

How technology can transform an RIA

An inside perspective on how one RIA transformed their practice and improved client experiences through technology

By **Brian H. Vendig** | *September 2, 2014 - 12:18 pm EST*

The investment advisory business is constantly evolving. Among the many moving parts of this dynamic industry, technology continues to alter the way advisory firms interact with and manage their client relationships. Accordingly, the services and the tools necessary for firms to conduct and grow their businesses must change as well. Firms must adapt to the market and understand that the technology revolution is here to stay, rapidly surpassing our wildest dreams of how technology could benefit us. What firms must understand is that they need not only a technology provider, but a relationship with that provider that is based on mutual benefits from the partnership.

My firm, MJP Associates, is an independent registered investment advisory firm that wanted to provide more efficient and effective investment solutions for our clients, while enhancing our day-to-day client service and operational objectives. In order to accomplish this, we quickly realized that we needed to restructure

InvestmentNews Reprints

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, click the link below.

- [Order a reprint article](#)

our business processes and streamline our technology.

The strategy we chose to implement was to find a single technology partner to fulfill our technology and business process needs. It provided us the opportunity to forge a strong symbiotic partnership with our technology provider that was truly beneficial. A real partnership requires work on both sides, the following are what I refer to as the five required pillars of the adviser-technology provider relationship.

1) Open communication and a willingness to listen

Communication is the key to every relationship, both personal and professional. It is no different in a relationship between the advisory firm and their technology provider. The adviser and the software provider are sitting at the table together. The adviser can give feedback to the software provider and create a more robust platform so both parties benefit from continuous improvement. We're not getting hung up on the term "client" because from a value chain perspective the definition of the term client is very pervasive. I look at our technology provider as a partner of our firm; to try and bring new ideas to them and create collaborative opportunities to improve the product. A partnership is a mutually beneficial relationship. That is what you should strive for in your relationship with your technology provider. The partnership creates an open line of communication for suggestions and comments to improve the technology being provided. What makes a partnership special, especially in my experience, is the technology provider's willingness to listen to the client's wishes and suggestions. The client is using the technology daily, so they may have ideas on how to improve functionality.

2) A blurred line between the RIA and the technology provider

When a client walks into the office of a firm, they have many questions before they start trusting the adviser with their money. In 2014, a popular question may revolve around the technology the firm is utilizing and whether the client can

access their information. It is how we are presenting ourselves to our clients. That we are able to get information to our clients faster when they have questions, and that the client has their own customized client portal where they can log on and get their quarterly statements and back up documentation via the cloud. The platform can integrate to the custodian so clients don't have to use multiple logons, and data aggregation tools are also available for outside accounts. The line between the RIA and the technology provider must be blurred to the point where a client does not notice the difference. The synergy between the two must be seamless. There must be full integration and investment into the technology provider from the adviser, and the technology provider must fully understand the client's needs and cater to those needs.

3) Firm effectiveness

The age-old adage about not having enough hours in the day may be true, however, it isn't about the number of hours in the workday, it's about how you use those hours efficiently. With a great technology provider partnership, you can essentially do more while doing less. From the caveman inventing the wheel to more recent innovations, technology is always created to make our lives easier. It is no different with adviser technology. Every piece of your day-to-day business from an operations, reporting, advisory and service perspective are all on one platform. The adviser doesn't have to be the manual bridge for the advisory firm between your CRM, to your planning, to your trading, to your billing, to your document management—it's all right there. That's a time savings and a cost savings because you are able to apply investment dollars all to one platform instead of going out and segregating it. From a day-to-day perspective it makes an advisory firm more efficient and effective, because now you have this central web based system that you can build your entire business process around. Increasing the efficiency of your hours at work allows you to do more to increase your bottom line while doing less manual work.

4) Outsourcing non-revenue generating activities

The less time spent on non-revenue generating activities, the more you can concentrate on revenue generating activities. Having a technology provider that does this makes work on the adviser's end easier. It also benefits the technology provider by being a service to you as a firm, thus creating a need for their business. Our technology provider combines multiple elements that are non-revenue generating activities, freeing up our time to concentrate on increasing the bottom line.

5) World-class technology support

As an advisory firm, you should expect support when you have questions, comments and concerns with the technology you are using. But in order to take that next step into a long-term relationship, this support must be world-class and willing to go that extra mile to be of sufficient service. This means communicating the technology provider's message. This message starts at the top with senior management. The support your technology provider gives should be professional and have knowledge of the industry as well. The technology provider should support your business from the day you start using their services and help it blossom.

These five pillars will help you turn a relationship with your technology provider into a productive, long-lasting, mutually beneficial partnership that can generate revenue, support each other's businesses, communicate openly, focus on the end client, and increase efficiency.

Brian H. Vendig is president and managing executive of MJP Associates

Reproductions and distribution of the above news story are strictly prohibited. To order reprints and/or request permission to use the article in full or partial format please contact our Reprint Sales Manager at (732) 723-0569.