

“Live” Client Portals: Extend Your Advisory Services Through the Web

A Junxure Industry White Paper

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Introduction

The investment advisory industry is undergoing rapid change, creating added challenges and new opportunities for independent advisory firms.

Market volatility, changing regulatory requirements, increased service demands by affluent investors, advancements in technology and increased competition are causing advisors to re-evaluate their current strategies and approaches to managing their firms for growth.

To help advisors navigate the choppy waters of today’s more complex environment, Junxure is pleased to introduce the latest in our series of industry white papers on “Live” client portals and how they can enable firms to provide a higher level of service to their clients, drive operational efficiencies, respond to communication security issues and ultimately provide a substantial Return on Investment (ROI).

Developed in conjunction with Nexus Strategy, LLC, a leading consulting firm to the wealth management industry, this report provides a review and analysis of how leading technologies can enable advisory firms to enhance their service levels while improving profitability.

To learn more about how our industry solutions can transform your business, we invite you to visit to www.junxure.com.

Advisor Website Evolution

Independent investment advisors have long embraced the Internet as a key communication channel to promote their services, but it is only recently that new innovations in technology have allowed them to turn “brochure-ware” sites into truly dynamic, interactive and powerful client service delivery tools.

The reasons for doing so are compelling. Consider that the vast majority of affluent investors are online and using the web to access financial information and interact with their advisor. According to Pew Internet, over 94% of Americans who make more than \$75,000 per year are actively using the Web.

Additionally, investors are increasingly looking for transparency in their relationships with their financial service providers. With the recent financial crisis, scandals on Wall Street and investment product failures, the demand for real-time information and understanding of where they stand financially is increasing. In order to remain competitive, advisors need to provide these capabilities.

Despite this need and opportunity, most advisors are still only using their websites to provide generic information about their firm, or if they are providing client information, it is typically in the form of a “link” to their custodian or just posting dated, static performance reporting information.

The reasons behind this trend can be seen in the evolution of advisor website technology and the lack of a “total” solution. With the mainstreaming of the Internet in the late 1990s, there was a vast migration of advisors to the web who constructed basic websites that offered little more than additional information about their firms. Many firms have stopped there and continue to depend on traditional channels to interact with their clients.

With the advancements in advisor website technology, and the ability to do more, advisors have still been slow to move.

Beginning with a simple “framing and linking” facility to their custodian, advisors were able to provide clients secure access to the institutions where their accounts were held. While helpful, this capability mainly just positioned the advisor as a middleman in between their client and custodian and did not add much value under their advisory firm brand.

As technology continued to evolve, new capabilities for firms to create secure “document vaults” or “client portals” for the storage of electronic documents, copies of financial statements, tax returns, wills and other estate planning information became widely available. These vaults also allowed advisors to post statements, financial planning information

and investment performance reports as well as a way to interact with the client’s other professionals such as their accountant and attorney.

These client portals enabled clients to log onto their private web address, using secure, password protected online access to see their relevant information, post electronic documents, and download their financial and investment planning statements and reports. Additionally, clients were able to use these client portals as online “safety deposit boxes” to back up any important paper documents, such as insurance policies, passports, title deeds and the like.

Wealth Management Trends

According to the 2009 PricewaterhouseCoopers Global Private Banking and Wealth Management Survey of wealth management executives, transparency is the “New Gold Standard,” requiring wealth managers to move from data-specific and “end of cycle” reporting to near real-time client information flows including comprehensive client reporting delivered through effective print and online channels.

This concept of the client portal has widespread acceptance among industry experts and clients that are using them report high satisfaction with this extension of their advisor. However, despite the powerful servicing strengths available, the industry is still far behind in widely adopting the technology to empower their website with these capabilities.

From a historical perspective, this disconnect is understandable as advisors have typically been slow to incorporate new technologies and have taken a conservative approach to deploying new service models due to lack of total, end-to-end solutions.

However, with recent changes and innovation in technology, advisors can now easily leverage a new approach to their website by creating a “Live” client portal, that not only combines the capabilities of a document vault, but also is integrated with the real-time information and task management capabilities in their Customer Relationship Management (CRM) system.

This combination makes the client portal a true end-to-end solution that eliminates many of the manual steps involved in maintaining a traditional client portal. It also presents a tremendous opportunity for advisors to enjoy operational efficiencies while improving client service.

ADVISOR WEBSITE EVOLUTION TIMELINE

- 1990s** **Brochure-ware sites**
- 1999** **Framing and linking to custodians**
- 2002** **Document vaults**
- 2004** **PMS integrations (vendor server)**
- 2007** **CRM integrations (advisor server)**
- 2009** **“Live” client collaboration**

The Rise of “Live” Client Portals

To overcome the limitations of using third party vendors to host document vaults that rely on a manual, multi-step process to publish static performance reports, the concept of a “live” client portal is a strategy that leading advisors are rapidly embracing as a complete solution.

By integrating their website to their CRM and office management system, advisors are able to broaden their client portal to include client collaboration tools to create tasks for their advisor or service team to follow up on, as well as publish real-time information of client holdings.

The CRM integration allows advisors to host client data on their servers and directly link through their CRM to the client portal. The integration allows clients to then initiate tasks directly to a service contact or if the client is a “priority” client, directly to their advisor. This service-tiering model provides the firm with flexibility in offering their best clients a higher service level and ensures the task will be completed and will not “fall through the cracks” as it will be automatically tracked in the same place where all of the firm’s workflow is stored.

Additionally, through integrations with CRM and portfolio management systems (PMS), daily positions and values can be automatically published to the client portal, allowing clients to have the latest information 24x7, often saving firms from incoming client phone calls and incremental service requests.

Another benefit for having client portals originate from the CRM are that quarterly performance reports and statements can be automatically produced and assembled electronically and then directly published to each client’s portal. Through a “document assembly tool” the many manual steps required for posting information to client portals hosted by third party vendors are eliminated. For clients who require printed statements, they can be segmented out in the batch processing and only those are printed for subsequent mailing.

This streamlining of the quarterly reporting process can save advisory firms thousands of dollars every quarter and add tremendous efficiencies, freeing up staff to focus on higher value, client facing activities (see sidebar on the costs of Quarterly Reporting).

For clients, the benefits are many. They are able to conveniently interact with their financial advisor on their schedule, access their account information with daily updates, store their personal financial and estate documents in a secure online document vault and fundamentally change the service experience they receive from their primary financial advisor.

ROI: The Real Costs of Quarterly Reporting

According to the “2008 Asset Management Operations and Compensation Survey” by Advent Software, The Investment Adviser Association and the Advent Users Group, advisory firms spend 52.3 hours per quarter for small firms (\$150 mm AUM and below) and 176.6 hours per month for larger firms (\$1 Billion +) on reporting per quarter.

At \$45 per hour (Schwab Advisor Services estimate for back office staff) the annual costs for quarterly reporting are \$9,414 for smaller firms and \$31,788 for larger firms.

Through a client portal, firms can accrue substantial savings by eliminating many of the manual tasks associated with report assembly, including the thousands of added dollars involved in printing and mailing hundreds of statements every quarter.

Advisor Stories

c5 Wealth Management, LLC

Formed in 2007 through the merger of two preceding organizations, c5 Wealth Management oversees \$220 million in client assets for a variety of executives, families and business owners. c5 provides multi-generational financial planning, investment management and retirement planning services.

“With our service focus, we’ve made it a priority to invest in technology as our firm has grown to create leverage in our business,” said Mark Weber, Director of Financial Planning Services for c5.

“The driving force for us in implementing a client portal strategy was to streamline the quarterly reporting process,” noted Weber. “Before we merged the firms, a lot of the client communications were paper based and developed using a very manual process. The idea that we would be able to eliminate a majority of that work really appealed to us.”

Through Junxure ClientView™ Live, c5 has created a secure, web environment where they can post client information, reports, statements and account information in a very convenient way. “The new process of using ClientView Live combined with our portfolio management system and data reconciliation service has reduced the time it used to take to produce our quarterly reports from over a month to just a couple of days,” remarked Weber.

Another aspect of ClientView Live that c5 finds especially helpful is the document vault capability. “We are active users of the document vault as a portal to post and store a lot of information, such as our advisory contracts, financial planning contracts, copies of account applications, tax returns, and other financial and estate planning documents. Our clients see all of their c5 business in one place and consider it a compelling added value that we provide.”

Because c5 provides a broad array of advice and guidance, they also needed the ability to report on a number of outside accounts for their clients. “Through the Accounts tab on ClientView Live we can post consolidated information on their other holdings, such as 401(k)s, Annuities and other retirement assets. Our clients only have to look at their private website to see where they stand vs. logging into multiple other websites, which is a huge convenience for them in which they find a lot of value,” noted Weber.

When we started the process of expanding our technology, it was very easy to begin with Junxure as that was where all of our data resides and also had the most integrations to our other systems. I highly recommend to other advisors that if you are considering your technology strategy than start with your CRM and you’ll find lots of opportunities for efficiencies and cost savings,” concluded Weber.

Mark Stempel & Associates

Mark Stempel & Associates is an innovative financial advisory firm located in Tucson, AZ. Owned and operated by founder Mark Stempel, Mark Stempel & Associates serves 60 clients with comprehensive financial planning and tax services. With a full time staff of 2, Stempel relies on technology to efficiently provide a broad array of advice and guidance to their clients.

“We focus on providing a holistic approach to financial and wealth management,” noted Stempel. “As part of that approach we have committed to leveraging technology to ensure we deliver a high service level, while keeping our overhead costs low.”

With Stempel’s legacy as a tax professional prior to founding his advisory firm, he was familiar with the use of client portals to publish client tax returns and other documents online.

“We were not comfortable sending sensitive client information through email or regular mail due to privacy concerns,” commented Stempel. “As a result, we

sought out a client portal strategy so we could efficiently post documents online in a secure environment.”

Stempel’s first foray into providing a client portal was with a third-party vendor, however, that service was limited in many ways. “It was a cumbersome, manual process that involved many steps and ultimately became too difficult to manage,” said Stempel.

It was at this point that Stempel looked to explore other options, including ClientView Live. “We were already using Junxure so it was an easy step to leverage the functionality of Junxure and ClientView Live to easily batch process reports and publish them to client websites in one step, with just one password and login for the client,” noted Stempel. “While we haven’t quantified it directly, we know that we are saving many hours of staff time with ClientView Live now vs. our previous technology.”

Stempel also sees opportunities to use ClientView Live to streamline compliance processes, particularly in using the client web portal to post his privacy policy along with the latest Form ADV. “By publishing these documents to the client portal, we can ensure that everyone has the most recent and up to date information,” commented Stempel.

On the client front, Stempel is seeing his clients embrace ClientView Live. “We can easily bring over account information from Junxure so our clients can view their account information as well as having access to their performance reports and statements. They are finding a lot of value in having everything in one place with the most up to date information,” noted Stempel.

From a business development point of view, Stempel sees an opportunity to use his client portal capability as a marketing message. “Client View Live has been a very powerful tool for us to be able to provide a higher level of service to our clients and I can see us directly promoting this capability in our marketing efforts going forward.”

Private Ocean

Created by the recent merger of two financial advisory firms in Marin County, California, Private Ocean is a comprehensive wealth management firm, serving over 450 households and \$650 million in assets under management.

A key factor in the success of the merger between the predecessor firms was that they both used Junxure technology to automate office workflow and provide advanced CRM functionality.

“Even though we were both like-minded firms and knew we would find many strategic synergies, there were still a lot of operational issues in merging our two firms together,” noted Greg Friedman, CFP®, President and co-founder of Private Ocean. “However, because we both were using Junxure, those operational aspects were simplified greatly.”

One of the first integrations from the merger was to extend the use of ClientView Live from Friedman’s firm to the rest of the Private Ocean client base. “Our merger partner was preparing quarterly performance reports and statements in a very manual basis for over 300 households,” Friedman observed. “Through the ClientView Live document assembly tool, we were able to automate a majority of that process, freeing up literally dozens of hours of staff time every quarter.”

Client acceptance of the new technology was very positive across the board. Now, Private Ocean clients are receiving performance reports on a weekly basis vs. quarterly. Additionally, the document vault feature allowed Private Ocean to make available proprietary investment research reports and investment white papers to clients only, protecting their intellectual property while providing a valuable service to their clients.

“One of the key benefits of ClientView Live is our ability to communicate with our clients in a private environment, making available the key advice and guidance we provide in an efficient, electronic manner, while ensuring that only clients

have access to the information and generating a true feeling of exclusivity,” noted Friedman.

An additional benefit of ClientView Live is the ability to generate reports of how clients are using the client portal, providing valuable information to the firm in spotting potential service issues. “We’ve set up a monthly reporting system that provides each advisor with a view of activity on the site,” said Susan Dickson, COO of Private Ocean. “This helps us identify adoption rates by clients as well as point out any interesting patterns of usage, such as login rates, login times, which documents are downloaded more or which are downloaded less. From this information, we can better customize the client experience to ensure we are providing valuable service and get an early warning notice to any potential issues.”

“The merger of our firms also provided us the opportunity to re-introduce our entire technology offering to our clients as part of the new firm,” noted Richard Stone, CEO and co-founder. “Junxure and ClientView Live were a major factor in ensuring the success of our merger, delivering added value to our clients, enhancing our services, and ultimately increasing client loyalty and acceptance of working with the new organization.”

Conclusion

Today’s more complex and competitive operating environment is requiring advisors to adopt the latest technology in order to continue to profitably deliver the highest levels of client service.

Client portals can be a powerful technology solution that delivers an immediate ROI and provides advisors with an efficient and flexible online platform for securely communicating with clients and publishing and storing important documents.

Advisors owe to their clients, their staffs and themselves to learn more about how this innovative technology can benefit their firm, helping them to improve service, drive efficiencies and ultimately enhancing firm profitability.

“Live” Client Portal Advisor Benefits

- **Improve Client Service** – provide the latest client information in a convenient, secure and easy to use private website, enabling clients to interact with your firm on their schedule
- **Enhance Branding** – firm branded client portals position your firm with the largest on Wall Street
- **Operational Efficiencies** – streamline the quarterly reporting process and simplify task management and workflow
- **Secure Communications** – eliminate privacy and security issues of mailing or emailing sensitive client information through encrypted, secure password protected client portal

Junxure-ize

verb - 'jən(k)-chər-īz

To systematize your office for maximum efficiency, enhanced client service and higher profitability.

About Junxure

Junxure is the award-winning flagship product of CRM Software, an innovative software development firm based in Palm Beach Gardens, FL with operations in the heart of the “Research Triangle” in Raleigh, NC. Recently named to the Inc 5000 fastest growing privately held companies, CRM Software and its Junxure suite of products provide total firm technology for financial advisors to grow, manage and enhance their advisory businesses.

Junxure
Total Firm Technology