening from the various apps’ disparate data bases. Because these data repositories are separate from each other, oftentimes they create “drop offs” when

those data syncs break when something is changed, or there is simply not an API connection for the various configuration of applications an advisor has cobbled together. Very similar to a macro that is developed in Excel that doesn’t sync up and error messages pop up, stopping the workflow in mid sequence and requiring manual intervention, and user frustration.

Additionally, because every advisor is different, the result is a countless set of integration possibilities among different applications they are choosing from, which makes programming a single vendor API for all systems virtually impossible.

As a result of the drop-offs in API’s, the “swivel chair” is necessary and requires the manual steps of entering data multiple times, or having to copy and paste results into PowerPoint and Excel in order to bridge the gap. This manual intervention can create errors, inefficiencies, and hinder advisory firms from scaling their workflows.

New Software Design and Development

Industry experts agree that one solution to solve this integration challenge is a central data “warehouse” that each application can pull from and has unified data that is automatically updated across systems. Data warehouses can be developed by individual RIA firms; however, the cost, expertise and development resources required are substantial, making them only available to the largest, most resourced RIA firms.

For the rest of the advisor industry, a central data warehouse strategy can be leveraged by working with a comprehensive wealth management platform that has multiple capabilities in their tech stack and has strategically acquired additional capabilities to provide a “most in one” open-architecture approach.

From there, modern technology development methodologies such as “micro-services architecture” can structure an application as a collection of services. What this means is that the software architectural style structures an application as a collection of services that enables the rapid, frequent and reliable delivery of large, complex data sets into a unified experience that is flexible, manages data flows more efficiently, and can be easily modified to changing business requirements. The use of micro-services enable powerful integrations of different applications into one user experience, very similar to how Uber and Lyft bring together multiple systems such as GPS for driver and rider locations, credit card systems for payment processing and feedback loops for star ratings all into one intuitive and easy to use interface on your mobile device, in real time.

Further, by breaking up these applications built on micro-service architecture and leveraging a data warehouse into

“components,” such as a new account opening process for example, advisors are able to plug those components into their own technology stack if they don’t want to use all of the applications of a comprehensive wealth platform.

Combined with the “prospect to client” journey that advisors manage, including discovery, creating a plan, investing the clients’ assets and monitoring their goals—the typical advisor workflow can be pre-configured to provide even more operational leverage and efficiencies to sync up with the client management activities completed on a daily basis.

This new approach will lead to many other additional enhancements to bring various systems together. For example, a common data warehouse can lead to document management efficiencies that sync up reports created in the portfolio management system, combined with risk profiling reports that provide compliance oversight, along with a financial plan document. All of these reports are generated from a common data source, and then can be tagged to individual accounts and stored in one place, such as the CRM. Because the data warehouse is storing constantly updated data in real time, every document is automatically updated as things change, markets move and client circumstances evolve.

Again, this is only possible by using a unified system integrated with a robust data warehouse, making this approach a critical component of advisors’ future technology strategies so they can retire the “swivel chair” and finally begin to scale wealth management.

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APIs are not king anymore, rather the future for technology integration will be microservices and data warehouses.

Brian McLaughlin, *President, Orion CRM*

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How Ritholtz Wealth Management Scaled Their Firm Through A Unified Technology Approach

As one of today's leading independent RIA firms, Ritholtz Wealth Management (RWM) started small. In 2013, the firm was founded with a team of 4 and roughly \$60 million in assets under management. Fast forward to today, and RWM now serves over 1,700 families representing nearly \$3 billion in assets under management, supported by 53 employees.

According to Managing Partner Kris Venne, CFP®, "We have had rapid growth throughout our history, so we've had to have a key focus on integrated technology to help us scale along the way." As part of that technology strategy, RWM relies on multiple aspects of the Orion technology platform to provide a rich client experience while driving operational efficiencies to continue to scale their growth.

"Orion has been the key hub for us to centralize our service delivery and operations," Venne notes. "We use it to track all of our assets at the custodians and sync all of our client data to our Salesforce CRM, which enables us to provide a more consolidated picture for both our advisors and clients."

Additionally, RWM is leveraging Orion Planning to anchor their client experience process and prospect journey. "Before we consolidated our financial planning process with Orion Planning, prospects needed 5 or 6 different usernames and passwords to interact with all of our systems," said Nick Maggiulli, Chief Operating Officer for RWM. "This was not a good experience, so we set out to standardize our technologies and Orion Planning has become our client portal and the 'home page' for clients. Throughout their journey from prospect to client, they have the same login and password, simplifying the approach and eliminating the need for them to have multiple browser tabs opened just to engage with us."

One of the calling cards and unique differentiators for RWM that has driven their fast growth is their ability to generate engaging financial content from various blogs, social media, and their famous advisors' media appearances to drive prospects to their website. From there, prospects engage with an online form that feeds both their Salesforce CRM as well as Orion Planning, tightly integrated together.

By leveraging multiple components of Orion and integrations to third-party applications, RWM is able to automate much of the client onboarding process, from financial plan development, new account opening, asset transfers, portfolio implementation along with compliance controls and ongoing reporting and billing.

The end-to-end technology stack RWM has developed through Orion is what the future for professionally managed, fast growing RIA firms will be, according to Venne. "As the industry continues to mature and grow, we see a similar model to other professional service industries such as legal and accounting, where the benefits of having a unified technology approach will be the standard for success."

One of Today's Leading Independent RIA Firms

FOUNDED

- 2013
- 4 Employees
- ~\$60M Assets Under Management

TODAY

- 53 Employees
- ~\$3B Assets Under Management
- >1,700 Families Served

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[Orion] is a great partner and we look forward to working with them to continue to push the envelope for what advisor technology can be.

Anna Chaiken, *Director of Project Management, RWM*

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About Orion Advisor Tech

Orion is a premier provider of the tech-enabled fiduciary process that transforms the advisor-client relationship by enabling financial advisors to Prospect, Plan, Invest, and Achieve within a single, connected, technology-driven experience. Combined, our brand entities, Orion Advisor Tech, Orion Portfolio Solutions, Brinker Capital Investments, Redtail Technology, TownSquare Capital, HiddenLevers, and BasisCode create a complete offering that empowers firms to attract new clients seamlessly, connect goals more meaningfully to investment strategies and outcomes, and ultimately track progress toward each investor's unique definition of financial success. With the addition of Redtail and TownSquare, the combined platform services \$3 trillion in assets under administration and \$59 billion of wealth management platform assets (as of July 31, 2022). Supporting over 5 million technology accounts and thousands of independent advisory firms, Orion is the platform of choice for all growth-focused advisory firms looking to strengthen their client relationships, gain a competitive edge in a crowded marketplace, and build strong, profitable businesses.



Learn more at orionadvisortech.com

402-496-3513