

The Intelligent Financial Life™

How money becomes more powerful for people

- Meeting the consumer demand for an intelligently connected financial life
- Creating new tools and the future framework of financial intelligence and advice
- Collaborating to deliver an experience that supports a broader set of consumers, more completely

Bill Crager, Co-Founder, CEO,
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Investnet has invested in creating a powerful toolset to deliver better financial guidance to people. **We're enabling this ecosystem to grow and empowering the intelligent, connected financial life™.**

The Challenge, the Opportunity – and Why We Need to Act Now

We interact with money in a dazzling stream of transactions and decisions each day, while simultaneously trying to plan for the future. However, there's no bridge between our daily behavior and the future, further exacerbating the stress, anxiety, and mental health crisis facing consumers today. With an increased push towards digitization in the wake of COVID-19, companies need to strategically invest to meet consumer expectations and empower their money.

Historically, Envestnet has innovated and invested to deliver better financial guidance to people. We're now poised to further that vision by empowering the intelligent financial life. Collaborating with the industry to deliver this experience, our goal is to help our clients support a broader set of consumers, and do so more completely. The elements that make this future possible are coming together. Get ready for the intelligent financial life.

This Begins with One Person, and Two Financial Lives

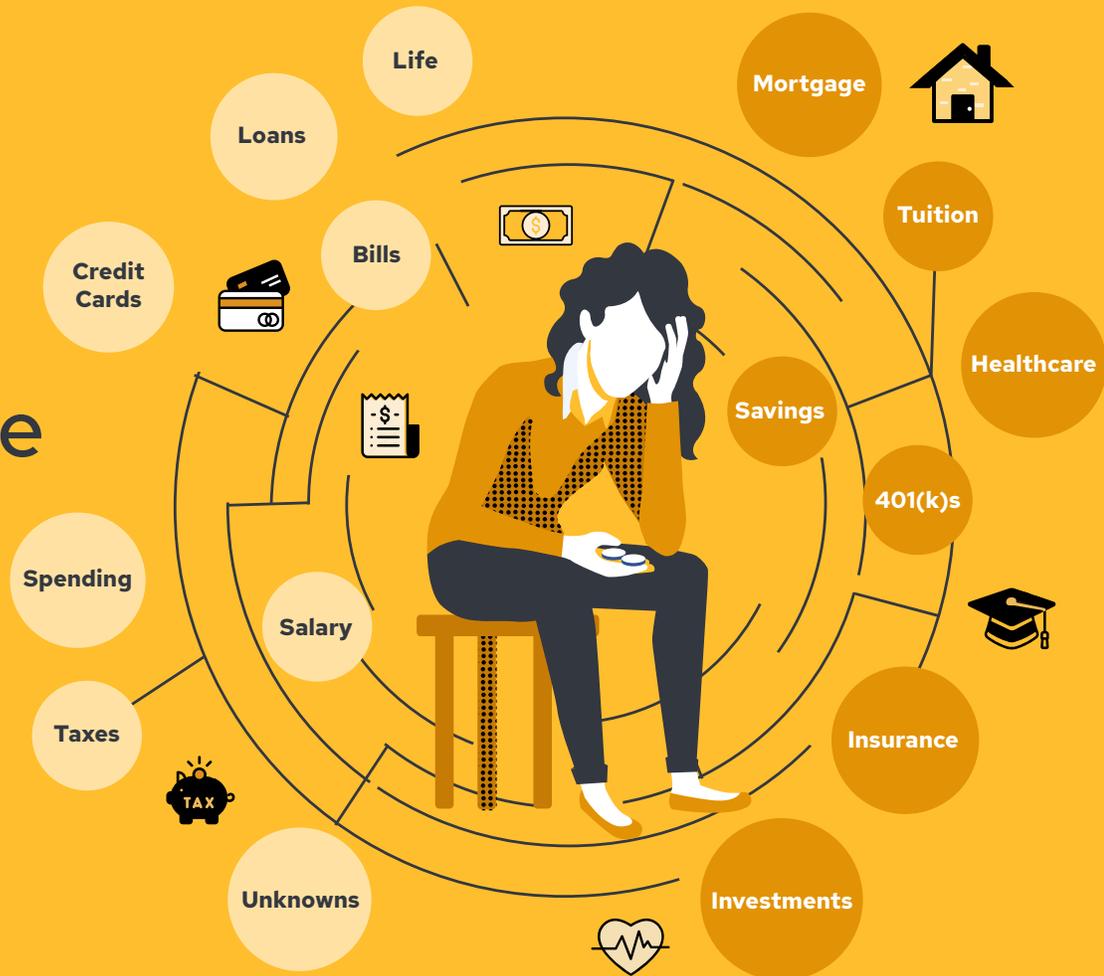
Each of us carries finances everywhere we go. We interact with money in a stream of transactions and decisions each day. Spend, pay, defer, earn, save. Most of the decisions we make are disconnected from each other – your cellular bill doesn't mingle with your mortgage. All financial decisions are intertwined, whether you realize it or not. From the cost of living to the things you do for fun; from your rainy-day fund to your irrational late-night shopping. As you interact with money, a pattern of daily financial behavior and outcomes emerges, but for most everyone, understanding, and managing this swirl of transactions and interactions is an undertaking of rough guesses.

Then there's the future. We have aspirations; whether it is a new home or a dream retirement, we work to make progress in life and we have achievements in mind. These things require money. However, future financial management is more complicated and even more opaque than our daily financial life. We have accounts that yield things. We have 401(k)s. We have IRAs. We have savings. We own a few stocks and a bond fund. Most don't track these in one place; they gauge their success by performance and do not have any sense if these point in the direction of the goals they want to achieve.

All financial decisions are intertwined, but interacting with money day-to-day and planning for the future is an undertaking of rough guesses that requires connection.

Today's Financial Life

- Daily Finances
- Long-Term Goals



One person, two financial lives, an exploding universe of financial interactions, and no way to bring the pieces together.

The Intelligent Financial Life™

- Daily Finances
- Long-Term Goals



The opportunity ahead is to intelligently connect the financial lives of people.

COVID and the Rumble of Digitization

There will be a library of history written about these days; the pandemic's societal, economic, and behavioral impact is leading to generational change, ushering (more like hurtling) in a different age. We have seen institutional tumult in nearly every facet of our world, while we have also been witness to the resilience of human beings. People have adapted; worried, off-balance, inconvenienced, but as the saying goes, they have buckled the chinstrap and carried on, while finding new ways of doing almost everything.

Digitization is shifting markets as consumers herd to business models we hardly knew pre-COVID, and they are abandoning others. Everyone (really, everyone) is now more deeply connected to a mind-boggling and expanding network of technologies that have created new patterns for how we engage the world. Many things seem more efficient: press "Buy Now" and all sorts of things show up at the front door – today. Shoot a text, hit Slack, log onto a Zoom call ... after the Zoom call, open Teams, GoToMeeting, and WebEx. Sit in on the remote industry conference while you email the group, pile the basket on Instacart, hop on the Peloton, check your Whoop, order DoorDash, find a COVID-free date, order tickets for a virtual concert, book a drive-through appointment, buy drive-through coffee, post a picture of your new dog, and shop for everything you can imagine on Amazon.

Digitization is shifting markets, and companies need to strategically grow and meet post-pandemic consumer expectations. The opportunity is ripe for the right investments.

As the months have passed, we have all embraced Hygge and Gezellig lifestyles (trust me, you have), just as the norms of professional, social, and community engagement have shifted, too. Our lives are becoming more and more digital – the reach for technology is constant, woven throughout our days, which is increasing the speed and scope of the accessibility of everything. Its speed is stunning, the implications are huge, and the shift is tectonic.

Given the writing on the wall, companies are responding with massive investments to become as digital as possible, as quickly as possible. The market's valuation framework is declaring a clear fork in the road.

There is an expanding gulf between companies with higher growth and sustainable business models versus pre-COVID good companies becoming less attractive and now consolidation targets. Scaled platforms, future-based offerings, personalized, consumer-first market approach, digital engagement and delivery model, recurring revenues, and sustainable competitive advantages become more and more highly valued. These companies need to invest to grow and sustain intense market speed to meet post-pandemic consumer expectations. Then, across the gulf, are companies that haven't achieved scale, their offerings are commoditizing, they operate legacy technologies and human-first delivery models. These companies will merge to get scale or combine with the faster growers to bring market share or cost consolidations to fuel more growth for the post-COVID premium enterprises. These themes will accelerate and reveal themselves in all sorts of announcements and deals in the months ahead.

The rumble is just beginning.

The Future: One Connected Financial Life

The age of the intelligent, connected financial life is what is next for our industry. This is a unified experience that will accompany a person from the first dollar they spend tomorrow, to the decisions they make for their family's next generations. Integrated. Connected. Intelligent. Helping to make better financial decisions to balance their financial needs today, while building to meet their aspirations for tomorrow.

Before COVID, financial lives were approached by the industry according to the products companies offered. Financial consumers collected solutions from all over the place and were left with the challenge of putting an impossible puzzle together. This will change. Consumers will demand digital engagement, backed by expertise, and a seamless flow between the things they are spending money on and the investments they are making for their futures. The products become tools, the solutions are connectivity and intelligence, and the financial life becomes the industry's purpose.

Consumers are demanding a seamless flow between the things they're spending money on and the investments they're making for the future. The intelligent, connected life is what our industry needs to deliver.

When Everything Becomes Financial Services

Behavioral science talks about integrated experiences. Behavior influences behavior. What does this mean? Let's find a trend and ride its path to personal finance.

"Getting in Shape." Fitness has become a highly digitized experience, and yet the work, the sweat, labor (let's call that pain), and discipline still need to come from you. The telemetry on your wrist that tells us steps, miles, calories, kilowatts, time, rating, ranking, heart rate, oxygen rate, and whatever else you can figure out informs, learns, and calibrates for you. But you still need to do the work. You just know much more about it now. It helps you optimize. It helps you judge progress. It becomes your pal. It is integrated into a behavior, powered by YOU. As you measure, you find a degree of discipline. You begin to see results. It gets you up the next day, and you try to go the extra few minutes or push the numbers, so that when you are done, you have made a bit more progress.

Imagine support that guides decision-making and leads to better financial outcomes from interconnected experiences across brand interactions (Starbucks, Peloton, Amazon, etc.). A modernized financial services mindset that puts the consumer in charge.

Finance can be the same. It has to be encouraged, results need to be evidenced, inspiration needs to be offered ... but people still have to do the work.

Better, integrated experiences. What if Peloton or Fitbit had a widget that said, "do the same with your money."

What?

What if they offered to sweep a dollar amount you set for every mile to a goal account? They already have access to an account of yours, so what if they added a savings app that you can bucket for a goal? Let's call the goal, Hawaii – that's on your bucket list. What if Peloton pitched in an extra nickel for every mile? What if they made more revenue from you on banking fees and savings transactions than they do on your monthly fee and equipment purchases? This is called embedded finance: where finance meets the consumer in places they engage. For this example, "Getting in Shape" now has an integrated benefit for me, a financial incentive that fuels my goals. My results extend beyond miles to dollars and yield on dollars I've stashed away ... while exercising.

The concept of integrated behavior is important and will be incredibly valuable.

Does this seem far-fetched? In a near future, the idea of FinTech or embedded finance is found in everything and everywhere. This explodes the number of financial relationships we will need to assimilate in the complex puzzle that is a financial life.

Behaviors will influence behaviors. Experiences matter and will integrate and extend. The question: isn't that incredibly disruptive to financial services? Yes and no. A network needs to provide the solutions to Peloton, and our fitness and financial consumer is going to want to bring their Peloton account together with their bank account, their investment account, their everything. They are going to want to figure out how to pay down college debt, optimize credit cards, wonder what to do with their 401(k), and wonder if they should rent or buy the place they live in. Particles, pieces, widgets alone do not inform the other parts. The more particles that bind together, the stronger the foundation of an intelligent financial life. Our thesis is that financial advisors can play that role.

We will see how these parts begin to gather; they will concentrate into a place that helps make sense of all the parts. As that happens, the intelligence created by something I call the "information benefit" grows and becomes more and more valuable for the consumer. They can understand the scope of how they engage financially, and optimize their money in real time, while balancing their hopes for the future. Imagine engagement support that guides decisions, which leads to better financial outcomes. Financial consumers will be supported to make decisions as essential as **it's ok to spend** or **it's better to save** – and the trade-offs for each decision. These insights and capabilities are powered by data that drives intelligence and creates deeper and deeper engagement. This is our industry's job, and it requires a modernized financial services mindset that puts the consumer in charge. No company needs to do it all. No consumer is going to buy everything from one place. No machine will replace the need for a financial advisor. But the rise of a personal finance ecosystem means that what we can do for people is far more impactful and far-reaching than ever before.

The Rise of the Ecosystem and Its Information Benefit

Recalling the murmur of science class, an ecosystem is a community of organisms interacting as a system. Modern technology is finding these linkages and building out a network that becomes an evolved and evolving "system" – ever adapting, ever-competing, ever-improving connections that the consumer defines the boundaries of and will call upon when, where, and how they chose. They may just want a sliver; they have a question, and want an answer ... how can I best pay down my college loans? With some data and some intelligence, the question is answered and can be automated to implement a solution, and because of the connected ecosystem, even though it may take multiple providers to solve, it works just like that (snap your fingers).

Modern technology is enabling an ecosystem of providers who can provide a connection to help consumers understand, measure, and optimize their financial lives.

This size of this market is literally defined by the questions consumers are asking (any question they have about their money), and is delivered to providers versus providers needing to go find the person, who at that very moment has a question that the service provider makes money by answering. As they find the answers, they will seek more and connect other parts of their financial network to understand, to measure, to optimize, and connect their financial lives.

The Financial Mental Health Crisis and the Move Toward Financial Mindfulness

People have a poor relationship with money. Money creates more stress than any other source in our society. Let's face it, financial products make people feel bad. In the COVID world, financial anxiety has sky-rocketed beyond the overwhelming financial anxiety that existed before the pandemic. Industry solutions and even financial plans don't address the root of the problem. Most homes have tremors and quakes of financial stress inside them. Families don't know where to turn, and they are intimidated by the information and complexity of what they face. They delay engaging because of the worry they are in over their heads, beyond hope, too far behind, not wealthy enough. They think everyone else understands this better than they do, this can wait, or they don't want to be sold or taken advantage of. Overall, there is a mental health crisis today, and there is a financial mental health crisis that is likely even more pervasive. If you Google "why am I feeling financial anxiety," you get the following:

The screenshot shows a Google search page for the query "Why am I feeling financial anxiety". The search bar at the top contains the text "Why am I feeling financial anxiety" and shows "About 295,000,000 results (0.54 seconds)". Below the search bar, there are navigation tabs for "All", "News", "Images", "Videos", "Shopping", "More", "Settings", and "Tools".

The main content area features a featured snippet with the following text: "Financial anxiety is a feeling of worry, fear, or unease about your finances. It can be caused by a variety of different reasons, not just a lack of funds. Sometimes it's brought on by other forms of anxiety, like generalized anxiety disorder or math anxiety." To the right of this text is an infographic titled "Other forms of anxiety:" which lists "Math anxiety" and "Generalized anxiety disorder". To the right of the infographic is a vertical list of financial terms: "Equity", "Escrow", "Depreciation", "Audit", "Bankruptcy", "Investment", "AGI", and "Bonds".

Below the featured snippet, the source is listed as "edu.gcfglobal.org > moneybasics > dealing-with-financial...". The main title of the result is "Money Basics: Dealing With Financial Anxiety - GCFLearnFree". There are also links for "About featured snippets" and "Feedback".

At the bottom of the search results, there is a section titled "People also ask" with three questions and expandable arrows:

- How do you get rid of financial anxiety?
- Why do I get so anxious about money?
- How do you get rid of financial stress?

We need an integrated behavioral environment for people. As I wrote above, behavior encourages behavior. Today, there isn't a resource that blends the financial stress problem people face with a way to resolve it.

Think about some of the rising digital models that are tackling mental health head-on: Talkspace (an online therapy platform that provides the confidential support of a licensed therapist through an easy-to-use and HIPAA-compliant app); Calm (its mission is to make the world happier and healthier), Headspace (its mission is to improve the health and happiness of the world). But the one that is most intriguing to me is a company that is leveraging the Integrated Behavior theory (behavior begets behavior). That is Noom (learn a more mindful way to eat with Noom's psychology-based approach/helping people everywhere lead healthier lives through behavioral change). In the bit of research I did, folks who want to modify their relationship with food do all sorts of things, but often these efforts are undermined, and the process begins again (negative cycle). Noom take a different approach, utilizing weight management science integrated with cognitive behavioral insight to create meaningful and lasting change (positive cycle). Connecting the parts to create a consumer benefit that rides along throughout the days, monitoring, informing, supporting, optimizing: creating results.

Envestnet is incorporating financial mindfulness with the capabilities we are empowering. We have begun working on this. It will be an important development and will become an essential tool for advice.

Part of the answer is in education. Financial literacy efforts have proliferated across the industry, but there is no integrated model to give a person an answer where and when they have a question. Maybe they don't even need to ask? The connectedness of education is imperative. Financial literacy creates financial awareness; it takes the heat down on financial anxiety. From there, financial balance is possible. The tools will be there for the consumer to achieve this.



Financial stress and anxiety are pervasive. We need a digital model to tackle this problem head-on with an integrated behavioral environment, like Noom.

Accessible for All, Catered for You

Societal, enterprise, and individual personalization is made possible as you open the service model to connect the parts of a person's financial life. Businesses pursue the markets they want to pursue, providing the advice and solutions they believe are most helpful to their segment, and, for consumers, it is connecting the services that form their financial lives. Uniquely theirs. Our industry must be able to answer their questions, achieve their goals, address their perspectives and worries, and incorporate the parts of their lives they financially engage; societally, it is important as an industry to meet the needs of all consumers – young, emerging, “never had to think about it before” to elderly, who have complicated health concerns and legacy on their minds. Race, religion, gender, identity – the industry will adapt to people. And reach further than ever before.

Heightened awareness about the world around us highlights the importance of helping consumers understand the implications of their finances on the world to create connected actions and behaviors.

One of the outcomes of the COVID period is heightened awareness about the world around us – a sense of vulnerability has grown. Engagement and activism in areas of climate, global health, and racial equity will continue to be essential themes, and the ability to connect these to personal finances will be another important driver. The rise of ESG or Impact is not limited to investing, but understanding the implications of your financial life on the world that surrounds you will be part of your financial report card. This understanding will create connected actions and behaviors that reach and connect purpose with financial wellness.

My Data, My Privacy, My Financial Life – the Personal Data Bureau

There are significant but solvable issues as the intelligent, integrated financial life emerges. Data privacy, data use, artificial intelligence, best interests, technology's responsibility and accountability, gender and racial bias, accessibility, and disclosure are all issues that need to be part of the future's considerations. Innovation is often ahead of regulation, and the laws that ultimately come are reactions to some misuse of the intended development of technology. The reality is that people are worried about the impact of technology on their personal data management (66% of people lack trust in data based on the [Edelman Trust Barometer](#)).

*There are significant but solvable issues as the intelligent, integrated financial life emerges. **Data privacy, data use, artificial intelligence, best interests, technology's responsibility and accountability, gender and racial bias, accessibility, and disclosure** are all issues that need to be a future requirement.*

The industry has an opportunity to lead an effort to help set guidelines and frameworks that are aligned with and work for the benefit of the financial consumer. This is an opportunity for the financial services industry to step ahead of other industries and create a standard that is understood by regulators, yes, but more importantly, by consumers. We all need to enable the creation of a personal data bureau – a lockbox that the consumer controls, has visibility of, and can enable data sharing based on the value they get back from it. It's complicated and hard to manage, but it is a future requirement in a consumer-led world.

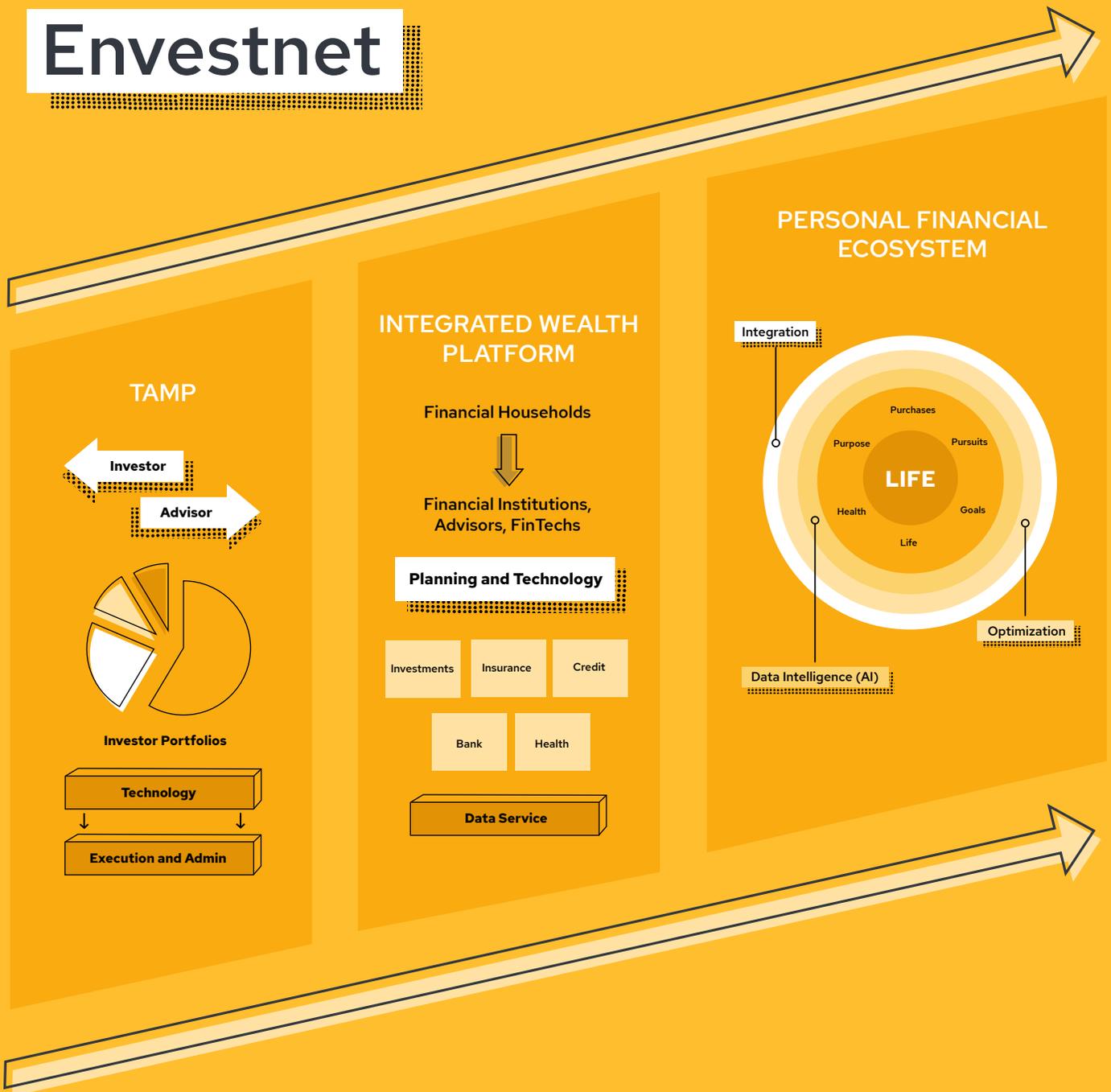
Investnet is Ready to Power the Connected Financial Consumer

Over our history, Investnet has invested to create a powerful toolset to deliver better financial guidance to people. Using data as fuel for our comprehensive technologies, generating intelligence and insights as we do this, and connecting to the broadest set of solutions and financial products in the industry, we are able to power deeper awareness, engagement, and informed financial decisions in people's financial lives.

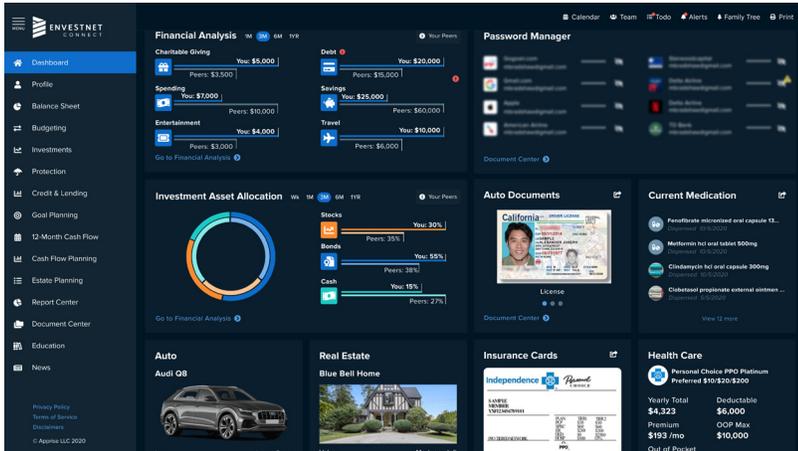
We have been working to connect all the parts and also to make this ecosystem far easier to deploy to the marketplace.

We see how the elements that make this future possible are coming together now. We are enabling this ecosystem to grow and investing to empower the intelligent, connected financial life.

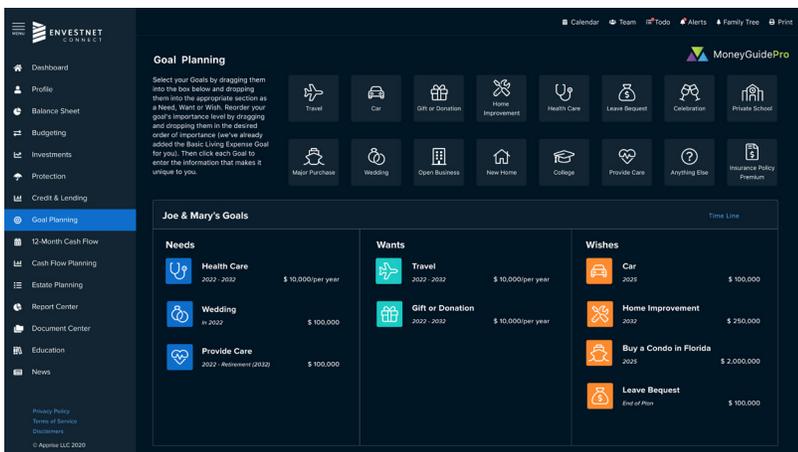
The Evolution Of Envestnet



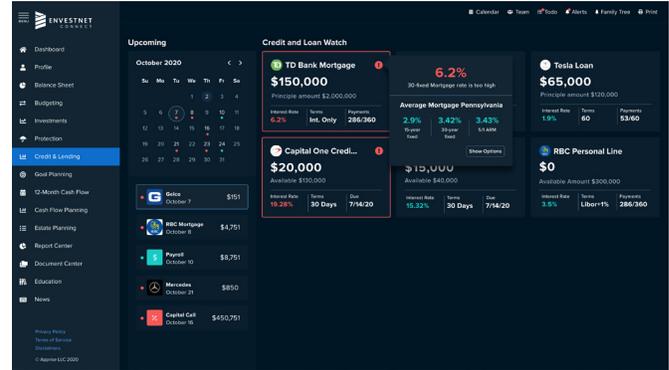
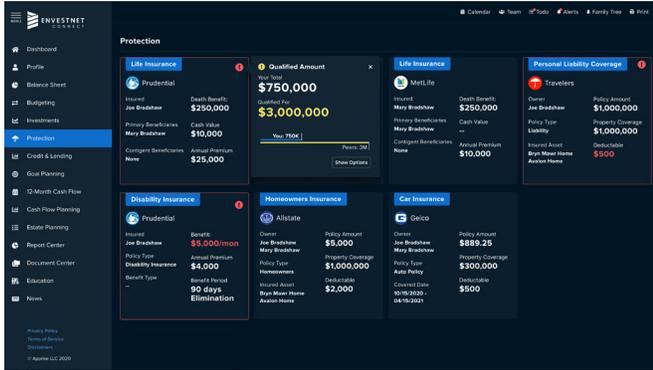
Offering people a way to bring their financial lives together is empowering. As our partners offer these capabilities to people, they will gain tremendous visibility and new financial ability. The tools will lead to deeper engagement; as we wrote earlier, behavior leads to behavior, ultimately intelligently connecting the financial consumer's life.



People are connected to their entire financial life and their advisor in a seamless, intelligent, and customized experience.

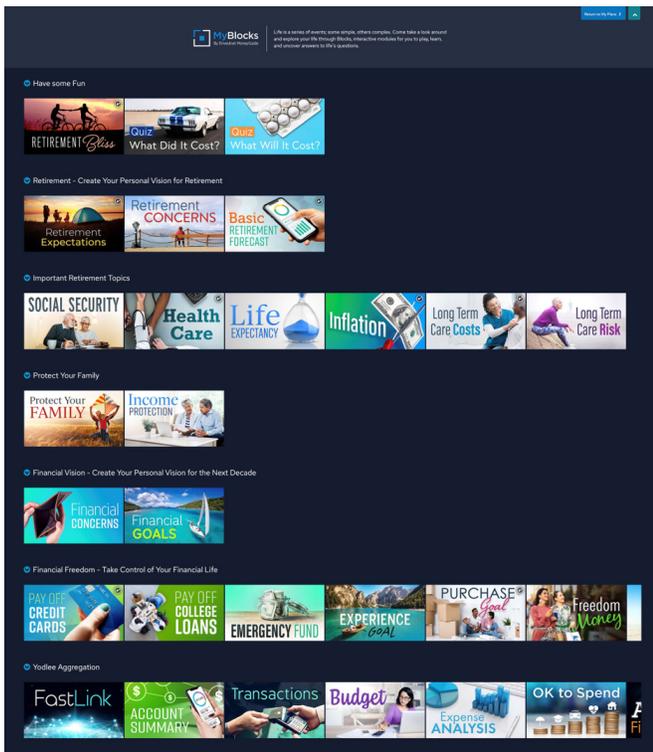


Consumer-friendly, goal-planning aligning goals, wants and wishes, and prioritizing.



Complete view of protection, loans, investments, and future payments.

This new environment is rolling out to our clients in 2021 and will position advisors and firms to offer the integrated financial future ... now. The many parts of your clients' financial lives will come together, supporting them each week and into the future. As they add information, as they ask questions and find answers, the connectivity they establish will increasingly provide benefits for them. One aspect of their financial picture influences the other; the intelligence that's created becomes exponential, the services they access will broaden, and while they create dozens and dozens of financial relationships outside their engagement with you and your firm, you provide the connected center. Engineered by using data to fuel software, creating intelligent insights as these work together and connect to the universe of solutions that are adapted and balance the expanding needs and expectations of every person.



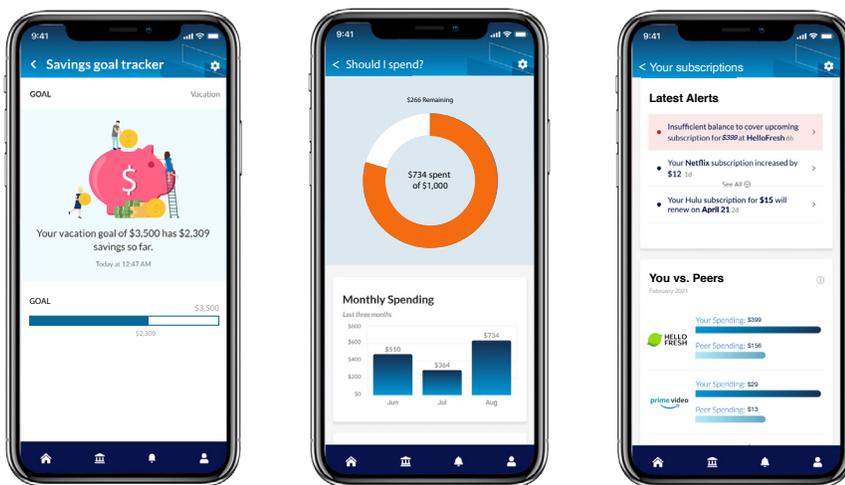
Accessible and digestible tools engage consumers and answer the questions they have.

The connected scope of the advice our industry can offer to individuals is rapidly expanding. These encompassing capabilities become the scaffolding for extending relationships with existing clients, introducing new digital engagement tools that bridge to the human experience and expertise that is the core of the industry.

The industry needs to respond. The product-first mindset needs to evolve. There are tremendous opportunities for the ecosystem to expand and fulfill the needs of financial consumers.

Here are opportunities we see, and highlight, for the industry to consider:

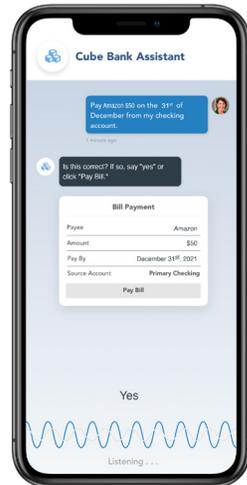
Education is so important. We believe there is an opportunity to take the elements of financial education and integrate the information into the consumer's financial journey. Think of reading on a Kindle. A word, a person, a highlight frequently noted, you can click and find the answer. And then keep going. Informed, everything makes more sense to you. At the point of experience, there is also an opportunity for the consumer to best learn and understand the essence of the information or result they are trying to figure out.



Data-driven apps help people make smarter decisions across their varied financial interactions.

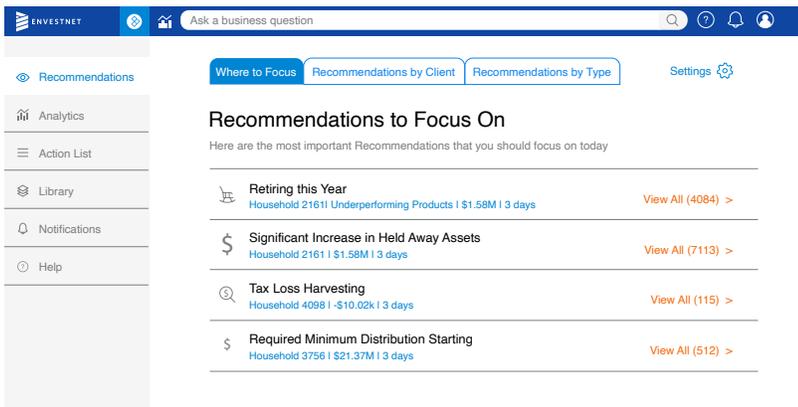
There has been tremendous innovation in financial products over the last years, but most have been made within the proprietary walls of an asset manager or an insurer. The industry should seek collaborations that bring innovative and integrated offerings across the spectrum of consumers' needs. Banking, investing, insuring, healthcare, retirement. Inside our ecosystem, using investor behavioral data, we see how pieces are being brought together. We believe there is a more turnkey way to do it, and opportunity for those who do.

The digitization of services is clearly occurring in market engagement models, but we believe it will also be part of the management of financial lives. We are beginning to build out a marketplace of intelligent algorithms that will be utilized by the industry similarly to how asset allocations are used today. Developing these insights and automating them will be an emerging opportunity for the industry.

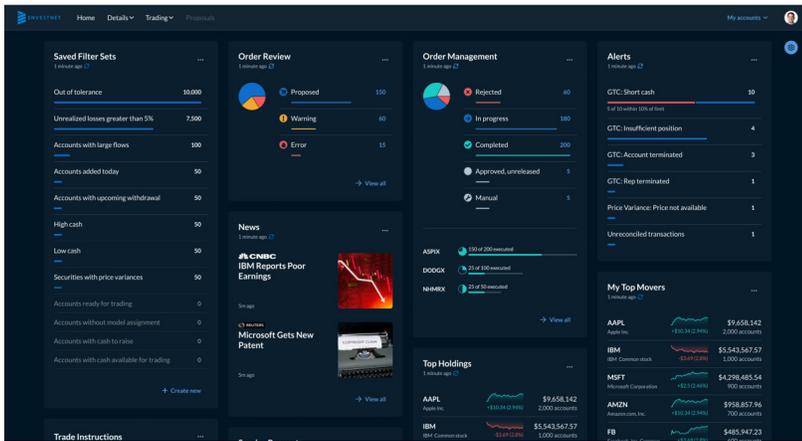


Speech recognition apps simplify the way people engage with their financial lives.

Pocket technology will change the way people interact with money. Building connected pocket-sized apps that reach into the corners of financial lives will become more and more valuable. Utilizing our data set, firms can solve nearly every question a financial consumer has ... while having that data and answer connect to everything else in their financial lives.



Predictive analytics recommend the next best actions to serve their clients' evolving needs.



Industry-leading operational capabilities enhance the execution of all clients' needs.

Artificial intelligence will become more and more ubiquitous, anticipating consumer needs and suggesting the right engagement experience. Data companies should link into our ecosystem to help create scale and intelligent connectivity to enable this across all reaches of financial services.

The industry has to reach beyond its traditional affluent marketplace. Inclusivity, active community engagement, education, and support are part of future business models that will flourish as they connect in relevant, approachable ways to underserved communities.

ENVESTNET is enabling this ecosystem to grow. We see how the elements that make this future possible are coming together ... now. Each piece is growing more and more capable, but it is the collective, connected impact of data and technology connected to solutions that will drive our industry's purpose: to empower the intelligent, connected financial life.

Bill Crager
Co-Founder, CEO



A Call to Action: Our Industry's Time to Empower the Consumer

- 1.** Integrate Financial Education Initiatives to Help Consumers Achieve Financial Balance
- 2.** Break Down Industry Silos to Meet the Spectrum of Consumers' Needs
- 3.** Deploy Algorithms to Reshape the Way Consumers Manage Their Finances
- 4.** Put Connected Financial Lives into the Pockets of Consumers via Mobile Apps
- 5.** Rely on AI to Personalize the Client Experience
- 6.** Empower Financially Underserved Communities

Key Insights:

- Most of the financial decisions we make are disconnected from each other. That includes our daily financial interactions and the plans we're making for the future.
- Consumers are seeking a seamless, interconnected experience that supports them completely, from today's spending to tomorrow's plans.
- COVID-19 has led to an increased demand for digitization. The opportunity is ripe for companies to make strategic investments.
- A modernized financial mindset can put the consumer in charge with an ecosystem of providers who can help them understand, measure, optimize, and connect their financial lives.
- Behavioral science can support an integrated financial experience and help reduce financial stress, guiding decision-making to support better financial outcomes and helping consumers understand the implications of their finances on the world around them.
- The industry will be responsible for setting guidelines and frameworks to ensure the safety, privacy, and benefit of consumers.
- Investnet is already building a personal financial ecosystem to empower the connected financial consumer and drive our industry's purpose. The future is here.