



# STRATEGY BASECAMP

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## IBD / IA TECHNOLOGY UPDATE

*BD / IA Technology Trends, Major Areas of Focus, and Related Implications*



(800) 276-8423



# STRATEGY BASECAMP SERVES BDs/IAs, ASSET MANAGERS, and ADVISORS

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BD / RIA: BUSINESS PLANNING | PROJECT MANAGEMENT | TECHNOLOGY CONSULTING  
FINANCIAL ADVISOR PRACTICE CONSULTING

### RECENT NEWS

- 3/11/14: Renaissance Regulatory Services and Strategy Basecamp Announce Alliance
- 5/15/14: Strategy Basecamp Announces Addition of Scott Spencer as Managing Partner
- 6/04/14: A Six Step Process for Increasing Your Firm's IT Value Contribution
- 2/25/15: Strategy Basecamp Offers Practice Management Services for BDs and Advisors
- 7/26/15: Cybersecurity: An Introduction for Broker Dealers and Investment Advisors

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# TOPICS COVERED

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- **Key Topics / Trends**
  - **Fin Tech / Digitization of Advice / Robo Platforms**
  - **Regulators: Making Technology a Focus**
  - **Cybersecurity**
  - **Vendor Management: Challenges / Expectations / Implications**
  - **Data Management: Integration of Front / Middle / Back Office**
  - **DOL Impacts on Technology Prioritization**
- **Implications → BD / IA Focus and Prioritization**
  - **Competitors: What Are the Big Firms Making a Focus? Small Firms?**
  - **Advisory Platforms: Technology and Products – Buy, Build, Integrate**
  - **Broker-Dealer Allocation of Resources and Priorities to Back, Middle and Front Office**
- **Summary Comments**



# KEY TOPICS / TRENDS



# ADVISOR / CLIENT CENTRIC WEALTH MANAGEMENT INTELLIGENCE

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# INDUSTRY TRENDS / DEVELOPMENTS IMPACTING TECHNOLOGY

## FinTech

- Material amounts of investment at the “intersection” of financial services and technology
- Rising importance / interest in digital advice (i.e. Robo Advisors)

## Cloud / Mobile / Social / Changing Communications

- User behavior is changing
- Increasingly more comfortable being on-line
- An expectation of 24x7 / any device capabilities
- Video (and voice) are replacing the written word

## High Degree of Focus on Usability / User Interface Design

- Many IBDs have been focused on increasing the usability of existing platforms (e.g. LPL)
- Many “easy to use” tools have been popular (e.g. MGP, Riskalyze)

## Big Data

- Much easier to analyze large volumes of information and find trends
- Can leverage tools to predict “who might purchase” a new product or service



# FINTECH DISRUPTORS - EXAMPLES



**Robo Advisor**  
**Founded in 2008**  
**\$4 Billion in AUM**

**Fees:**  
**0.15% – 0.35%/yr. or**  
**\$3/month**  
**if no auto deposit**  
**and under \$10k**



**Direct to Consumer**  
**Portfolios**  
**Founded in 2010**  
**Low-Cost, Theme Based**  
**Investing**  
**Buy Baskets of Stocks**  
**for \$9.95**  
**Has an Advisor Offering**  
***"Automated investment***  
***management to serve***  
***Millennials"***



**Robo Advisor**  
**Founded in 2008**  
**\$3 Billion in AUM**  
  
**Fees:**  
**None first \$10k**  
**0.25%/yr. for more**



# VIDEO STATEMENTS - "WATCH AND LISTEN" TO YOUR INVESTMENT RESULTS

**CLS makes personalized video statements available on digital and mobile platforms**



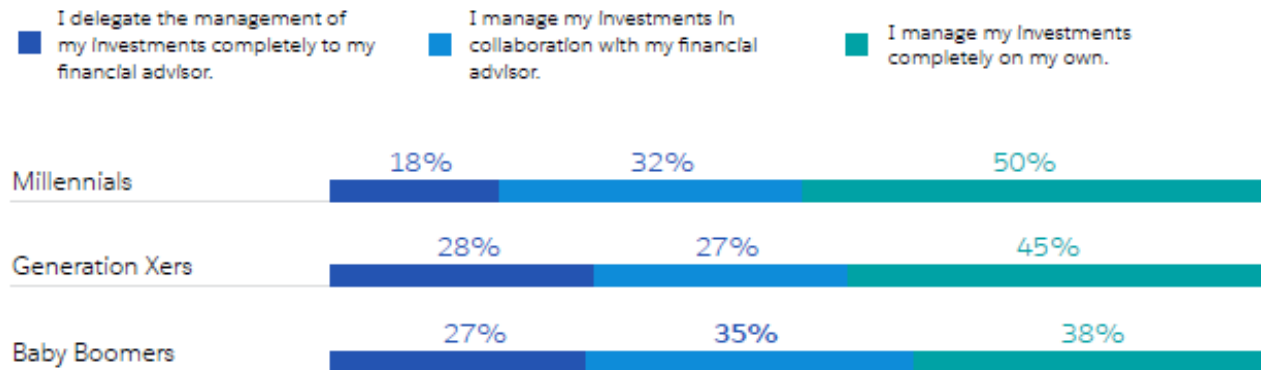
**They include a review of the individual's portfolio movements throughout the quarter, the most notable market activity from the previous quarter, and how CLS reacted to said activity.**





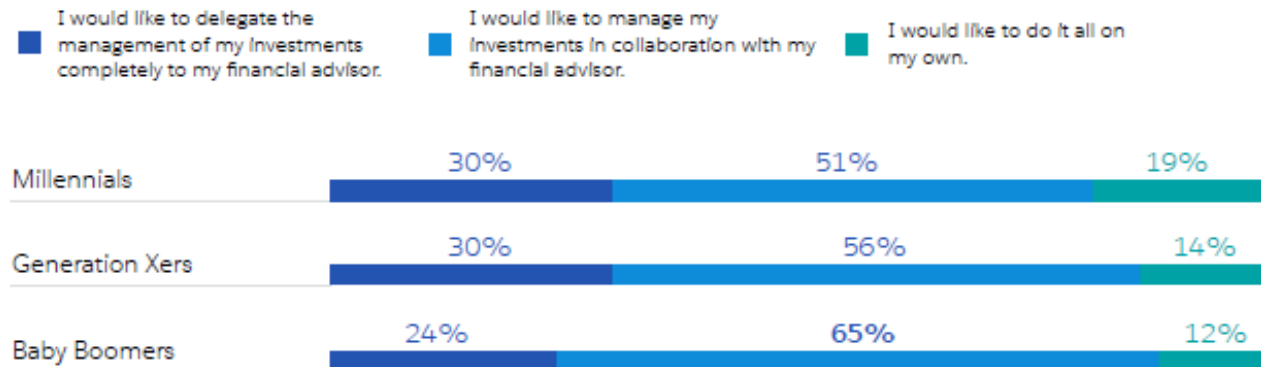
# INVESTOR PREFERENCES SIGNAL THAT ADVISOR-ASSISTED ROBOS MAKE SENSE

*Millennials are more independent, while baby boomers prefer to collaborate with their advisor.*



## How would you like to manage your investments?\*

*Investors of all ages would like to manage investments collaboratively with their advisor.*



*\*Of those who would like a change in how they manage their investments*

(\*) Source: Strategy Basecamp; Salesforce, 2015

Salesforce Research



# DIGITAL ADVICE PLATFORMS (ROBO)

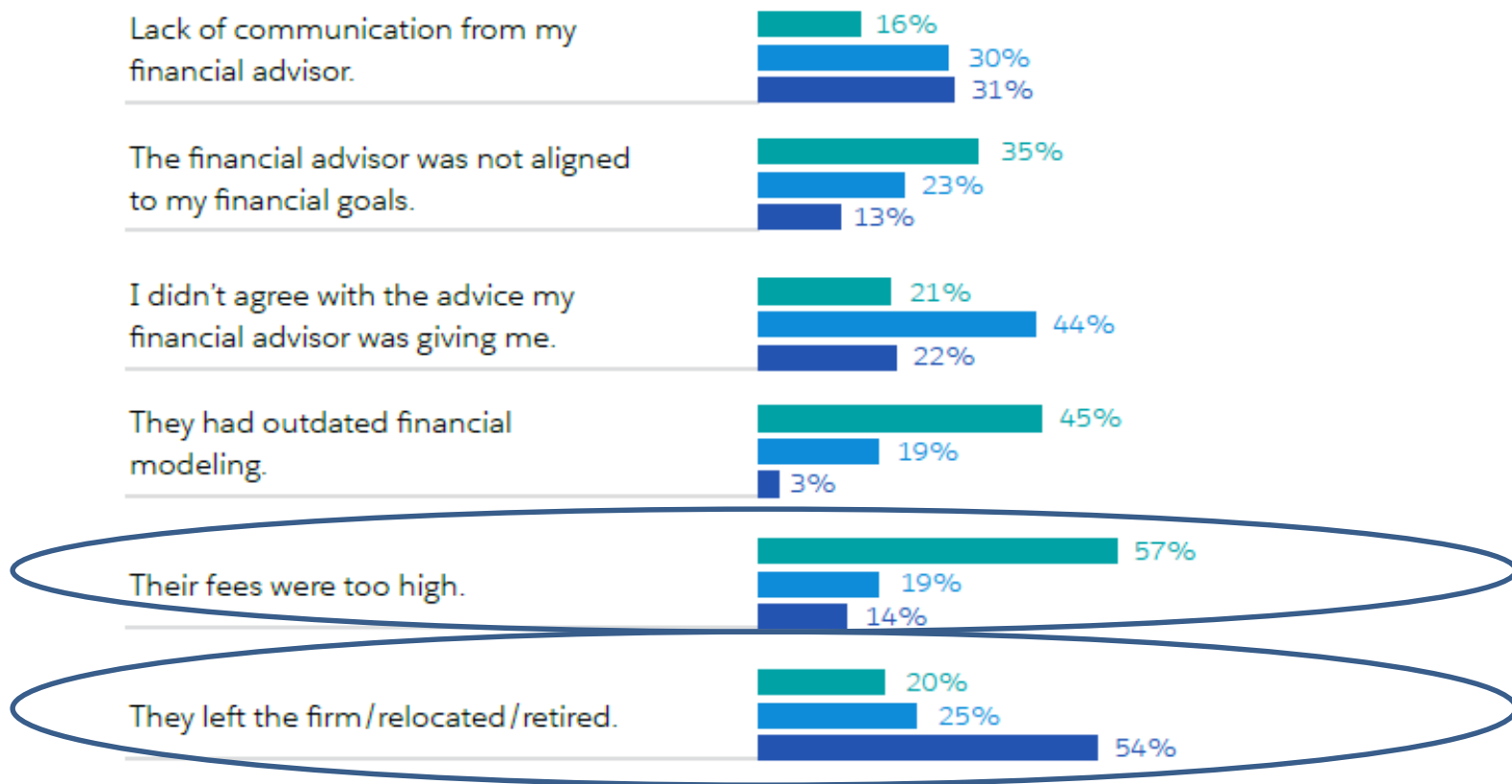
- **Crowded market.**
- **Wealthfront and Betterment have been in the industry for more than five years.**
- **Established firms have entered and introduced offerings:**
  - Schwab Intelligent Portfolios (\$5B+ in Robo)
  - Vanguard Personal Advisor Services (**raised over \$14B in new assets in less than a year**)
  - BlackRock's acquisition of FutureAdvisor (and to be leveraged at LPL for their offering)
  - Investnet's purchase of Upside
  - Pershing – Multiple offerings (Marstone, Vanare, Jemstep and SigFig)

**Robo-advice platforms are expected to grow substantially in the next four years, reaching \$489 billion in assets under management by 2020, according to a Cerulli Associates study.**



# WHY DID INVESTORS SWITCH ADVISORS IN THE LAST 5 YEARS?

*Millennials are far more sensitive to fees and outdated financial modeling, while baby boomers are often forced to switch advisors due to retirement or relocation.*



■ Millennials ■ Generation Xers ■ Baby Boomers

(\*) Source: Strategy Basecamp; Salesforce, 2015



# REGULATORY SCRUTINY NOW INCLUDES TECHNOLOGY

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# CYBERSECURITY TRENDS

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**The number and sophistication of malicious incidents has increased dramatically over recent years and is expected to continue to grow. Common types of attacks include:**

- Cybercriminals are becoming less interested in "mass" malicious attacks on users, preferring fewer, more "targeted" attacks.
- A shift in the cybercriminals' focus - instead of attacking end-users, they started to pursue organizations that work with financial information and payment tools.
- Increasing tendency of the insiders using the information they have about their organization, against itself

*Source: Strategy Basecamp; Kaspersky Labs Report-Financial Cyberthreats (2015)*



# FINRA IS CONCERNED ABOUT IBD TECHNOLOGY & DATA MANAGEMENT

## Excerpt from FINRA's 2016 Regulatory and Examination Priorities Letter re: Data Quality and Governance

### Data Quality and Governance

*In 2016, FINRA will examine firms' data governance, quality controls and reporting practices to ensure the accuracy, completeness, consistency and timeliness of data reported to firm management and to firms' surveillance and supervisory systems. FINRA has observed that operational problems firms experience can originate from data quality and integrity issues, which can undermine a firm's ability to monitor or report key information that is needed to effectively manage its risk and business activities. For example, FINRA has observed problems with firms' automated AML surveillance systems not capturing complete and accurate data, which can result in missed or poor quality alerts.*



# VENDOR MANAGEMENT: A NEED FOR CROSS-ORGANIZATIONAL EFFECTIVENESS



- Outsourcing has increasingly become popular with Broker-Dealers, Investment Companies, Asset Managers, and Investment Advisors.
- It is common practice for sensitive client information to be managed by 3rd parties.
- Notice to Members 05-48 was referenced.

As noted in its January letter, FINRA will review firms' due diligence and risk assessment of providers of outsourced services and their supervision of those services.



# THE INDUSTRY IS A "SEA" OF VENDORS

## Most Popular Advisor Tools\*

Category	% of Advisors that Use	Most Popular Tools	
Financial Planning	80%	MoneyGuidePro	25.3%
		eMoney	23.6%
Portfolio Management	75%	BD Platform	19.2%
		Morningstar	14.2%
Compliance Tools	70%	BD Platform	44.3%
		Outsourcing	29.0%
Document Management	65%	BD Platform	23.2%
		LaserApp	22.1%
Account Aggregation	63%	eMoney	24.3%
		Albridge	18.1%
Portfolio Rebalancing	50%	BD Platform	27.6%
		Customized Method	19.9%
On-Line Advice (Robo)	30%	Schwab	44.3%
		Betterment	14.0%

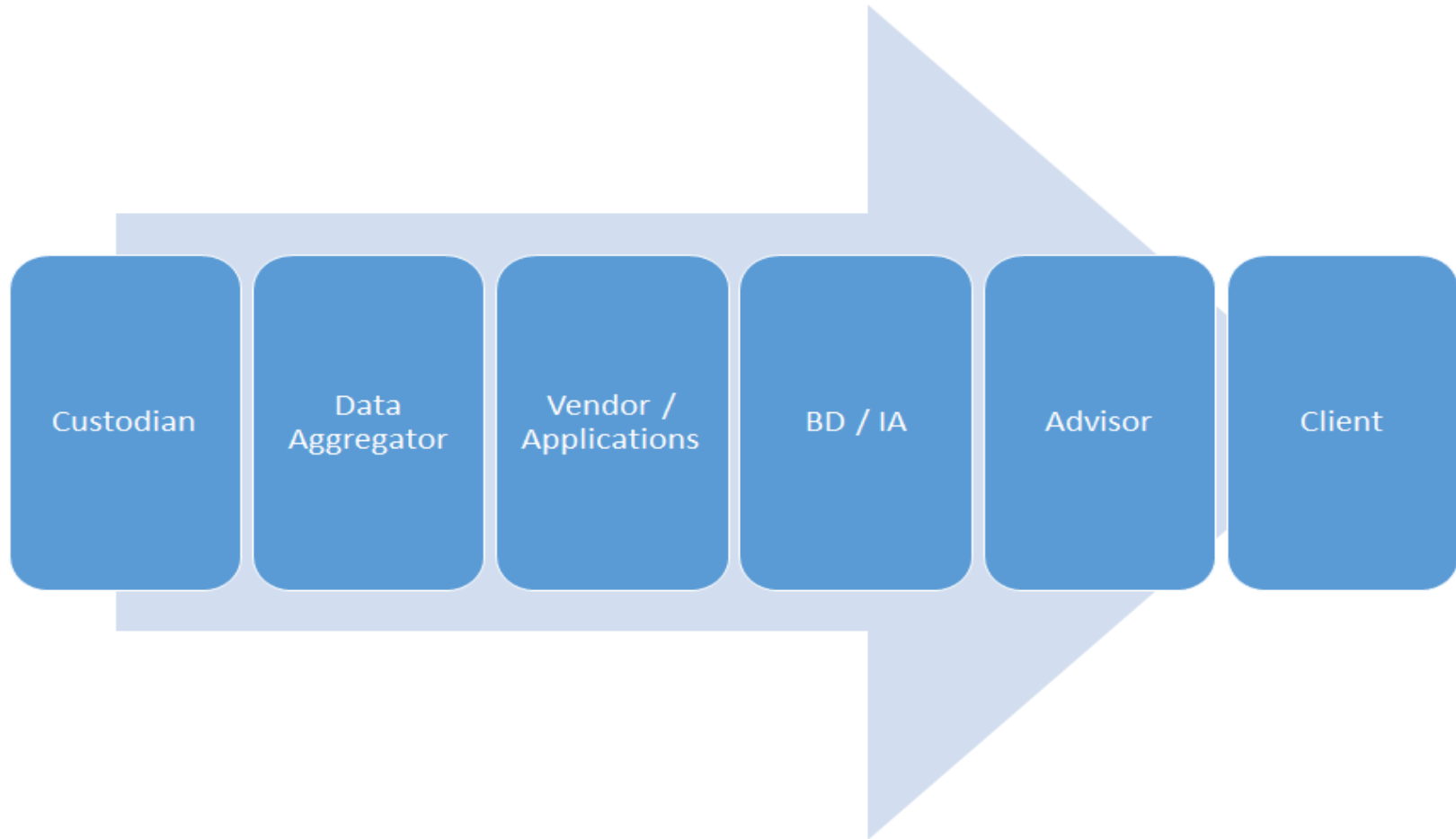


(\*) Source: Strategy Basecamp; Investment News, 2016





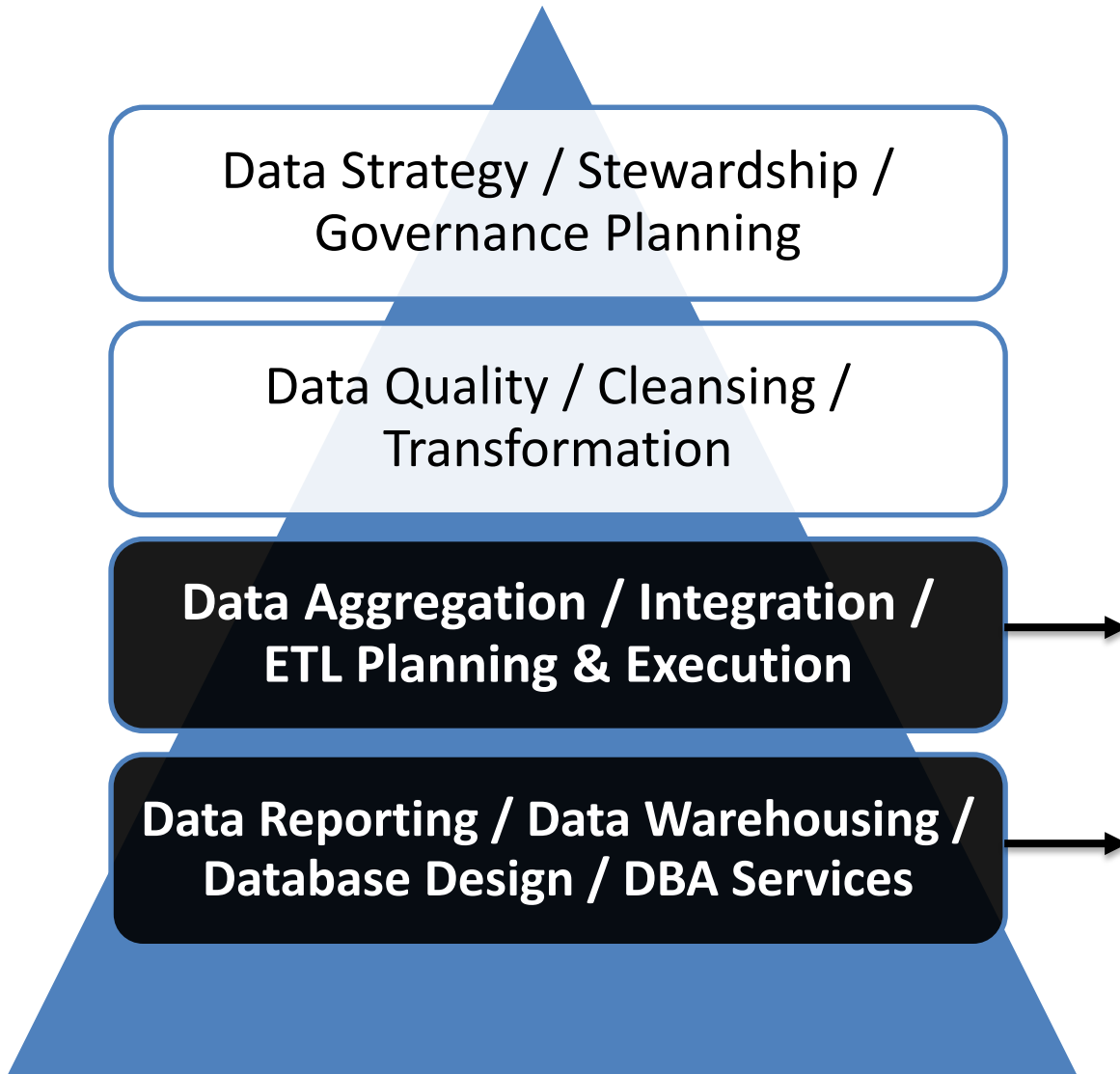
# OPERATIONALLY INTERCONNECTED IN CYBERSPACE



**Who owns a “breakdown” in data governance across this chain? How do you “rollback” from a “breakdown” in the chain? Who is protecting the client from a “hack”?**



# DATA GOVERNANCE: MOST IBDs/IAS ARE NOT PREPARED / STAFFED TO HANDLE



## COMMON DELIVERABLES:

- Data Context Diagram
- Data Flow Diagrams
- Data Model (ERD) and Definitions
- Data Mapping Plan (e.g. Data Sources / Destinations)
- QA Test Plans for Data Extract / Transform / Load (ETL) Processes
- Historical Data Load Analysis
- Resolved Issues
- Prioritization of Data Integration Projects
- Project Plans



# COMPLIANCE: THE INTERSECTION OF RISK MANAGEMENT AND TECHNOLOGY

## Top Performers Invest in Technology to Automate the Increased Burden of More Regulation



**BDs / IAs need to be able to more efficiently manage the process of being in compliance.**



## Things that enterprises will likely need to do include:

- Inventory revenue streams to/from partners
- Inventory advisory programs and key attributes (Fee Structure, Investment Universe, Sub-advisors/model providers)
- Segment clients (Asset size, IRA vs. Non-IRA, Commission vs fee-based, Rollover sources, volume and trends)
- Evaluate digital advice solutions for small accounts & orphans
- Evaluate training & education partnerships to support advisors through transition

1. Some firms have slowed down work on “other things” to focus on DOL / Cybersecurity and other initiatives driven by regulatory scrutiny OR
2. Are making purchasing decisions driven by a need to better manage their data (so as to better facilitate compliance, DOL, Big Data, etc.).

# IMPLICATIONS → BD / IA FOCUS & PRIORITIZATION



# COMPETITORS: SUMMARY OF STRENGTHS

Broker Dealer	Notable Areas of Strength
<b>Commonwealth</b>	<ul style="list-style-type: none"><li>• The strongest keep getting stronger.</li><li>• Implementing a custom / proprietary CRM system with heavy focus on streamlining new accounts / workflow.</li></ul>
<b>LPL</b>	<ul style="list-style-type: none"><li>• Advisory tools and integration.</li><li>• Size / scale. A diversity of tools (e.g. the Vendor Affinity Program) made available that are relatively well integrated into custom elements of its platform. That said, as the largest IBD serving the largest number of advisors, any “snafus” with the LPL platform become well documented / publicized. Expectations are high.</li></ul>
<b>Raymond James</b>	<ul style="list-style-type: none"><li>• Integration of applications and data (primarily a custom developed set of technology) with inclusion of a short list of 3<sup>rd</sup> party vendors (e.g. MoneyGuidePro).</li><li>• Advisory tools and research.</li></ul>
<b>Cetera</b>	<ul style="list-style-type: none"><li>• A relatively large “collection” of vendors (many which are not seamlessly integrated).</li><li>• Good advisory tools (made available via FolioDynamix).</li></ul>



# COMPETITORS: SUMMARY OF RECENT FOCUS

Broker Dealer	Area of Recent Focus / Major Deliveries
LPL	<ul style="list-style-type: none"><li>• Lots of effort “modernizing” their platform (i.e. creating ClientWorks / upgrading from BranchNet).</li><li>• Upgrading rebalancing functionality (changed vendors from ASI to FolioDynamix).</li><li>• Upgrading e-mail management / hosting platform (in response to large fines in 2013).</li><li>• Providing a Robo platform offering (Future Advisor).</li><li>• Introduced a new compensation system, Xtiva, for paying financial institutions in 2013 (not all that recent, but a notable development).</li></ul>
Raymond James	<ul style="list-style-type: none"><li>• Creating a consolidated data store that is capable of aggregating all data at the firm. It includes reference data, product data, client assets, and liabilities. The presentation of this data to advisors now happens via Client Center.</li><li>• Implementing account aggregation to bring external assets into its system.</li><li>• Reporting – Making a pre-defined set of reports available to advisors / institutions. Approximately 60 predefined reports (30 for detailed views into assets under administration and production data and 30 to help analyze client information such as which clients are more profitable, who has the largest gain/loss this year, who has a beneficiary, etc.).</li></ul>



# COMPETITORS: SUMMARY OF RECENT FOCUS

Broker Dealer	Area of Recent Focus / Major Deliveries
Cetera	<ul style="list-style-type: none"><li>• Introduction of DataPak which enables banks and credit unions to access customer data from their wealth management or brokerage operations and feed that data into their broader business systems.</li><li>• Introduction of RightBRIDGE’s suggestion engine designed to help advisors do “actionable” data mining (e.g. which clients would be a good candidate for particular products or services).</li><li>• Working to deliver eSignature (not completed yet).</li><li>• Enterprise data center centralization initiative (across the consolidated Cetera BDs)</li><li>• In the early stages of focusing on some direct to consumer / client portal work.</li></ul>





# ILLUSTRATIVE EXAMPLE OF FOCUS

**Many independent BDs/IAs are focused on streamlining new account opening + improving advisory capabilities (e.g. via Investnet or FolioDynamix)**

## Common Areas of Focus:

- New Account Establishment / Workflow (often via vendors such as Docupace)
- Back Office Process (e.g. Compensation) / Data Management (often via M&O)
- Improved Surveillance (e.g. often via Protegent)
- Improved Advisory Capabilities (often via Investnet or FolioDynamix)


**Waddell & Reed Partners with Industry Leaders to Build Integrated Advisor Platform**

*Investnet, Docupace align tech solutions to help advisors seamlessly open accounts, conduct straight-through processing*

February 02, 2016 04:30 PM Eastern Standard Time

OVERLAND PARK, Kan.—(BUSINESS WIRE)—Recognizing an opportunity to bring increased efficiency and functionality to its advisors and their clients, Waddell & Reed, Inc. has taken a substantial step toward building the firm's next-generation technology platform.

**"We find that a fully unified and integrated approach to wealth management enables faster growth for advisory practices, and we are glad to support Waddell & Reed as it embarks on this new path."**

 [Tweet this](#)

As the initial step in a multi-phased plan, the firm is working to enhance its advisors' portfolio management capabilities while streamlining the account-opening and maintenance processes. Waddell & Reed this week announced a strategic partnership bringing Investnet, Inc. (NYSE: ENV) and Docupace Technologies together to create a custom platform that will help Waddell & Reed financial advisors open and manage client accounts. The integrated solution will facilitate efficient portfolio creation through the Investnet platform and enable advisors to transition seamlessly to the account-opening process by leveraging the Docupace ePACS® Straight-Through Processing solution.

Source: Strategy Basecamp; web (June 2016)



# RECENT MAJOR PACKAGED SOFTWARE DECISIONS AT VARYING FIRM SIZES

**A focus on improving processes at the intersection of front and back offices. M&O and Docupace have been the most popular vendors.**

BD Size	Notes
~ 500	Insurance company subsidiary. Considering the purchase of a compensation system. Decided instead to focus on front office / CRM + new account establishment and forms filing) rather than back office capabilities such as commissions. Leveraged Salesforce.
~ 150	Implemented M&O for back office processing.
7,000+	Selecting various back office functions to replace (via M&O).
< 100	Implementing Docupace for rep on-boarding / forms population / workflow / document management.
300	Implementing Docupace for workflow / new account establishment.
~ 400	Implementing Docupace for account establishment / forms population / workflow). Their #1 priority was a “unified wizard” that would easily open new accounts ... gather the data, fill out the forms, and establish the accounts via STP (straight through processing).
~ 150	Implementing a Salesforce overlay (Skience).
1,200+	Replacing all back office solutions with a “best of breed” set of solutions including Docupace, M&O, RegEd, and Protegent.
~ 500	Implementing Actimize (via Albridge).



# NOTABLE CUSTODIAN TECHNOLOGY EFFORTS



## **Schwab OpenView Gateway**

Flexible / open  
architecture  
Integration to  
numerous  
solutions  
Pre-packaged  
workflows



## **Big Data**

Anticipate client  
needs  
Identify lending  
opportunities  
Visualize trends  
by metrics (e.g.  
client  
segmentation)



## **Veo One / Veo Open Access**

Account opening  
workflows  
Integration to  
numerous  
solutions  
(Integration  
Analyzer)

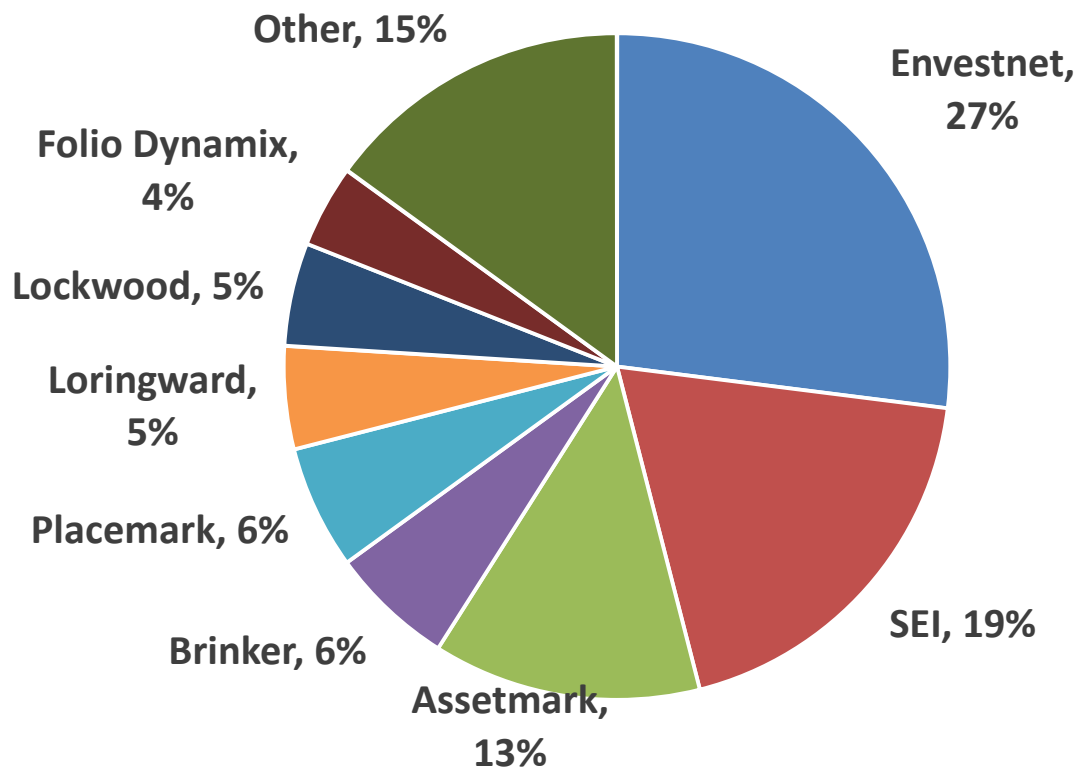


# ADVISORY PLATFORMS: OVERVIEW

**Only the largest most well run firms can afford to build / maintain advisory platforms in house.**

**Partnering is a necessity for most IBDs / IAs.**

## Major TAMP Market Share (2014)





# UNBUNDLING OF SERVICES HAS BEEN HELPFUL TO FOLIODYNAMIX

**FolioDynamix has won rebalancing work at firms such as Cetera and LPL.**

*The new Robo offering, Vanare, is built on top of the FolioDynamix wealth management platform.*



*Christopher Giles: Folio offers us a competitive platform to grow into.*

## **LPL signs on with FolioDynamix for rebalancing to boost its IBD offering and Fortigent's**

The huge independent broker-dealer will wean advisors off its homegrown trading and rebalancing suite and stick with Fortigent for research and performance offerings

Monday 1.14.13 by [Kelly O'Mara](#)



3 Comments

**Brooke's Note:** Rebalancing has come so far so fast that we are still getting to know all the names — even big, well-entrenched ones. FolioDynamix is one that keeps popping up on some big stages.

In a move aimed at beefing up its hybrid offering, LPL has signed on to use the up-and-coming technology [FolioDynamix](#).

Despite having spent big bucks to purchase top tech provider Fortigent nearly a year ago, the No. 1 independent broker-dealer opted to go with FolioDynamix because of its integrated trading and rebalancing platform. See: [LPL makes big advance into the RIA business with Fortigent acquisition](#).

*The company (FolioDynamix) provides technology and back-office services, including due diligence, investment modeling, portfolio research, a unified-managed-account offering, trading platforms, performance reporting, and “full-on turnkey programs,” says Joseph Mrak, FolioDynamix’s chief executive, who calls it “an unbundled TAMP.”*



# SUMMARY COMMENTS



# TRENDS TO CONSIDER RE: ADVISORY TECHNOLOGY

- Aggregating data and feeding it into sophisticated algorithms, firms like Envestnet | Yodlee, Quovo or Intuit will be able to calculate investors' risk tolerance based on billions of financial transactions. This will result in a more accurate risk score and portfolios that are better suited to investors' needs.
- Open and unbundled (e.g. FolioDynamix) offerings – i.e. “plug and play” capabilities will be important to most, but some firms (e.g. breakaways) may simply desire “all-in-one” solutions such as ENV (assuming reasonable pricing). Note: pricing could become a longer-term issue.
- Robo-advisors should be able to scale and handle large numbers of small accounts for a low incremental cost. Robos clients can serve as a “farm team” for an advisors book of business.
- BDs have been focused on new account opening / workflow / document management efficiencies. Unbundled solutions that allow small to mid sized BD/IAs to process work at lower cost can be attractive.
- LPL and Raymond James have continued to accentuate their strengths in advisory technology.



# SUMMARY COMMENTS

- Many IBD/IAs have focused on improving the usability of their applications.
- Data related efforts are common in the industry. Much more is needed as data management practices are relatively weak at the typical small to mid-sized IBD/IA.
- CRM is a critical component, but under utilized by advisors. Today, Joel Bruckenstein reports that 21% of advisors use MS Outlook (not CRM), 14% use Redtail, and 13% use Salesforce (Feb 2016).
- CRM has also been an area of emphasis (in particular when combined with workflow / new account establishment) for BDs (data, advisor efficiency, etc.).
- Commonwealth, a notable leader, continues to make their platform more “proprietary” and customized to “the way in which business” is processed “homogenously” at Commonwealth. Also implemented a proprietary CRM.
- Vendors such as M&O and Docupace have grown market share through a combination of strong sales acumen and functionality in areas of relative importance.
- The regulators are making technology (a more than “simply” Cybersecurity) a major focus and are concerned with the disparity in IT management acumen. Vendor and data governance are key areas of focus.



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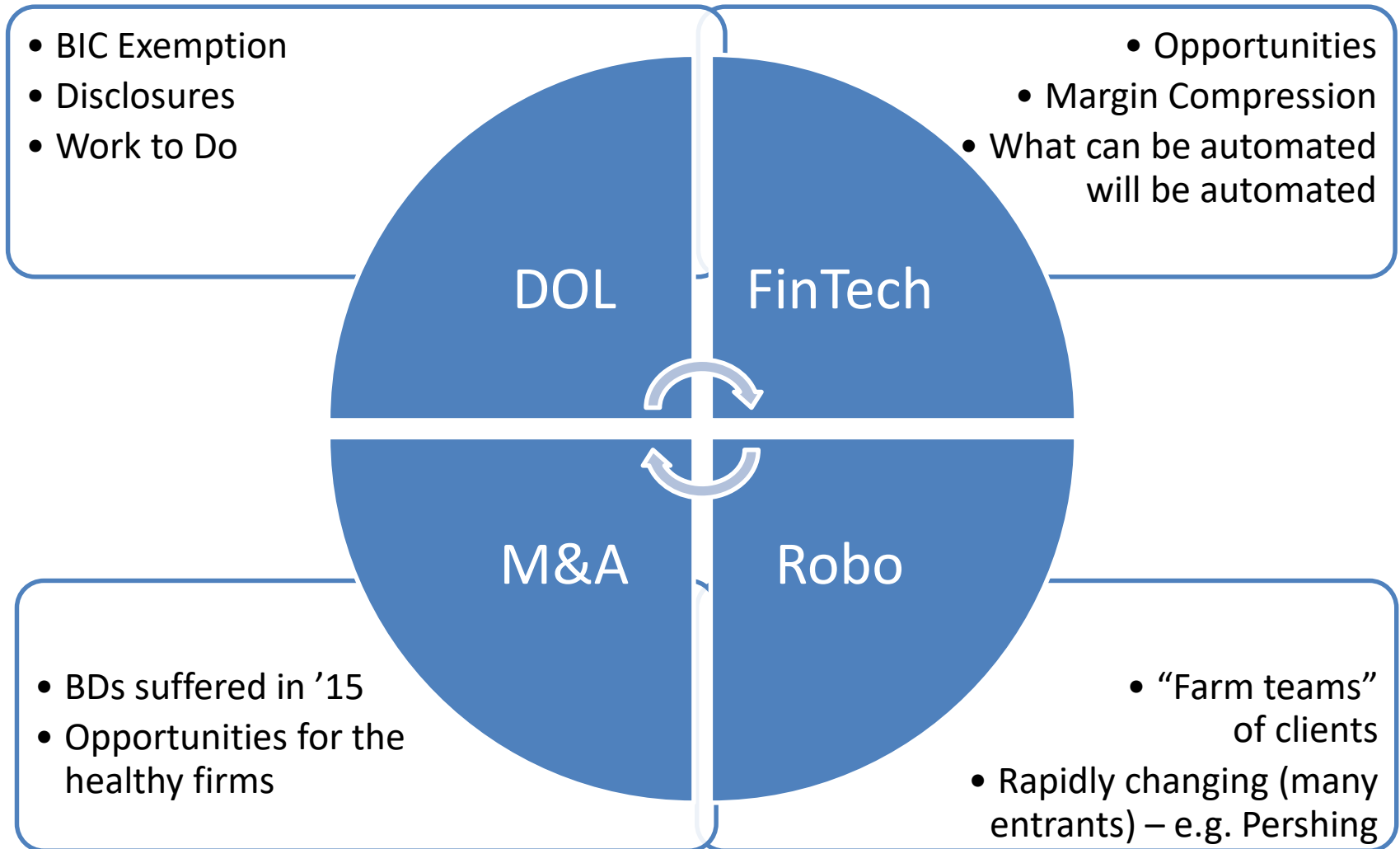
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# APPENDIX



# DISTRUPTIVE TRENDS





# RISK ASSESSMENT PROCESS OVERVIEW

Inventory & Identify  
Critical Assets

## Critical Assets Inventory

- What PII / client / account data needs to be protected?
- What are the risks associated with remote customer access and funds transfer requests?
- Where are we vulnerable?

Assess Threats &  
Vulnerabilities

## Threats Inventory

- What external threats exist?
- What internal threats exist?

**Where are we  
Vulnerable?**

Address Identified  
Risks – Implementing  
Controls

## Controls Inventory

- What controls exists today?
- What controls do we need in the future?

**What Controls  
Will Thwart  
Vulnerabilities?**



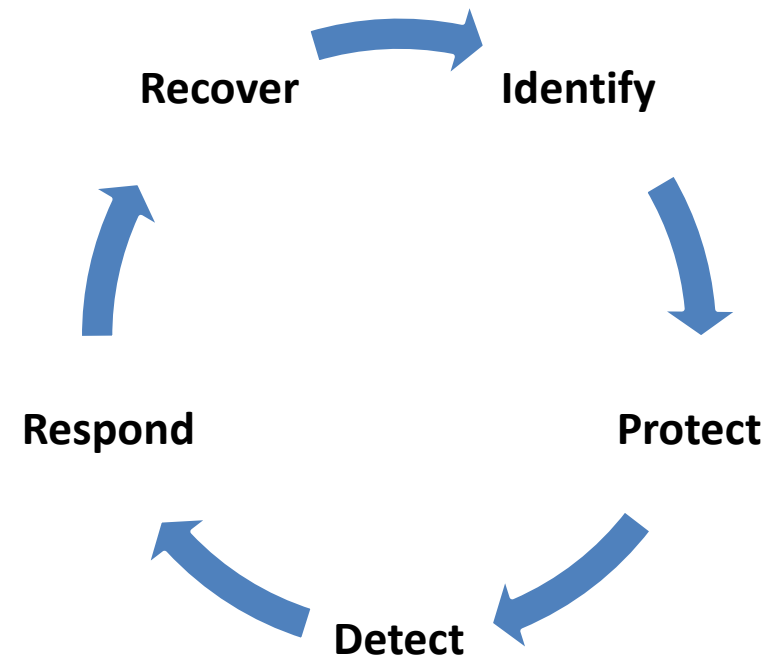
# NIST CYBERSECURITY FRAMEWORK - DEVELOPED WITH INDUSTRY INPUT

## RECOVER:

- Execute recovery systems to restore systems and data
- Update response plan with lessons learned
- Resume business activities with internal and external stakeholders and manage public relations

## RESPOND:

- Contain and mitigate the event to prevent further damage
- Coordinate with stakeholders to execute a response plan and notify proper authorities.
- Once detected, notification to proper authorities
- Evaluate response effort to improve response plan



## DETECT:

- Limit network access to authorized users and devices
- Educate all users on cybersecurity awareness and risk management
- Employ programs and services that secure data and networks (e.g. firewalls, file encryption, password protection, data backups)

## IDENTIFY:

- Identification of at-risk data (PII, accounts, transactions, etc.)
  - Assess the threat to and vulnerability of existing infrastructure
- Understand all devices connected to the network and network structure

## PROTECT:

- Limit network access to authorized users and devices
  - Educate all users on cybersecurity awareness and risk management
  - Employ programs and services that secure data and networks (e.g. firewalls, file encryption, password protection, data backups)



# HIGHLIGHTS FROM RECENT FINRA CYBERSECURITY CONFERENCE

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- **Increase in Fraudulent Wire Transfers / Unauthorized Asset Transfers**
- **The Relative Lack of Sound Vendor Governance in Our Industry**
- **The Benefits and Challenges of Cloud Computing**
- **The Importance of Incident Response Planning**
- **External and Internal Penetration Testing**
- **Employee Access Controls including:**
  - Least Privilege (i.e. an employee is given access only to the resources and information needed to accomplish his or her specific job duties).
  - Separation of Duties (i.e. the concept of having more than one person required to complete a sensitive task so as to mitigate the potential for fraud).
- **Employee Training and Education (included related Internal Phishing Tests)**



# ACTIONS REASONABLY DESIGNED TO SAFEGUARD DATA

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1. Conducting periodic risk assessments
2. Employing a firewall to protect web servers containing client PII
3. Encrypting client PII stored on your network or any potentially accessible device
4. Establishing procedures for responding to a cybersecurity incident
5. Timely application of security patches
6. Testing and validation of software updates on test server prior to installation
7. Strong password management
8. Requiring dual-factor authentication to access administrative functions on the server
9. Implementing intrusion detection software
10. Implementing data exfiltration monitoring software
11. Maintaining detailed logs of security-related events and periodically reviewing those logs
12. Requiring cybersecurity risk assessments of 3<sup>rd</sup> party vendors
13. Developing an on-going advisor and client education and communication program.

*Source: Strategy Basecamp, Law360; RT Jones Capital Equities Management, SEC Enforcement Action, September, 2015*

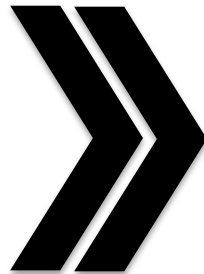


# TECHNICAL CONTROLS: MECHANISMS TO STEP UP SECURITY

## RISK ASSESSMENTS



**Prioritize the  
Highest Risks**



## DEVELOP CONTROLS



### BUSINESS-PROCESS CONTROLS

- Changes to end-user behavior
- Business processes beyond IT



### BROADER IT CONTROLS

- Changes to IT architecture (e.g. “castle”)
- Multiple levels of defense for top risks



### CYBERSECURITY CONTROLS

- Discrete technological changes such as encryption, I&AM, security analytics

**Target Mechanisms (of a Broad Variety) to  
Combat the Top Risks**

**Companies must assess risks in an integrated way. A “system” of defenses spanning various control types should exist for high risk items.**





# CURRENT STATE ANALYSIS: SURVEY RESULTS SUMMARY

## How Satisfied Are You with Your Broker Dealer's Current Technology Offerings?

Firm	Very Unsatisfied	Somewhat Unsatisfied	Sum	Somewhat Satisfied	Very Satisfied	Sum
NFP Advisor	4.4%	0.0%	4.4%	65.2%	30.4%	95.6%
Cambridge	3.6%	3.6%	7.2%	57.1%	35.7%	92.8%
Wells Fargo Advisors	0.0%	7.3%	7.3%	63.4%	29.3%	92.7%
AXA	3.3%	6.7%	10.0%	60.0%	30.0%	90.0%
Cetera Advisor Networks	3.3%	6.7%	10.0%	60.0%	30.0%	90.0%
Commonwealth	3.1%	9.3%	12.4%	43.8%	43.8%	87.6%
Average Broker Dealer	3.7%	8.8%	12.5%	54.8%	32.7%	87.5%
Raymond James	0.0%	14.3%	14.3%	48.6%	37.1%	85.7%
Securities America	5.9%	8.8%	14.7%	58.8%	26.5%	85.3%
MetLife Securities	9.1%	6.0%	15.1%	39.4%	45.5%	84.9%
CFS/SPF	2.4%	14.0%	16.4%	54.4%	29.2%	83.6%
LPL Financial	3.0%	15.2%	18.2%	57.6%	24.2%	81.8%
Ameriprise	5.4%	19.0%	24.4%	48.6%	27.0%	75.6%

Source: Strategy Basecamp; Joel Bruckenstein / Financial Planning Magazine Dec 14. Ranked by sum of satisfaction scores.



# CURRENT STATE ANALYSIS: SURVEY RESULTS SUMMARY

## How Satisfied Are You with Your Custodian's Current Technology Offerings?

Firm	Very Unsatisfied	Somewhat Unsatisfied	Sum	Somewhat Satisfied	Very Satisfied	Sum
TD Ameritrade	1.1%	2.4%	3.5%	47.1%	49.4%	96.5%
Raymond James	3.7%	3.7%	7.4%	70.4%	22.2%	92.6%
Schwab	4.6%	3.7%	8.3%	51.9%	39.8%	91.7%
Fidelity	1.6%	7.1%	8.7%	61.1%	30.2%	91.3%
Shareholder Service Group	0.0%	9.1%	9.1%	54.5%	36.4%	90.9%
Trade PMR	5.3%	5.3%	10.6%	57.9%	31.6%	89.5%
Average Custodian	3.3%	9.6%	12.8%	54.0%	33.2%	87.2%
Folio Institutional	0.0%	13.6%	13.6%	50.0%	36.4%	86.4%
Scottrade	2.9%	11.4%	14.3%	51.4%	34.3%	85.7%
LPL Financial	5.9%	8.8%	14.7%	55.9%	29.4%	85.3%
Trust Company of America	3.3%	13.4%	16.7%	60.0%	23.3%	83.3%
Pershing	6.4%	15.6%	22.0%	42.2%	35.8%	78.0%
National Advisors Trust	4.2%	20.8%	25.0%	45.8%	29.2%	75.0%

Source: Strategy Basecamp; Joel Bruckenstein / Financial Planning Magazine Dec 14. Ranked by sum of satisfaction scores.



# FEE COMPARISONS - VARIOUS APPROACHES

Function	LPL	Raymond James	Cetera
Core Monthly Technology Fee	\$75	\$250	\$160
Account Opening	<i>Included in monthly fee</i>	<i>Included in monthly fee</i>	<i>Included in monthly fee</i>
Aggregation of Data	\$35	<i>Included in monthly fee</i>	\$50
Consolidated Statements	<i>Included in Portfolio Mgmt</i>	<i>Included in monthly fee</i>	<i>Included in monthly fee</i>
CRM	\$65	<i>Included in monthly fee</i>	<i>Included in monthly fee</i>
Forms Population Software	<i>Included in monthly fee</i>	<i>Included in monthly fee</i>	<i>Included in monthly fee</i>
Financial Planning	\$150	<i>Included in monthly fee</i>	<i>Included in monthly fee</i>
Performance Reporting	<i>Included in Portfolio Mgmt</i>	<i>Included in monthly fee</i>	<i>Included in monthly fee for brokerage &amp; advisory biz</i>
Portfolio Management	\$75	<i>Included in monthly fee</i>	<i>Included in monthly fee</i>
Rebalancing	<i>Included in Portfolio Mgmt</i>	<i>Included in monthly fee</i>	<i>Included in monthly fee</i>
Robo Offering	TBD	<i>Not offering Robo</i>	Not currently available
Workflow / Document Management	<i>Included in monthly fee</i>	<i>Included in monthly fee</i>	<i>Included in monthly fee</i>
eSignature	<i>Included in monthly fee</i>	<i>Included in monthly fee</i>	Not currently available
Compliance / Supervision	<i>Included in monthly fee</i>	<i>Included in monthly fee</i>	<i>Included in monthly fee</i>
Compensation	<i>Included in monthly fee</i>	<i>Included in monthly fee</i>	<i>Included in monthly fee</i>
<b>TOTAL</b>	<b>\$400</b>	<b>\$250</b>	<b>\$210</b>



# SOFTWARE: VENDORS VS. CUSTOM DEVELOPMENT - VARYING APPROACHES

Function	LPL	Raymond James
Account Opening	Built in house/Proprietary	Not known. Likely custom
Aggregation of Data	Choice - Albridge vs. Advent / Black Diamond vs. Orion vs. Custom	Custom
Consolidated Statements	Salesforce, Redtail	Client Center
CRM	Custom	Custom
Forms Population Software	eMoney (called <i>Wealth Vision</i> at LPL)	Goal Planning & Monitoring (GPM) ... Money Guide Pro
Financial Planning	Choice: Albridge, Advent / Black Diamond, and Orion	Custom
Performance Reporting	<i>Portfolio Manager</i>	Portfolio Management Center
Portfolio Management	<i>Portfolio Review Tool</i>	Custom
Rebalancing	FolioDynamics	Custom
Robo Offering	BlackRock's FutureAdvisor (called <i>Guided Wealth Portfolios</i> at LPL)	Custom
Workflow / Document Management	Custom (called <i>iDoc</i> at LPL)	DocuSign
eSignature	Yes, DocuSign	Protegent
Compliance / Supervision	Protegent	Custom developed
Compensation	Xtiva	Custom



# PACKAGING / PROMOTION / ROLLOUT / TRAINING / MONITORING

**Firms should review, enhance and formalize their processes for how solutions/applications are released and supported.**

## KEY ROLES IN THE PROCESS

BUSINESS OWNER + TECHNOLOGY LEAD + ADVISORY COUNCIL MEMBER (VOICE OF THE CUSTOMER)

### GETTING READY:

Pre-Announcement (e.g. tease at conferences, coming soon announcements, etc.)

### BEING READY:

On-Line Resources /  
WebEx Series / Podcasts

### GO LIVE:

Release with Active  
Involvement from  
Advisors (e.g. Quotes,  
Call Out Campaigns, etc.)

### POST LAUNCH SUPPORT:

Case Studies, Articles /  
Tips for Effective Usage,  
etc.

**MEASURE / REPORT / IMPROVE → REPEAT:**  
*REPORT METRICS TO EXECUTIVE LEADERSHIP MONTHLY*

**Good technology THAT GETS USED = Business impact.**