

# Portals provide key to door

After having visited a number of product providers in the past months to review the e-commerce facilities and tools they have brought to the market, AT8's Mark Loosmore explains why portals have become such a vital part of many providers' infrastructure



For those who have been following our articles, you will know we have been visiting a number of product providers to understand the e-commerce support they are providing advisers, and finding out about their strategy for distributing products electronically.

One message that has become clear is that portals or aggregators such as Exweb, Assureweb and Weblin are still an important part of most providers' infrastructure, which is a key route for distributing products to the independent market.

## Why portals?

The logic for the existence of portals has always been clear to us. In a market where there are many distributors needing access to many product providers, there needs to be mechanisms linking individual firms to each provider to prevent inefficiencies in obtaining client specific illustrations and other vital parts of business operations.

Aggregation is important because of its ability to optimise the one-to-many digital relationship of provider to distributor by offering economies of scale and mitigation of development effort combined with providing a unified medium of communication.

By virtue of placing a few entities at the centre of the processes, they remove the duplication of effort for all parties and provide significant cost savings. While I say 'a few', the most efficient theoretical position is a single entity, but it would not be acceptable from a commercial monopolistic point of view and neither would it encourage innovation.

The aggregator role has been performed admirably in the main markets for a number of years by solutions from 1st – The Exchange with Exweb, Capita's Weblin and Assureweb, and more recently True Potential has joined these middlemen. The list of aggregators grows in the annuity market, with a number of larger distributors creating their own solutions.

Until recently, the portals had not supported this sector as well as they might. However, now the position has changed, with strong annuity offerings from the big three portals. It will be interesting to see if the home-grown solutions persist.

Many are beginning to challenge the role of the portal, though. Some argue that the comparison capability forces products to a pricing decision and consumers can self-

select on price via consumer portals such as 'go compare'. More sophisticated products often do not show up well on comparison sites and such products are now being driven directly to advisers from manufacturers' websites, as well as being integrated into distributors' back-office or point of sales systems. The argument goes that data standards, such as Origo's XML standards, enable integration to many IFA systems rather than a select few portals, and is easier to achieve.

While we buy into the importance of standards, we have always seen this as an enabler to linking up systems throughout the value chain, allowing pre-population from one system to another and back again. The facility is vital to achieve efficiencies and we support it wholeheartedly.

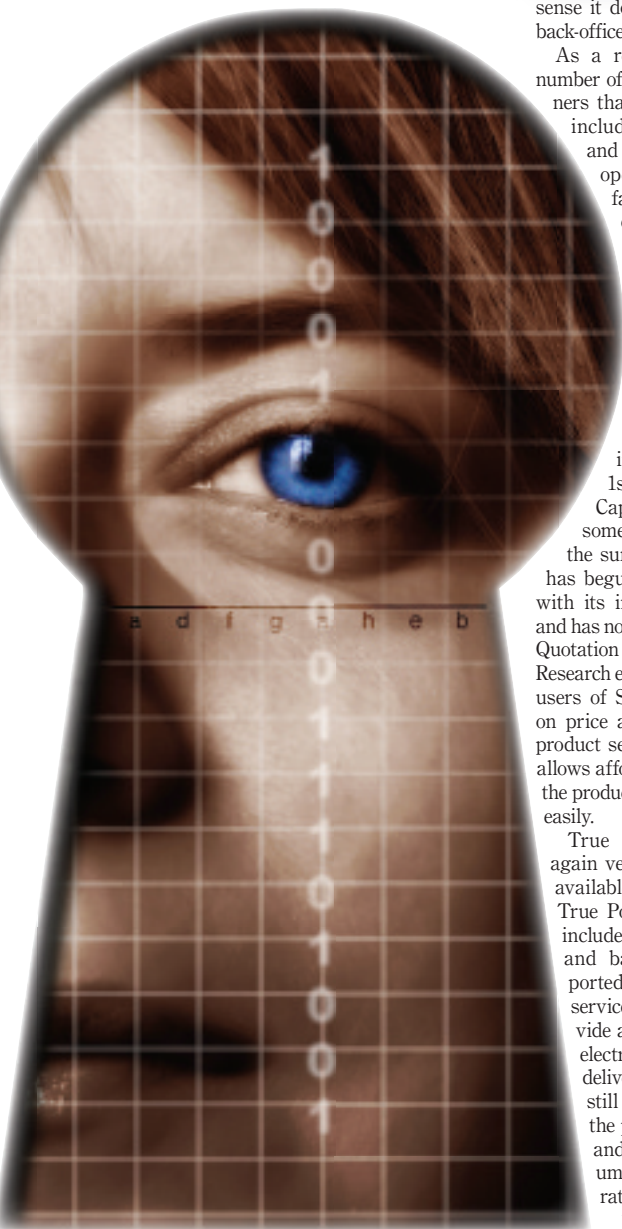
A factfind should pre-populate a quotation system, which should pass data to the application system and data should then flow to the provider and back to the distributor's core back-office and CRM systems. Whether the standards should be used to justify multiple aggregation engines is another debate. Providers retain the compliance responsibility for the end quotation and will have to test each implementation. There is a significant management overhead from encouraging multiple aggregators, which is why many have fallen away in the past.

As a result, AT8 proudly pins its colours on defending the need for IFA aggregators to continue to thrive in the market. We are glad to confirm that our own market research shows this to be the case. Exweb grew quotation volumes by 42% last year, Assureweb by 56% and Weblin by 33%, while True Potential grew by a massive 70% (albeit from a smaller base).

## The portals to back

So which portals should advisers support? The question is becoming easier to answer as the different portals are beginning to differentiate themselves more clearly. Exweb is by far the biggest portal, with 62% of the market. It has the widest product coverage and the most comprehensive service.

Exweb's downside, in many respects, is that it is the most expensive. Competing offerings are often provided at no cost to the adviser, or the charges are bundled in with other aspects of their proposition.



sense it doesn't own or provide a back-office or point-of-sale solution.

As a result, it has signed a number of major distribution partners that it works closely with, including IntelliFlo, Focus, and SSP (Swift). It has developed a messaging interface known as 'APE' that enables Assureweb to be used as a 'black box' behind other technology solutions, allowing the third party to control the user-interface, which keeps it clear and easy to use.

Weblin has also recognised the need for integration, although like 1st – The Exchange, the Capita ownership brings some perceived conflicts to the surface. However, Weblin has begun to work more tightly with its in-house product family and has now integrated the Weblin Quotation engine into its Synaptic Research engine. The tie-up enables users of Synaptic to search both on price and key criteria in any product affordability which, in effect, allows affordability to be built into the product-selection process more easily.

True Potential's offering is again very different and is only available as part of the holistic True Potential package, which includes a strong online sales and back-office system supported by a set of compliance services. Its approach is to provide an integrated end-to-end, electronic process, and it does deliver breadth, albeit depth is still developing. The proof of the pudding is in the eating, and while its quotation volumes are low, its conversion rates are extremely high.

The role of portals is being challenged by some. Wrap providers are attacking their investment business, while consumer portals are attacking their protection approach. Standards do make it easier for new entrants to step in, especially in the area of niche products.

However, there is a clear economy of scale in having aggregators at the centre of an intermediated market, with economies in development and in management time. Despite the detractors – perhaps with some degree of self-interest – we remain convinced that the role of portals is sustainable for several years to come.

In addition, some IFA solution vendors are suspicious of working closely with the Exchange (which provides Exweb) because 1st – The Exchange also produces Adviser Office, which competes with many of its own solutions. As a result, the relationship between IFA solution providers and 1st – The Exchange is not as close as it should be, and integrations may not be as tight as they could be.

## Integration strategy

Assureweb has the clearest integration strategy. It is the only portal that is really independent in the

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