

intelliflo

redblack



→ Is your legacy tech stack holding you back from **growing your firm?**

How proper integrations and consolidated workflows across your wealhtech ecosystem can streamline your business and scale your firm's growth

Introduction



As financial advisors seek more technology tools and systems to help their businesses grow and run smoothly, there will always be a demand to mix and match solutions. While technology components should easily integrate with multiple tech providers and partners to reach strategic goals, integration gaps still exist. The key challenge is dealing with not just legacy technology but legacy approaches to how systems connect.

Clients and investors expect automation and tech-powered services when searching for firms, making it even more critical for firms to have a tech stack that supports their operations.¹ Without automation, you cannot scale; if you cannot scale, you cannot grow.

The typical firm uses five different technology vendors, and a third of firms are looking to add more; 56% said they select individual components for their tech stack.² However, 57% of advisors say the lack of integration between their core applications is the most significant pain point with technology.³ Two-thirds (67%) of advisors indicate that some systems are connected while others are not.³

As a result, firms are caught between running the business, meeting client expectations, and ensuring the firm's tech stack is streamlined and fully operational.¹ According to Cerulli Associates, 94% of practice management professionals find limited technology integration creates productivity challenges.³

Integration is vital to bringing efficiency, profitability, and growth opportunities to firms. It will help firms "future-proof" their tech stacks and make it easier to adopt tech changes down the road as the business grows and evolves. Swapping out one component should not mean having to tear down and rebuild the entire stack.

Here, we explore the crucial role of integration and four key ways to maximize the effectiveness of your firm's tech stack to drive growth, support change, and deliver exceptional client experiences.



4 ways integration can supercharge your business

Leveraging multiple custodian relationships

Many RIA firms are increasingly using multiple custodians to provide clients with more options and to better safeguard their assets – particularly the hybrid RIA segment, which continues to be one of the fastest-growing areas of the wealth management space. As firms grow, using multiple custodians makes it easier to address more of the market and get more opportunities.

But multi-custody can create inherent issues with data normalization, data delivery, multiple native custodian platform applications, and the integration of these technologies. According to an Aite Group report, two-thirds of RIAs have custody client assets with more than one custodian. And often, having multiple arrangements exacerbates advisors' problems.⁴

98%

of firms using intelliflo redblack for portfolio rebalancing integrate it with a portfolio management system through our pre-built bilateral connections

Managing multi-custody relationships can be highly time-consuming without proper integration. The more assets you manage, the more time you spend on what Aite defines as “business applications,” such as email, financial planning tools, or client relationship management (CRM) software.⁴ RIAs managing less than \$150 million spent a median of 2.5 hours per day using business applications, while firms managing more than \$150 million spent a median of four hours.⁴

Your technology providers should already have a set of pre-built, bilateral integrations with all major custodians to simplify workflows with new connections added regularly to support market expansion and business growth.



Logan Capital utilizes intelliflo redblack's integration with the Clearwater Analytics portfolio management system and intelliflo redblack's partnerships with FIS Global for FIX connectivity and trading with the firm's 32 custodians, including Schwab, Pershing, and JP Morgan.



Enhancing client value, personalization, and experiences

Advisors today are held to a higher standard when it comes to technology. As a result, they need to offer an enhanced client experience by not only personalizing advice and being extremely responsive to their changing needs, but also having more of their time freed up to spend with them.

Increasingly, firms are looking to distinguish themselves through their tech stack. In Cerulli's "State of U.S. Wealth Management Technology 2021: Aligning Firm Strategy With Technology Decisions" report, three-quarters of firms said their tech philosophy is to license market-leading vendors and maximize integration between tools.⁵

Innovators enjoyed 37.2% greater revenue per employee than other firms, according to the 2022 InvestmentNews Adviser Technology Study. The typical Innovator has 45% of the clients, 50% of the AUM, and 65% of the revenue of firms generally, and their tech budget is 17% higher and represents a much larger share of overhead.²

“intelliflo redblack is not only providing advanced rebalancing capabilities but is able to deliver custom functionalities that are unique to our business and give us that extra competitive edge in investment strategy, service and transparency.”

Todd Douds, Director of Operations at Fort Pitt Capital Group

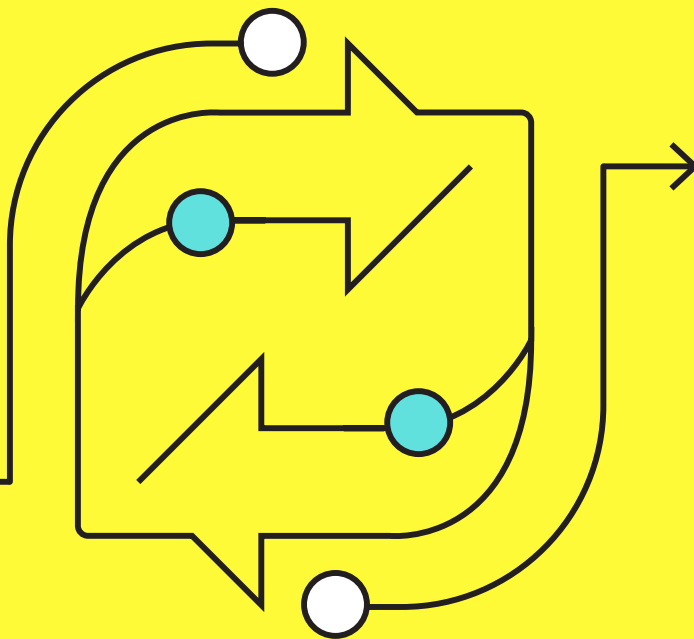
In addition, a study from the Money Management Institute (MMI) and Aon said that client satisfaction was 84% among those who view their firm as a digital leader. However, that percentage falls to 70% for clients who think their firm's digital capabilities align with the rest of the industry. And finally, client satisfaction sits at 38% for those who view their firm as a laggard in the digital space.⁶

Properly integrating technology platforms lets advisors comprehensively manage portfolios at the household level to optimize their holdings and present personalized advice to help clients reach specific goals. It also allows advisors to connect and engage with clients more frequently through more incremental, manageable, and actionable touch points throughout the year.

81%

of innovators use portfolio rebalancing tech, compared to 54% of others.

Source: 2022 InvestmentNews Adviser Technology Study





Scaling to growth and supporting M&A transitions

More than 85% of firms said that tech will play a significant role in their growth, and 52% say that maximizing their current tech is most important to growth.² Because firms must be able to quickly onboard and support new advisors, transition portfolios, and consolidate trading, integration is becoming a key piece of the puzzle to scale to growth effectively.

Technology has also become a deciding factor in today's dynamic merger and acquisition (M&A) landscape. As a result, firms that are preparing for acquisition should consider strategically investing in their tech stack, which might even be a key factor in its valuation. A system that is uniquely assembled,

incorporates robust technology, and has defensible and proprietary intellectual property gives the firm a better value proposition to potential acquirers.⁷

Organic growth and M&A activity can also introduce greater complexity into the business for acquiring firms. Finding the right solution built on open architecture should be on their critical path to fulfilling their strategic plan to scale the business and continuously create and deliver value to their clients. Integrated rebalancing and consolidated, streamlined trading are essential to achieving scale while supporting diverse clients, advisors, and portfolio models.

The power of open architecture

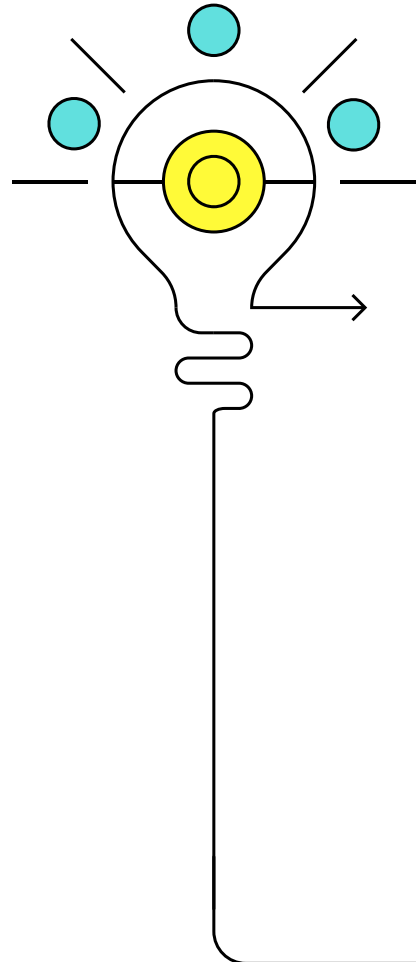
Software built on open architecture uses open standards to make adding, changing and replacing new components easier– ideal for firms seeking a “mix and match” tech stack strategy with leading vendors.

intelliflo redblack is built on an open architecture platform that integrates with all major custodians and brokers, a wide variety of portfolio management, trust accounting and order management systems applications, custodial data providers, market data feeds, and more. All data is readily accessible and owned by you.



Only 33%

of firms who responded to the 2022 InvestmentNews Research Adviser Technology Study have their portfolio rebalancing system.



“It was important for us to have a long-term, scalable solution in place that would bring trading across the various platforms together. With intelliflo redblack, our operations are becoming more seamless and efficient.”

Charlton Rugg, Chief Compliance, Legal, and Technology Officer of Obermeyer Wood Investment Counsel

Streamlining operations and workflows

Operational efficiencies help to save time, increase productivity, reduce errors, and ultimately help enhance the client experience by enabling advisors to do what they do best. Therefore, an advisor's tech stack should be proven to streamline operations with integrated workflows that enable the firm to manage more money and grow the business while decreasing operational costs.

Using multiple systems that are not integrated can lead to significant process inefficiencies. For example, having to review client information on different systems, review trades with each custodian for accuracy, or use disparate systems to reconcile trades are common problems that drain advisor productivity. Creating documented, repeatable workflows is a best practice for firms to get the most out of their integrated tech stacks.

In rebalancing, viewing trading restrictions, cash actions and cash needs, for example, and applying these to multiple accounts simultaneously is only possible in an integrated environment. In addition, multiple people in a firm should be able to communicate efficiently when running a rebalance or global trading actions across hundreds or thousands of accounts.

Trade order management that is tightly integrated with portfolio rebalancing and trading processes will also save the firm time, effort, and risk of errors and delays. In addition, FIX connectivity, direct interfaces with various brokers' proprietary trading algorithms and strategies, and live order status notifications can help to amplify trading and operational efficiencies further.

“It was important for us to find a partner that would fit within our ecosystem. intelliflo redblack’s open architecture allows for collaboration with industry leaders, such as Black Diamond and our enterprise cloud-based CRM platform, and positions us to provide a best-in-class solution for our clients.”

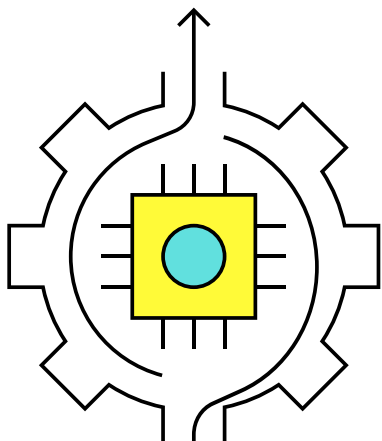
Tom Ngo, President and Partner, BakerAvenue Wealth Management



Future-proofing your tech stack

A robust integration strategy is critical to charting a solid growth path for the future. However, considerable scalability and the resulting increase in efficiency, profitability and growth can only be achieved by doing away with the tech stack's siloed structure.² While advisory firms should be focusing on integrating their tools, system integrations are invariably one of the most expensive line items in their implementation budgets.

Most firms have multiple solutions catering to different business needs and data requirements. Connecting solutions to create unified, optimal workflows and richer data sets can be complex and expensive if chosen point solutions are not built on open architecture and do not provide robust pre-built integrations.



Portfolio rebalancing and trading should fit within your wealthtech ecosystem and integrate with portfolio accounting, client relationship management (CRM) and other platforms to drive efficient communications between your teams – while better positioning your firm to deliver a best-in-class, customizable experience for your clients.

As a critical part of the wealthtech stack, your rebalancing platform should make integration simple, create efficiencies and be able to serve as an integration point with other tech platforms. Streamlining workflows through connectivity with many platforms, brokers, and custodians improves compliance and operational efficiencies, giving advisors more time to focus on serving clients.

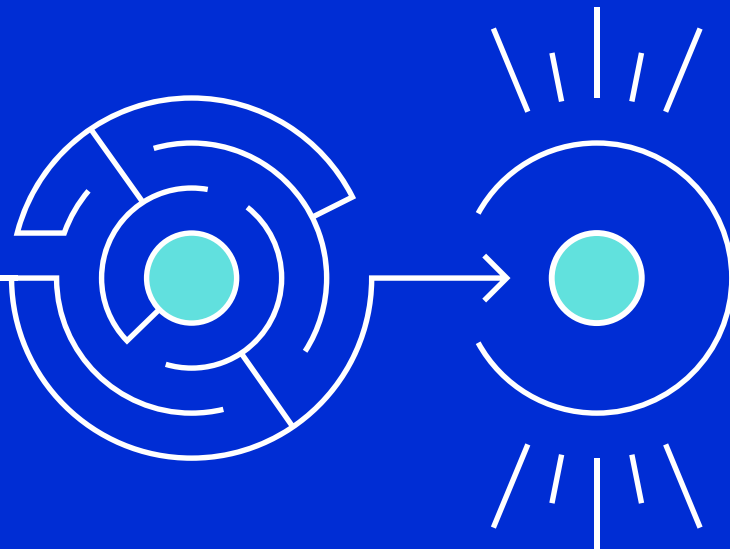
In financial services, firms will constantly change and evolve, and there are always going to be opportunities to improve. However, starting with the wrong tech platform tends to cost more in the long run and contribute to lost productivity, frustrated employees, and increased turnover. Review your tech stack annually, at a minimum, to assess if it is truly meeting your needs today and is aligned with your strategic plans.

With firms under continuing scalability pressure and increasing client expectations for personalization and responsiveness, integrating leading technology across the tech stack is central to advisory firm viability and success and is likely to become even more important in the future.



Sources:

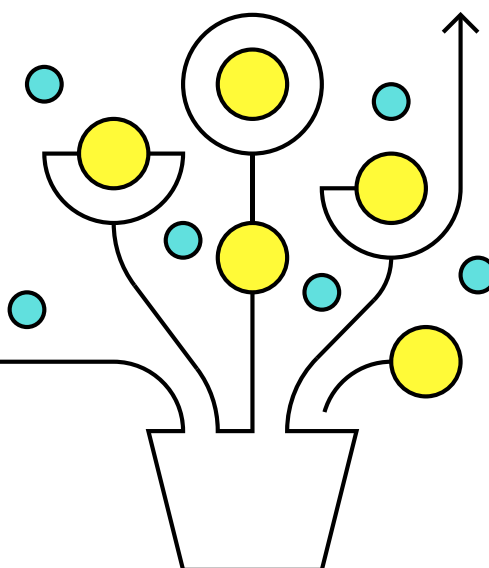
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→ **About intelliflo**

intelliflo widens access to financial advice through leading technology powering the financial advisory experience. We use open software architectures combined with unmatched industry experience to simplify a complex digital landscape to help advisors compete and grow.

Our solutions support over 30,000 financial advisors worldwide, representing over three million end-investors, with over \$1 trillion serviced across our platforms.



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