

Where do we go from here?



Loosmore

Continuing his exclusive series for *Professional Adviser*, Mark Loosmore from technology consultancy AT8 Group analyses planning tools for advisers. Each week Mark selected a tool currently available to UK IFAs and assessed its strengths and weaknesses. Our aim is to help advisers compare and contrast solutions so they can identify the tools that may be most suitable for their businesses.

This week: The future for financial planning tools

Over the past few months AT8 has reviewed a number of the leading financial planning tools. During this time we have been approached by vendors wanting to make people aware of their products, by users and by those looking for new tools to add or increase the value of their services. All have had their own interesting insights into financial planning software and the future role of such technology. One thing that is clear, is that this is an area that is continuing to evolve and to do so rapidly.

One big change since we started the reviews has probably been the publication of the long awaited Consultation Paper on the Retail Distribution Review. CP90/18

continues the FSA's, drive towards fee based services and for higher professional standards from advisers. The need for advisers to more clearly explain and justify the value of their advice and services has resulted in an increased interest in using some of the more sophisticated financial planning tools.

Since writing the earlier articles, the vendors themselves have made some progress too. Truth from Prestwood remains a benchmark against which many other tools compare themselves. It is rumoured (although Prestwood refuse to confirm it) that they have now secured Bluefin Wealth Management as a client, which would

represent a major win for them. The company has continued to invest in their market proposition, which is more than just the software, but is a methodology for conducting business (charging fees). With this in mind, it is perhaps unsurprising that they have released a new training course focused on how to use the tools in front of clients.

Whether or not advisers should use financial planning tools in client meetings remains an interesting debate. Many advisers I have talked to (and several vendors) have suggested that it is not usually appropriate to use the technology in front of the client and that financial planning tools should be used behind the scenes to prepare the clients' reports. Some feel these tools could confuse and baffle the consumer if used at the earlier meetings. While I understand the concern, it is not everyone's view and is

an attitude in stark contrast to an IFA I recently spoke to about their use of Voyant, a recent new entrant to the UK financial planning tool market place.

The IFA in question is Peter Matthew of Jacksons FS in Penzance. He brings clients into his office where he closes the blinds and projects the Voyant screens onto the wall to illustrate the client's cashflow forecast. Then by a few clicks of the appropriate buttons he is able to benchmark portfolio performance and perform a 'what if' analysis in an interactive manner, getting the client's buy in along the way. As a prospective client I would find such an approach very engaging and it would certainly build my confidence in whether to invest with the adviser. Indeed, I am not alone in this view. The first client with whom Matthew used Voyant and this approach not only happily paid his fees but also bought him a bottle of wine to say thank you!

It has to be said that Voyant is an engaging graphical tool and looks relatively easy to use. It is also fair to say that Peter is both IT literate and a strong financial planner, so he is able to navigate the system easily and explain the different screens that appear. A financial planner with less experience might struggle with this approach – but from an end customer's point, this ability could be a positive differentiation and lead to more customers choosing this engaging and participative approach.

Other vendors have also made progress in the past few months. Distribution Technology has been hitting the market hard trying to maximise the business opportunity that RDR has presented. At the time of writing they are close to signing a couple of big new clients, though the

names of these are unfortunately still top secret – although we believe they include two major distributors.

Morningstar has made progress by integrating their planning components with both True Potential and Solution 4's Senro. At the same time, they have launched their off-the-shelf Fund Premier List and Model Portfolios for use with their Adviser Workstation (AWS).

It is now also a couple of months since the launch of IntelliFlo's financial planning tools. I remain excited about this development along with the proposed launch of 1st – The Exchange's tools. The reason for this positivity is the undeniable benefit of having planning tools integrated into the wider adviser office support technology infrastructure. This is not only important when pre-populating the planning tools to avoid painful rekeying of data but also in tracking and actioning any recommendations.

A final word of advice on financial planning comes from the conversations I have had with several advisers on this topic. While some of the tools seem brilliant on first appearance, it is only when they are used in anger that the real benefits or negative issues become apparent. Therefore, having selected your preferred tool, take it on a trial basis for a period first. Most of the vendors support this through evaluation licenses and it really is key to checking if the software fits in with your business practices and expectations.

● We will now be moving on from our reviews of financial planning tools and from next week, we will be looking at how technology can help the world of Training & Competence – another area being brought into focus by RDR.

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