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Wealth Dynamix's article and profile

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Future Adviser technology: what to consider and how to get started

COVID-19 has proven to be a significant catalyst for change for the wealth management industry says Dominic Snell, Product Strategy Director, Wealth Dynamix

The front office is by far the greatest expense for wealth management firms. According to a recent study the average annual cost of front office professionals is approaching £200k. Given that client experience remains the differentiator in a competitive space, this is justifiable—but pressure on cost-income ratios has never been greater. In an ideal world productivity would improve at a faster rate than costs, thereby growing a wealth manager's profit margin, so this has become a core focus for empowering the 'Future Adviser'.

Pre-COVID-19 there were broadly two camps within wealth management. Leading firms that had a clear strategy and were executing, and those that were struggling to take steps forward, paralysed by a combination of factors, from legacy technology and cultural fit through to lack of strategic vision or a strong business case.

Mid-pandemic we witnessed two years of technological advancement compressed into two months, as wealth managers scrambled to 'go digital' to preserve business continuity. This catalyst for change may well prove to be the shot in the arm that was needed for firms who were at risk of being left behind. The role of technology as a strategic partner is more important than ever before, and it is paramount that IT executives have a clear vision of how they can deliver the 'Future Adviser'.

The technology options being considered by wealth managers include:

- **Intelligent automation (IA)**

What began as workflows to achieve specific tasks, then evolved into Robotic Process Automation (RPA) to achieve organisational goals, has now morphed into Intelligent Automation (IA) designed to combine machine-

generated efficiency and intelligence with human intellect to optimise the client experience. The opportunity that IA (sometimes referred to as 'hyper-automation') brings to the table is crucial for the empowerment of the Future Adviser. By relieving the adviser of routine, labour-intensive administrative tasks, Advisers have more time to spend hunting for new clients, smoothing the client onboarding process, nurturing client relationships, and augmenting the Client Lifecycle Management (CLM) process with insights and experience. The key here is, how do technologies like RPA and AI move beyond the Proof of Concept phase and into full business adoption?

- **Intelligent data interpretation (IDI)**

While there have been vast improvements in the quality of client data retained over the last decade, the quantity captured for regulatory compliance purposes has spiralled into orbit. Despite appreciating its underlying value, the Future Adviser cannot afford the time to scour vast archives of unstructured information, make sense of it without context, and use it to extrapolate detailed insights. Instead, the Future Adviser will be presented with data from within one system or platform, in a form that is easy to interpret and navigate. To

equip the Future Adviser, wealth managers are beginning to apply Artificial Intelligence (AI) and other IDI technologies to convert the wealth of data that is captured during the prospecting and onboarding phases of the client lifecycle into highly granular and actionable insights. These insights reflect client preferences and next best actions and are used by advisers to provide more personalised and timely recommendations. If firms are to realise the benefits promised by technologies that are fuelled by this data, the next generation architecture for wealth managers must be one that prioritises data processing capabilities.

- **Transparency and traceability**

Nowadays, wealth management must be 'explainable'. Advisers need to explain to clients what data is collected, how it is used, and how it is applied to formulate next best recommendations. Wealth managers must explain to regulators how they have acted, and why. Technology that automatically records a 'blow by blow' audit trail of every recommendation made, every decision taken, and every action executed will ensure that your position is both transparent and defensible.

The Future Adviser: Your pathway to success

Having considered how technology can best support the Future Adviser, the next question is 'How do we get started, and what route do we take'?

For many wealth management firms—especially those with a more traditional outlook—this is easier said than done. Many firms track technology trends but getting started with an action plan tends to be the difficult part.

This six-step roadmap will guide you on your journey to empower the Future Adviser.

Step 1 – Define your strategic goals

Spend time identifying the key areas in which technology will benefit your business and your clients. In recent months this may have changed. Re-evaluate your firm's willingness to adapt or accelerate spend to get the right technology in place, at the right time. How will client journeys be impacted? Will clients be more satisfied, and will your AUM rise as a result? What do clients care about and which technologies can influence this?

Step 2 – Take the pulse of your business

No firm begins at the same start point so once you have a vision for where you want to go next, and understand your appetite for change, it is important to assess where you are right now. Carefully evaluate your current position. Assess actions taken in the past and evaluate what has worked well and what hasn't. Make an honest assessment of the challenges

you face, the strengths you enjoy, and the weaknesses that will take time to fix. Map your current service model onto your desired position and define exactly what would be required to achieve your vision—culturally, organisationally, and technologically.

Firms that pay insufficient attention to steps 1 and 2 of this process tend to act in haste and live to regret the consequences.

Step 3 – Understand your technological limitations and opportunities

Know what level of automation is required to eliminate fragmentation and data silos from your business. Assess the extent to which systems and processes need to be interconnected to satisfy client expectations. Most importantly, begin viewing the client lifecycle as a series of interconnected phases—and take time to understand why each phase of the client lifecycle must be fully-orchestrated to provide a 360-degree client view, and meet the stringent requirements of compliance, legal and operations.

Step 4 – Conduct a metric-oriented value assessment

Map technology onto your processes, understand the costs, evaluate the savings, quantify the client servicing benefits, and construct a business case based on realistic figures. How will the proposed solution impact the KPIs that map on to your strategic goals? How quickly and seamlessly will you be able to onboard new clients? How fast and friction-free will the repapering process be? How

long will remediation take? Once onboarded, how much share of every client's wallet will you be able to gain? How many hours a week will an adviser save by automating repetitive, manual tasks? Evaluate gains and savings versus costs and, if the numbers appear unrealistic, validate them again to be sure.

Step 5 – Build a team that can execute

Review best practice approaches, learn from the experience of your peers, and recognise which aspects of implementation will require specialist support. Take a data-driven approach to priority setting based on the most immediate return on investment. Profile your ideal technology partner and identify candidates with the proven ability to support your goal of empowering the Future Adviser.

Step 6 – Future-proof your firm

Wealth managers often ask how long it takes to put systems and processes in place that will empower the Future Adviser, and how many technology providers they should expect to work with. The answer varies, depending on your cultural DNA, your specific requirements, and your learnings throughout each step of this process. Those who are furthest along their journey at this point tend to view each phase of the client lifecycle as one part of an integrated whole, requiring orchestration and holistic management by an experienced technology partner (not a provider), whose capabilities and network can evolve with them over time.



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Wealth Dynamix

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Business introduction

With the need for speed, quality and personalisation at an all-time high, it's increasingly difficult to deliver exceptional client service with current tools. The number and frequency of touchpoints has spiraled, the variety of client journeys and channels used is diverse, and the volume and complexity of regulatory requirements has outpaced all expectations.

With the lens now firmly focused on productivity and how best to meet client expectations, agility is the game-changer. Wealth Dynamix clients are seizing the opportunity to convert client service into a responsive and forward-looking function, resulting in significant AUM growth and improved cost-to-income ratio.

Wealth Dynamix was the first WealthTech firm to transform Client Lifecycle Management (CLM) processes with innovative applications of data modelling, predictive analytics and sentiment analysis. In 2012 we selected the industry-leading Microsoft Dynamics CRM as the foundation for our WDX1 CLM platform. Our clients can rely on Microsoft to be at the cutting edge of global technological advancements, including AI cognitive services, the cloud and investing \$billions in technology innovation.

WDX1 is a multi-award winning, fully integrated, end-to-end digital CLM solution that addresses the complex requirements of client acquisition and engagement, digital onboarding, regulatory compliance, relationship management, and ongoing client servicing.

WDX1 comprises of the following 3 key modules which help financial institutions drive service excellence, integrated technology journeys and relationship management, and client engagement from the very beginning of the relationship:

- WDX Engage: enhances client acquisition and helps identify and nurture prospects into the sales pipeline through marketing and integrated event management tools
- WDX Onboard: enables clients and intermediaries to self-serve KYC and onboarding, create service requests and streamline expensive and time-consuming processes whilst reducing lengthy processes which achieve same day onboarding for private clients, 25x faster than the average
- WDX Manage: optimises client servicing and connects the business, enabling firms to pass processes between the front and middle office, including processing of client requests

With 400+ open API's, WDX1 strengthens the wealth managers' enterprise-wide digital transformation strategy, and integrates with all relevant existing systems, from secure messaging to video conferencing and digital identification.

The true value of WDX1 is not in the capture and retention of historical and sociodemographic client data, stored in the CRM. What really excites is the way we apply advanced analytics and augmentation techniques to generate rich, cultivated data that provides internal stakeholders – across the organisation – with a holistic client view.

Solution introduction

The multi-award-winning, fully integrated, end-to-end Client Lifecycle Management (CLM) solution, WDX1, addresses the key industry challenges presented by the complex requirements of client acquisition, client engagement, digital onboarding, regulatory compliance, and ongoing relationship management.

WDX1 comprises of 3 modules that support wealth managers throughout the entire client journey; WDX Engage, WDX Onboard and WDX Manage.

These modules streamline time consuming administrative processes, which in turn increase adviser productivity and drive overall company efficiency, stronger compliance and business growth.

Leveraging Microsoft's industry leading Dynamics 365 platform, WDX1 delivers benefits throughout the whole client lifecycle and transforms the way firms manage client wealth and deliver excellence.

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