

# Showing True Potential



**AT8's Mark Loosmore begins a series of reviews of the practice management systems available. This week he discovers a portal with potential**

We use the term 'practice management' to describe the various systems that would typically be referred to as back-office or point-of-sale (POS), or customer relationship management (CRM).

The term is used more routinely in Australia where solutions are more holistic, and we are seeing more of those in the UK moving in this direction. So, we will be covering systems that support financial distributors in both the front- and back-office. We will look at packaged solutions and those that allow bespoke work to get the system tailored to the distributor's exact business processes. We will consider both the budget end of the market and the premium end. None of the solutions should be considered superior to others, because they all meet different needs. It is the goal of the reviews to help identify which systems may be most suited to particular distributors.

The first system of the series that we are reviewing is True Potential. Rarely has a new system come to market with such immediate prominence. Its impact may, in part, be due to a high-profile management team including David Harrison, famed for making Positive Solutions a success before it was sold to AEGON. When combined with a unique business model, True Potential has gained the attention of potential clients and competitors alike, creating quite a stir.

## Broad functionality

True Potential covers most of the functionality required to run an adviser business. To coincide with the articles we are writing about practice management systems, AT8 has written a detailed review and comparison report on the systems available. In this research, True Potential came out as the firm with the broadest range of functionality.

It has a strong set of front-office tools that support the fact find processes and needs analysis, including financial calculators. It also runs its own quote and apply portal

(in competition with the likes of Assureweb and Exweb). While the portal does not have the breadth of provider coverage that the rival portals claim to have, being integrated into the business processes within the True Potential solution ensures that an electronic process is seamless. The portal has by far the highest conversion rate in the market from electronic quote to electronic application.

True Potential also includes support for what would typically be seen as back-office capability, such as contact

firm's behalf. It has recently extended these support services to include the completion of GABRIEL Returns.

## Key to middle-office

In what we would term the middle-office (compliance and adviser functionality), we have long been fans of True Potential's TCF capability that takes Key Performance Indicators (KPIs) and enables management to monitor these in real time. If these KPIs fall beneath the target levels, the management team is asked to document explanations and where appropriate take action



management, commission reconciliation and contract enquiry. It doesn't yet link to as many product providers for contract enquiry as Adviser Office (more of a market leader for contract enquiry) to support these functions. However, its high profile has ensured it has linked quickly to many of the key players.

The True Potential business model is different from its competitors in the practice management space, because it provides complementary services, so it not only has the functionality to support commission reconciliation but also manages the process of commission reconciliation and collection. The commission services include the input of statements from all providers. If the statements are not available electronically, True Potential will manually enter them in on the

to address them. The aim is to ensure that the company is taking TCF to the heart of their business and the beauty of this approach is two-fold: it helps to drive proactive management of the business for customer and business benefits and demonstrates that it is doing so in an auditable manner for compliance and the FSA.

Another strong piece of functionality is the Client Portal, which allows the client to have the ability to log on and review and amend certain agreed details held on the system. For example, they could see their investment portfolio, and through the valuation links (bulk download and contract enquiry) links have this automatically updated.

Where there are no contract enquiry links in place, True Potential will use a price

feed from Financial Express to update the value based on the number of units held on the system. The client can also access the fact find information and either complete it or update it as necessary. The Client Portal works on the iPhone, Blackberry and Goggle Android phones. While not quite as graphically advanced as MoneyInfo (a specialist in producing client portals), it is the best implementation we have seen of a client portal from any of the traditional practice management systems.

## All-you-can-eat pricing

As mentioned earlier, the True Potential business model is very different to its competitors, and while the system stands as a credible offering in its own right, it is probably the business/pricing model that will make or break a purchasing decision.

It does not charge licence fees in the traditional sense but instead charges a percentage of turnover. There are two levels for firms to choose from: the first is a 4% fee and for this the distributor gets everything. It is an all-you-can-eat pricing model, with unlimited licences, training and support. It also includes compliance support services.

The unusual nature of the pricing model is attractive to firms that want to adopt a 'shared risk, shared reward' approach. In many ways it appeals particularly to the smaller firms, because it allows them to focus on their core services, rather than having to employ people to undertake compliance or source the services from another service provider.

However, the deal does come with a necessary constraint. For the model to work for both the supplier and distributor it has to be long term. In the case of True Potential this means a three-year contract. With other vendors offering one-month rolling contracts, and with technology rapidly changing, a three-year term is off-putting for some (for those in doubt this three-year term is non-negotiable and backed with strong contractual terms),

others see the long-term contract as reassuring and a few apparently have requested longer-term contracts.

Another issue the model has raised is that in offering compliance services, True Potential has put itself in competition with the networks and third-party service providers. With these organisations beginning to mandate technology solutions themselves, True Potential may find it is locked out of large chunks of the market place.

True Potential has made a huge impact in the market and continues to gain market share. It now claims to have about 9,000 users. In some ways the figure is a misleading comparison to other vendors, because the all-you-can-eat pricing model encourages wide roll-out of the system across each firm. In comparison, other vendors charging, say, £100 per user per month will ensure it is only rolled out to those that use it on a regular basis and derive value from it.

## Maximising adoption rate

However, the True Potential approach does encourage roll-out throughout an organisation without extra cost, so it helps ensure its adoption rate is maximised as the system is taken to the heart of the organisation, becoming part of the DNA from secretarial staff, to administrators, advisers and management.

True Potential is a well thought-out system, worthy of consideration for many firms. However, potential buyers should ensure they are comfortable with the business model and pricing approach before they spend too long investigating something that may not fit their own model.

## KEY INSIGHTS

- Have a bold and innovative approach
- Look to differentiate positively
- When developing functionality, listen to customers and respond to their needs
- Adopt a can-do attitude
- Be aware and in tune with emerging technologies
- Don't just do what others do
- Don't stop looking to progress