

# Elevating the profile of platforms

AT8 is currently visiting a number of key product providers to look at the e-commerce facilities and tools they are providing. This week **Mark Loosmore** goes to Bristol to check out AXA's Elevate proposition



This week's visit to review the e-commerce support providers give advisers was especially topical and took us to see AXA Elevate in Bristol. Our meeting with Ian Thomas, head of marketing, and the AXA team, was hot on the heels of the *Platform Discussion Paper 10/2*, issued by the FSA.

AXA's presence as a platform (wrap) 'operator' is not new. The platform was launched in 2008 and had been in development for some time before that. Since its launch, there have been a number of upgrades with increasing levels of functionality, service and product/fund coverage.

Thomas expects AXA to extend the platform regularly to meet the needs of users and for more and more advisers to include platforms as part of their customer proposition.

## A new model provider

Thomas and others in the AXA team have a track-record in the fund and platform management space acquired over many years. Although AXA chose FNZ to construct its platform, it did not want simply to copy what had been created for Standard Life. Neither did it want to replicate the offering of established platforms such as Transact. It wanted to be a 'new model provider' for 'new model advisers' and to deliver a solution to 'leap-frog' the competition.

The business unit that was set up to create Elevate was separate from the mainstream provider business (although still in Bristol). It was established as an 'incubator' unit with separate premises and a mandate to be unconstrained by the legacy operation so it could achieve its objectives quickly and clearly.

A measure of AXA's commitment and priority is that Henri De Castries, group president, has a video on the Elevate website stressing the group's commitment to the UK platform

strategy. The platform is one of its top five global strategic initiatives. Although it was not the first to launch, AXA has used a 'fast-follower' approach to learn from others and improve what the Elevate solution delivers.

The latest reorganisation has put the platform in a wealth management division that combines the strengths of AXA Winterthur Wealth Management, Architas Multi-Manager, AXA Isle of Man and AXA Elevate to create what it hopes will be a winning package. Certainly, it has seen a growth in users and assets on the platform, which shows the firm is getting some of their messages right. Elevate has terms of business signed by



more than 500 firms and £850m in assets under management. This is growing quickly: in March 2010 alone, Elevate took £85m of business.

The product and fund coverage provides a cash account, GIA, ISA, PIA and offshore bond, along with a range of about 3,500 funds, including the growing use of ETFs to build client portfolios.

One of the questions we put to Thomas and his team was why, with a platform, there was any need for traditional provider-created investment products. Thomas admitted it was difficult to argue that traditional provider products were better. He felt the tax and product wrappers that platforms used to manage customers'

investment needs were more transparent and cost efficient, so were much closer to the spirit of what the FSA wanted to see the market deliver. We have put the same question to others in the industry: providers, distributors and platform operators, but there was little defence of the traditional investment product provider role. Thomas sees platforms as not only a wealth management tool but as a means of serving the needs of customers directly.

While some would be nervous that such views might upset the core target wealth management space, we feel the different segments are not necessarily competitive but could be complementary. It is important to explore ways in

market's drive to reduce charging and complexity that advisers and the FSA have sought, with no entry or re-registration fees and a consistent charge between product wrappers.

## A flexible platform

Thomas claims Elevate is the UK's most flexible platform: a claim that will no doubt ruffle the feathers of other operators. We have seen the system several times in the past few years and it certainly has moved on significantly. It has the capability to adapt to a number of adviser business models and can be branded accordingly, as well as be configured to the process requirements and competencies of advisers and staff. It can also be set to allow access by an adviser's customers – read only for now – and gives current and historic views of the assets in the portfolio and how this compares with the model portfolio.

AXA has invested in providing attitude to risk and planning tools to support the service that the advisers can provide to their customers. It has commissioned some products, tools and services itself, while others have been provided by third-party integrations such as Financial Express and Towers Perrin. Thomas stressed the effort AXA has invested in trying to deliver true straight-through processing.

He says AXA has the ability to carry out ongoing transactions without a customer declaration or signature, using a 'negative affirmation' approach after an initial signed agreement is obtained from the customer. Thomas articulates AXA's approach of improving the efficiency of managing a client's platform assets as 'clicks and people', meaning their aim is to provide the right technology solutions but back this up with people who understand advisers' needs and are responsive to them.

A business consultancy support team is tasked with making

sure advisers have evaluated the need for platform solutions (not just AXAs) for their business. The team helps them create an implementation programme that is intended to improve and increase the degree of successful transition to 'new model'. They have invested in the long-term relationship and whilst they accept that people will move between platforms, they want to operate with a true partnership approach.

## RDR looms large

Try as we might, we couldn't avoid coming back to the recent *Platform Discussion Paper*.

DP10/2 has raised a number of genuine issues that the industry and platform operators need to debate and address. Whether it be: which platform(s) to use; at what frequency the choice of platform should be reviewed; what is done on and off platform; how potential conflicts of interest are managed; or how the charges and costs are structured and explained.

The FSA has thrown a few fire crackers into the debate and the industry must consider what it accepts and what it resists with reasoned argument. No one can argue with the principle of openness, suitability, best execution and value that is being sought. However, as with many challenges in the industry over the years, it is the behaviour of some that undermines what could be a good solution for the consumer.

With the considerable investment from operators such as AXA, along with the increasing numbers of advisers that use platforms, we believe the challenges will be assessed and addressed properly.

## KEY INSIGHTS

- The proposition has learnt from others;
- It responds to a changing market need/opportunity;
- It aims to innovate where possible;
- It supports technology adoption with people support.

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