

## BETTER BUSINESS TECHNOLOGY REVIEW

# Distribution: all wrapped up



This week, AT8's Mark Loosmore sums up the key lessons learnt from visiting 15 firms

Over the past few months we have visited 15 distribution firms to investigate their use of technology. The firms we have visited have had a variety of business models including small local firms, regionals, networks and service providers.

They have included face-to-face advice models, call centres and multi-channel firms. The experience has been both enlightening and enjoyable, highlighting the ingenuity of financial distributors and the genuine benefits technology can provide.

### Put into Practice

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producing policy valuations and reconciling commission was beyond dispute in our sample.

We accept this is not the case across the industry, but it is now becoming more commonplace, and those with no automation in this space are becoming fewer and potentially more exposed in what will be an increasingly competitive marketplace.

The vendors we identified in this space were varied. When the distribution firm was a larger network, we saw the implementation of solutions such as IntelliFlo's Intelligent Office and Focus's 360°.

The ability to deliver scale and

to manage corporate projects were important aspects in these choices. However, with the IntelliFlo case studies in particular, there was a consistent vision to have a single platform to manage the network's and adviser's requirements, from a single, online system. We saw that integrated approaches were already providing substantial cost benefits and were enabling process re-engineering – especially in the commissions and compliance areas – that simply are not possible with offline solutions.

We also witnessed the effective use of Practice Management Software by regional and locally based firms. Here the suppliers include: Adviser Office from 1st – The Exchange, Plum, Bluecoat Software and Distribution Technology. All of the firms were satisfied with these suppliers and we were told some impressive paybacks that the firms had

achieved. Castle Court in Cardiff believes it is saving £100,000 per annum through the automation of contract enquiry, using Plum for example.

In general, distribution firms were buying in the expertise or software to automate their businesses, but one notable exception to this was 2plan which, rather unusually, has built its own solution for its members. It has automated an impressive range of processes and, through creating its own solution, has been able to tailor its IT systems to its exact needs. It is a brave route that few distributors feel they have the scale or the expertise to follow,

but if successful it could be a positive differentiator.

### Training and competence

With some of the bigger firms, we have also witnessed a dawning awareness of the need to have automation support for training and competence, especially as they strive to meet the professional standards requirements before the 2012 deadline. Honister was a good example of a firm investing in T&C software: in its case using Insight from Redland Solutions.

Research tools also seem to be making a resurgence, as firms prepare to meet the 'Whole of Market' demands of RDR. The research tools are also becoming more sophisticated in their offerings, with both Synaptic and Defaqto now offering online solutions and Capita now tightly integrating its Webline portal with the Synaptic solution to allow price to become a selection criteria in the research process.

This is a very logical, and arguably long overdue development for them, but something we are seeing more of as it has dropped the Enabler initiative, refocusing on extending and innovating its existing solutions.

Morningstar, recent winner of *Professional Adviser's* Best Online Tool, was another product that received positive feedback from our sample, which is being used to provide fund analysis and to monitor and illustrate the performance of model portfolios.

### Sales tools

The use of sales tools is also becoming more prevalent. We witnessed Prestwood's Truth being used to great effect, and Distribution Technology was being used to not only provide powerful analysis but to streamline and control sales processes. Meanwhile, Voyant and PlanLabs were being considered as cost-effective

alternatives to the market-leading planning tools.

There were a mixture of approaches to the use of these tools, with some being used in front of the client and others used to prepare written reports. There are no right or wrong approaches, and it very much depends on the advisers' own business model, as well as their comfort with technology.

However, we would say that having seen some of the planning tools in action in client situations, our personal preference would be to use the tools to engage with the client and reinforce the value of the relationship where practically possible.

Another common technology we saw in frequent use was FinQS's TCF Centre. TCF is a tool that automates the production of client surveys and collates the answers into sensible Management Information, providing benchmark comparisons with industry averages where available.

The market never stays still, and as we have been writing the case studies, we have seen a number of new solutions coming to market or preparing for launch. '2020 Adviser', based on Salesforce.com was launched on the 30 November. Salesforce.com is a worldwide phenomenon, and the promise to have a tailored version of this available to UK advisers with the relevant industry integrations is an interesting proposition that we are following closely.

1 December saw Distribution Technology launch its latest offering of DPOS to the mass market. Again, we are excited about the prospect of having the power of Distribution Technology available to the firms that could not previously afford it. In addition, Profida, the South African company launched in the UK, came up with an aggressively priced proposition and Broker CRM solution that has been used in Ireland.

### The wrap of wraps

We are also waiting with anticipation for the launch of AllMyPlans on the 18 March. Billed by some as "a consumer wrap of wraps", it consolidates information and products, in the widest sense, giving clients a '360 degree' view of their existing plans. Users can analyse their own situations and ultimately link to transactional capabilities. While some may see this as competition, a closer look at AllMyPlans may actually represent a tremendous opportunity in the adviser space.

AllMyPlans could allow intermediaries to concentrate on the client relationship and segment their client base, then provide a service via a white-labelled version of AllMyPlans to accommodate A-list clients but also offer a service to those that may be otherwise uneconomically viable under a fee-based regime.

Technology is driving cost benefits at the heart of the distribution structure of the industry and the number and quality of solutions to help distributors is increasing month by month. Moving forward, AT8 plans to investigate how product providers are using technology in their businesses to support distributors, and we will be reporting our findings in our weekly column.

### KEY INSIGHTS

- More choice and better solutions are available to support distributors;
- Wider choice means it is more important to evaluate solutions and decide how best to implement choices;
- More businesses are using technology to improve their efficiency to drive down costs and improve service;
- There is more interest in online, rather than offline solutions;
- Although major solution providers are extending their capability, new niche solutions are emerging;
- Niche solutions must try to integrate to avoid the duplication of effort.

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