


The Experience Stack:

The Key to Frictionless Financial Planning



Technology is a double-edged sword. It can help us reach more clients faster than at any other time in history. However, it can also increase complexity and introduce inefficiencies that impact clients' financial planning experiences.

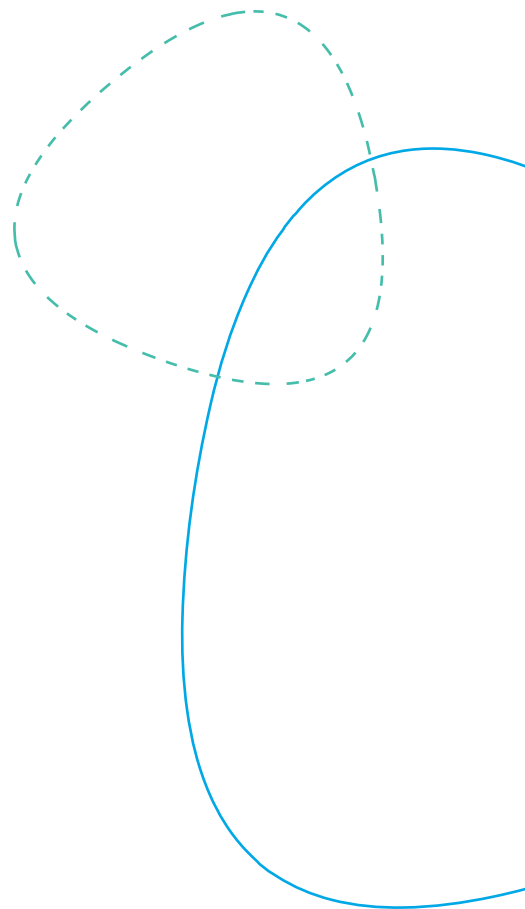
In a recent PwC survey, 73 percent of respondents reported that a positive experience is one of the key drivers that influence their brand loyalties.¹ Two-thirds of those respondents said that companies have lost touch with the human element in the customer experience, and most of them want it back.

The number of applications, languages, and frameworks that help advisors do their jobs—the technology stack—has exploded across the financial services industry. However, despite the clear promise of making work easier, the tech stack has created more complexity that is impacting efficiency. Advisors purchase technology to improve workflows, but then find themselves struggling to use it efficiently and/or effectively.

The increasingly complex tech stack does not seem to be improving the client experience either. Clients want to engage with advisors across multiple channels, and they expect consistency regardless of whether they're talking to a bot, emailing, clicking on a website, or jumping back and forth between their laptop and their phone.

Security is also a primary concern for investors—76 percent of prospects are more worried about cybersecurity this year than last year. Unfortunately, 57 percent of companies cannot determine if vendors' safeguards and security policies prevent data breaches.²

To create productive interactions with clients, you need to provide seamless and secure planning experiences.

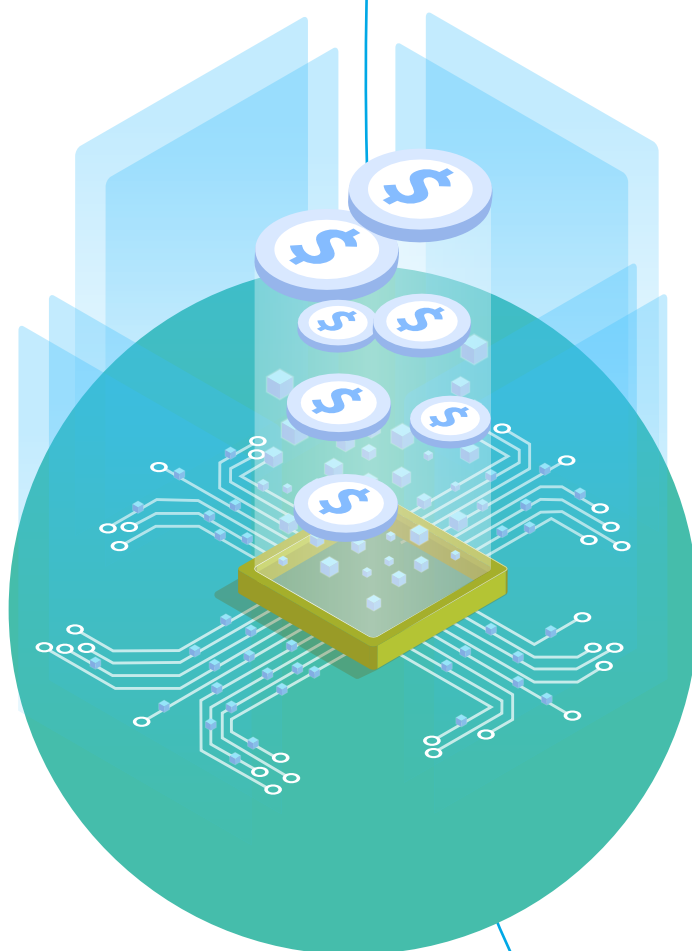


The Tech Stack Trap

There's good news and bad news surrounding current technology-buying trends among financial advisors at both the individual and enterprise levels. In general, the industry recognizes the power of technology to improve the client experience. But all too often, firms overbuy technology that creates more overhead for the organization, while failing to prioritize tech that improves the client experience. They get caught in cycles of competitive buying—if their peers are using a certain technology, then they need to have it as well.

This is tech stack trap.

It often leads to the consumer, the investors whom advisors serve, getting lost in the shuffle. Their needs are no longer being met. Frequently, advisors themselves feel the pinch of too much technology.



Firms and Advisors Are Recommitting to the Client Experience

In their 2019 Advisor Technology Study on trends in technology purchasing and use among financial firms and advisors, InvestmentNews reports that there has been a recommitment to client-focused technology over the last five years.²

In 2015, about one-third of respondents reported that client experience was the primary consideration when investing in new technology.³ In 2017, as firms looked to improve efficiency and maximize profit, only 14.6 percent of respondents reported the client experience as a top factor when evaluating tech performance.⁴ Now, things have swung back the other way—in 2019, 72 percent of firms say the client experience is a top consideration when deciding whether to invest in new technology.

In many cases, technology purchases are made with the intention of improving the client experience, when in reality they create new and different hurdles for firms and advisors to overcome.





A Shoebox Full of Receipts and the Dreaded Client Forensic Exam

The tech stack trap has its roots in the desire to improve efficiency and the client experience. The initial client meeting is a perfect example of why and how the accumulation of technology doesn't benefit the client.

Advisors know that guiding a client through a forensic examination of their financial life can be tedious. At the first meeting, the client usually arrives with a shoebox full of statements, or a spreadsheet of the same. To capture the client's basic background information, the advisor then plays a game of 20 Questions (or more). Unfortunately, this significant investment of time and effort doesn't deliver any real value to the client.

It seems logical that an account opening application would be the right solution to help advisors overcome the pain of client onboarding.

However, that technology comes with a price tag. The startup costs of technology like an account opening application can be cost prohibitive—not in dollars, but in time spent. Advisors with established books of business know that repeating the same task for hundreds of clients is hugely inefficient. However, committing the time to learn, implement, and integrate a one-off piece of technology to help onboard clients would be equally inefficient. Multiply that example by all of the pieces in the growing tech stack, and it becomes clear how technology designed to improve efficiency can actually do the opposite.

Where and Why Advisory Firms Overbuy

There are a few areas where advisors and enterprises commonly overbuy technology,⁵ including:

- **PLANNING SOFTWARE:** Some firms have multiple planning software products available to their advisors—one program for clients with relatively uncomplicated financial situations, and another for clients with more complicated finances.
- **CRM SOFTWARE:** Migrating data to a new CRM system from an existing one is a common challenge for firms. Having more than one CRM provider complicates the tech stack.
- **THE CALCULATORS:** All the tools that advisors may use for financial calculations and modeling may provide different views and interpretations of the data, which result in different experiences for their clients.



It's easy to understand why 55 percent of wealth management executives want to prioritize operational efficiency⁶ given that so many disparate tools may be available within their firms. While technology and tools can help advisors do their jobs, without integration, they will not create an ideal client experience.

It's time to focus on fewer, integrated technologies that deliver superior experiences to advisors and clients. This is the Experience Stack.



The Experience Stack:

The Key to Creating Engaging Financial Planning Experiences

Advisors themselves face increasing complexity that hinders them from leveraging their true expertise—building engaging and productive financial planning experiences.

By focusing on the “experience stack,” advisors can give clients what they want: convenience, selection, personalization, and transparency. The Experience Stack serves as a guiding principle for change management that increases simplicity, enables scalability, and improves both interactivity and transparency between firms, financial advisors, and investors.

The Experience Stack delivers experiences and advice that clients actually care about.

Answering the Questions That Keep Clients Up at Night

In the early years of a financial planning relationship with a client, a goals-based planning approach works well—especially with young to middle-aged investors focused on the accumulation phase of their financial lives. There are many good tools and technologies to help advisors answer the typical questions during this part of the investor life cycle. How well are my investments tracking to my goals? What is the performance of my investments relative to their benchmarks?

However, many investors focus on cash flow. eMoney estimates that nearly 70 percent of the market for financial advice is now 55 and older. Their questions have evolved and will continue to change as they near the distribution phase of their lives: When and how can I start to take distributions? How will decisions I make now impact my cash flow in retirement?

At this point, answering questions about progress toward goals will be insufficient to address client concerns. Advisors need to answer client questions, and current tech stacks may not help.

Shifting From Product Sales to Financial Planning

The evolution in focus from the tech stack to the Experience Stack requires a cultural shift within advisory firms. Currently, many firms are product-centric, focused either on managing assets or selling specific types of financial instruments.

The Experience Stack positions firms and their advisors as financial planners, which helps to extend their value to clients beyond fluctuations of the stock market. Instead of selling a product, advisors sell outcomes—the lifestyle goals that financial planning is designed to help clients achieve. However, this shift is not an easy one, and the change management required to affect this cultural shift is a challenge for many large enterprises.

Delivering Secure Planning Experiences



While clients are eager for interactive planning experiences, advisory firms need to ensure that the underlying client data is secure. To promote client engagement and growth, while protecting themselves and their customers, firms must select technology partners with experience in both financial services and cybersecurity.

Conduct due diligence to ensure vendors have measures in place to protect sensitive data. Check that your cloud-based software and services providers have AICPA Service Organization Control 2 (SOC 2[®]) certification. This industry standard indicates that vendors are serious about security, processing integrity, and the privacy of personal information.

When considering software and technology services partners, firms should look for vendors with experience working with regulated companies, and dedicated security personnel who understand cybersecurity issues in finance.

Creating the Experience Stack: A 10-point Checklist

By focusing on fewer, integrated technologies, you can create an Experience Stack that delivers frictionless financial planning. Look for the following as you evaluate planning technologies:

- ✓ Consolidated, end-to-end planning experiences, from data gathering through plan presentation
- ✓ Integrations that help you build plans efficiently by providing access to the data you need, when and where you need it
- ✓ AICPA Service Organization Control 2 (SOC 2®) certification of vendor security
- ✓ Collaborative goals-based and cash-flow planning
- ✓ Interactive scenario planning, including Monte Carlo simulation
- ✓ Dashboard with customizable views into an advisor's book of business
- ✓ Portal that delivers clients personalized, real-time, on-demand financial experiences
- ✓ Analytics to uncover business opportunities, monitor client engagement, and assess performance
- ✓ Marketing toolkit to build awareness, generate leads, and nurture prospects
- ✓ Firm-level event logs that are automatically archived and accessible at any time

SOURCES

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3. 2015 InvestmentNews Advisor Technology Study
4. 2017 InvestmentNews Advisor Technology Study
5. Financial Advisor Success Podcast, Ep. 92
6. Cerulli Associates, Advisor Edge: Technology, Q1 2019