

Aite Matrix: RIA Portfolio Management and Reporting Systems

This excerpt provided compliments of this Best-in-Class vendor:



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INTRODUCTION

The landscape has become increasingly crowded with respect to RIA technology ecosystems. Technology providers include both vendors and clearing/custody firms.¹ This Impact Report explores some of the key trends within the vendor market for RIA portfolio management and reporting systems. It discusses the ways in which the technology is evolving to address market dynamics, new challenges, and the needs of end-client investors served by advisors. Aite Group examines vendor platforms with a primary focus on portfolio management and reporting functionality, but we also look at native rebalancing, third-party integrations, and client portal capabilities. Within each of these areas we have examined between 30 and 100 functional differentiators. Data consolidation, business intelligence, and new RIA service models have also emerged as keys to an evolving value proposition.

This Impact Report compares and contrasts the leading vendor offerings and strategies, and it highlights their primary strengths and challenges. To help financial institutions make more informed decisions as they select new technology partners, the report recognizes specific vendors for their strengths in critical areas.

METHODOLOGY

Leveraging the Aite Matrix, a proprietary Aite Group vendor assessment framework, this Impact Report evaluates the overall competitive position of each vendor, focusing on vendor stability, client strength, product features, and client services.

The following criteria were applied to develop a list of vendors for participation:

- Reporting and portfolio management functionality for advisors
- Meaningful share of RIAs operating in the U.S. market

Participating vendors were required to complete a detailed product request for information (RFI) composed of both qualitative and quantitative questions, conduct a minimum 60-minute product demo, and provide active client references.

1. For more on clearing/custody advisor technology providers, see Aite Group's report *RIA Custody: Technology, Innovation, and Strategic Direction*, February 2019.

THE PLAYERS

This section presents comparative data and profiles for the individual vendors that participated in the Aite Matrix evaluation. This is by no means an exhaustive list of vendors, and firms looking to undergo a vendor selection process should conduct initial due diligence prior to assembling a list of vendors appropriate for their own unique needs. Table A presents basic vendor information for the participating solutions.

Table A gives basic information about the vendors profiled in this report, including their target markets.

Table A: Evaluated Vendors

Firm	Headquarters	Years in business	Target market
Addepar	Mountain View, California	10	Addepar's primary market is wealth advisors that are focused on HNW and UHNW clients. The company serves a range of firms, including single-family offices, independent RIAs, multifamily offices, outsourced chief investment officers (OCIOs), broker-dealers, private banks, and wirehouses.
BNY Mellon Albridge	Pennington, New Jersey	20	Albridge caters to a diverse client base, including full-service broker-dealers, banks, independent brokers-dealers, self-directed investors, and RIAs.
SS&C Advent Black Diamond	Windsor, Connecticut	33	These wealth managers are part of RIAs or independent broker-dealers, but the capability extends to advisors in all types of entity structures, such as banks, trust companies, and family offices.
InvestCloud	West Hollywood, California	9	Its client base is 85% wealth/institutional management clients and 15% alternatives (hedge funds, PE funds, fund admin, etc.).
Morningstar Office Cloud	Chicago	35	It serves RIA firms that provide financial advice.
Orion	Omaha, Nebraska	19	It serves RIAs and independent broker-dealers that act as fiduciaries.
Envestnet Tamarac	Seattle, Washington	20	It supports and services firms that are looking for a highly customizable and dynamically integrated solution. These firms include RIAs, firms that offer bank and trust services, family offices, and advisor teams affiliated with large broker-dealers.

Source: Vendors

THE MARKET

The wealth management industry has undergone fairly significant changes over the last few years, including product fee compression, regulatory pressure, increased digital communication, expansion of products and services around financial wellness, and new RIA services from technology providers to create incremental areas of value. The following market trends are shaping the present and future of the advisor portfolio management and reporting platform market (Table B).

Table B: The Market

Market trends	Market implications
Economics and functional commoditization are driving provider value migration toward enhanced RIA services.	Vendors are seeking to grow their value proposition with enhanced RIA services, including practice management and business intelligence that leverage enhanced data capabilities.
Integrated regulatory and compliance solutions will become table stakes to scale business models.	A confluence of federal and state laws are descending on the financial services industry, which will drive continued adoption of technology-integrated solutions.
Accurate data reconciliation, deployment, and intelligence are tantamount to RIA vendor evaluation.	Based on our client interviews for this research, a central pain point for advisors is getting data that is accurate and correctly deployed through their technology stack.
RIAs use technology to enhance their value proposition to clients and prospects.	Advisors may showcase their tech prowess and portfolio management capabilities by highlighting system capabilities to end-investor clients.
Wirehouses are expanding broker-workstation capabilities with vendor solutions.	Broker workstations are evolving and, in some cases, deploying vendor technology. Historically, for the most part, broker-workstation functional development has been a proprietary effort.

Source: Aite Group

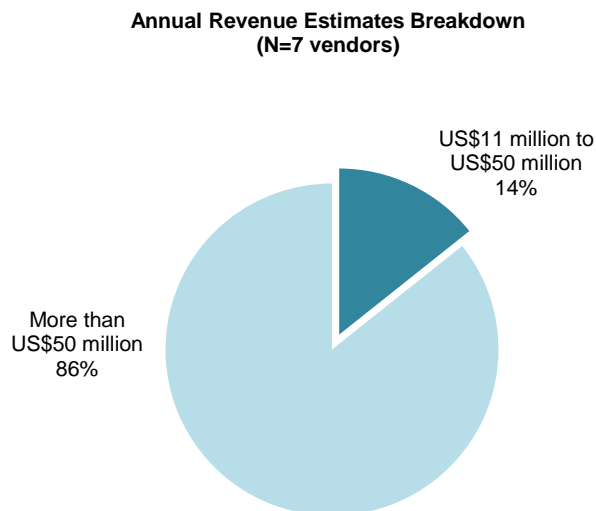
KEY STATISTICS AND PROJECTED IT SPENDING

This section provides information and analysis on key market statistics as well as projected IT spending related to the vendor market.

ANNUAL REVENUE ESTIMATES ANALYSIS

The market for reporting and portfolio management technology is robust. All of the participating providers have been acquired by public companies or private equity firms, with a only a few remaining independent. Many of the providers were extremely cautious, even on a broad scale, to disclose their revenue (Figure 1). None of the vendors report annual revenue of less than US\$11 million, and the majority appear to be generating gross revenue that exceeds US\$50 million (86%). In a simplified calculation, 1 basis point on platform assets of US\$500 billion would generate US\$50 million in gross revenue—and many of these providers exceed US\$500 billion on their platform.

Figure 1: Annual Revenue Estimates Breakdown



Source: Vendors

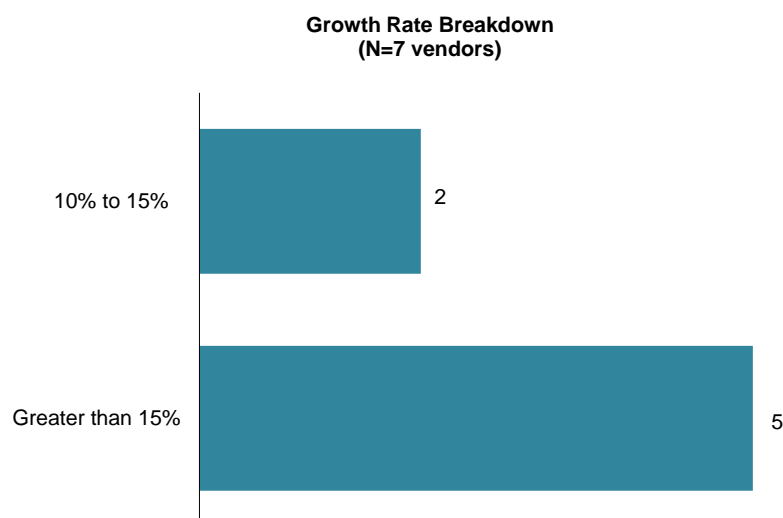
Note: No vendor reports annual revenue estimates of less than US\$11 million.

GROWTH RATE ANALYSIS

Vendors are experiencing double-digit growth. This is not surprising, as Aite Group advisor surveys indicate growing focus on technology improvements with a mindset toward upgraded capabilities and better integration. We clearly expect renewed focus on the client portal and advisor-client digital interaction in the wake of the COVID-19 pandemic. These findings were supported in a recent Aite Group report on advisor technology priorities, which was fielded

before the crisis.² We also expect SEC Regulation Best Interest to work its way into the advisor workflow as broker-dealers and RIAs meet the new requirements and to continue to scale their operations. The move toward independent-advisor models and wirehouse breakaways does not show signs of abating. Figure 2 illustrates that the majority of vendors still enjoy a growth rate exceeding 15%.

Figure 2: Growth Rate Breakdown



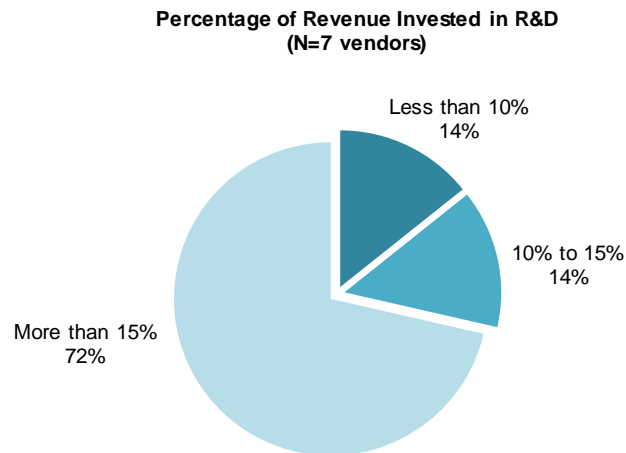
Source: Vendors

Note: No vendor reports negative to no growth or growth of less than 10%.

RESEARCH AND DEVELOPMENT (R&D) INVESTMENT ANALYSIS

Investment in R&D remains robust. Significant resources are being allocated to platform development (Figure 3). Aite Group would expect R&D investment, as several of the vendors have US\$1 billion or more in assets on their platforms—and are increasingly competing in the same industry segments. Indeed, many vendors continue to build out their offerings beyond R&D.

2. See Aite Group's report *Aligning Registered Investment Advisor Technology Use and Custodial Priorities*, February 2020.

Figure 3: Percentage of Revenue Invested in R&D

Source: Vendors

The market is entering a decisive stage in which interapp and interplatform connectivity continues to create challenges for deployment of integrated technology ecosystems. Vendors are still addressing basic problems with data integration. And when the problem of data is “solved,” incumbents will continue their focus on adding intelligence to data to create new insights for advisors and clients. Vendors are now confronted with continued platform upgrades, deployment of new functionality (perhaps where they had none), enhancements to user experience, and a need to move beyond core functionality to deliver new value. While there is a robust product development pipeline, Aite Group expects to see vendors continue to move beyond technology and incorporate value-added services such as RIA practice management.

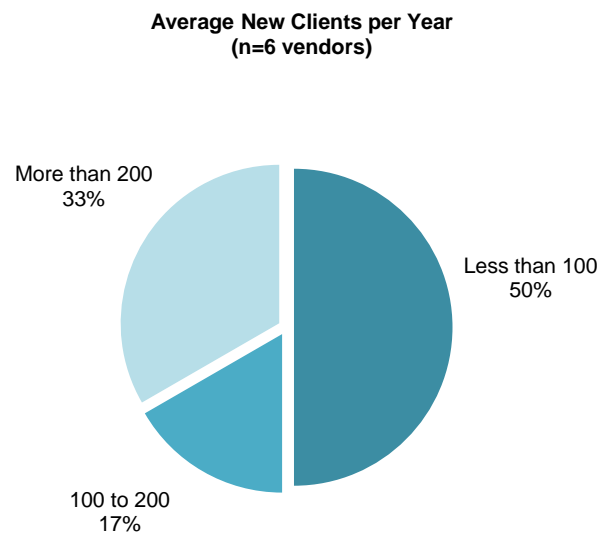
ANNUAL CLIENT RETENTION RATE

Retention rates are high. The rates that have been disclosed by vendors all exceed 96%—but the market may be in the early stages of a shift. It’s been a historic bull market up until recently. Advisors are focused on scale, business model efficiency, and digital engagement today more than ever before. As an RIA, if you had not embraced a digital onboarding and marketing approach prior to the COVID-19 pandemic, your business may have been hurt in the lockdown. Without a good client portal, an advisor easily could have been fielding incrementally more calls over the last several months (versus clients first going to a well-developed online portal that delivers portfolio metrics and content). Demographic client shifts will also increase demand for digital engagement. The system has been stressed and its weak links exposed. Aite Group doesn’t think market volatility is over with the uncertainty of U.S. elections and the yet unseen economic ramifications of the pandemic. We expect advisors to choose technologies that can weather the storm. If vendors can’t deliver, client attrition will rise.

AVERAGE NEW CLIENT WINS

The market has been favorable. Half of these vendors report winning more than 100 new clients annually over the last three years (Figure 4). The industry tends to see an increase in advisor activity in bull markets, especially as advisors go independent and seek to monetize high valuations. While Aite Group expects markets to cool off with downside volatility in the short term, breakaway-advisor growth may also slow down. That said, advisors need a solid operating platform for efficiency and scale now more than ever. One provider's loss will be another provider's win.

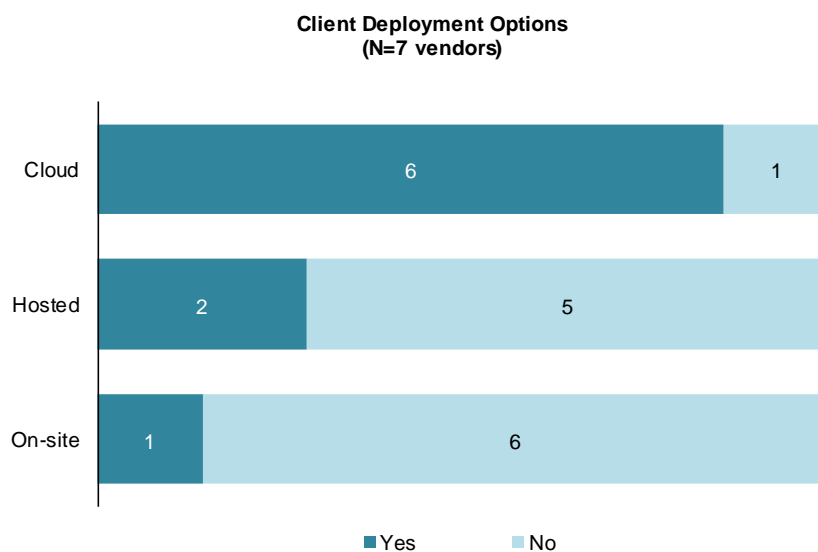
Figure 4: Average New Client Wins in the Last Three Years



Source: Vendors

DEPLOYMENT OPTIONS ANALYSIS

Here comes the sun (which is to say, cloud). Generally, hosted services refer to the use of infrastructure located away from the client's physical location. Cloud services are hosted services that use a cloud vendor (cloud is a subset of hosted services). More and more technology providers are deploying cloud-based solutions for their clients (Figure 5). Aite Group sees a future in which both data and computing power shift off-site, and local infrastructure is diminished. More to come as the capacity for bandwidth plays catchup.

Figure 5: Deployment Options

Source: Vendors

AITE MATRIX EVALUATION

This section will break down the individual Aite Matrix components, drawing out the vendors that are strong in each area and how they are differentiated in the market.

THE AITE MATRIX COMPONENTS ANALYSIS

Figure 6 is an alphabetical overview of how each vendor scored in the various areas of importance. Each vendor is rated, in part, based on its own data provided when responding to the RFI distributed by Aite Group as well as on product demos and follow-up discussions as part of the Aite Matrix process. Ratings are also driven by the reference customers of the examined vendors to support a multidimensional rating.

Figure 6: Aite Matrix Components Analysis by Heat Map

Vendors	Vendor stability	Client strength	Client service	Product features	Legend
Addepar	90%	90%	83%	91%	<div>BEST IN CLASS</div> <div>↑</div> <div>91% - 100%</div> <div>81% - 90%</div> <div>65% - 80%</div> <div>< 65%</div> <div>↓</div> <div>INCUMBENT/ EMERGING</div>
Albridge	89%	95%	88%	69%	
Envestnet Tamarac	94%	95%	90%	95%	
InvestCloud	93%	90%	81%	94%	
Morningstar Office Cloud	92%	85%	88%	87%	
Orion	80%	74%	86%	86%	
SS&C Black Diamond	98%	90%	81%	90%	

Source: Vendors, Aite Group

VENDOR STABILITY

The landscape for RIA portfolio management and reporting platforms continues to evolve as the market contends with increased volatility, new regulation, compressed economics, an uncertain political landscape, and the need for increased digital client engagement. Aite Group believes these factors heighten the need for the deployments of robust RIA technology. With solid market demand and the changing needs of RIAs and broker-dealers, growth in the market will continue. Envestnet Tamarac scores highly in this area due to its annual revenue, profitability, and strength of management team.

CLIENT STRENGTH

The client strength component focuses on the number and diversity of customers for vendors, the vendor's reputation among the clients, and overall customer turnover. This component measures whether a given vendor has a strong foundation of clients and a robust client pipeline to sustain its growth trajectory.

CLIENT SERVICE

The scoring of this category is based not only on vendor information on service-level agreements and customer support options but also on direct client feedback. The client feedback evaluates service and support, the ability to deliver on promises, and cost value as well as product features such as user interface, ease of upgrades and integration, and overall functionality. One of the strongest indicators of how a vendor will succeed and grow over time is the satisfaction of the client base. While all clients express desire for areas of improvement in service levels, Tamarac is the only vendor to reach a 90% score in this category.

PRODUCT FEATURES

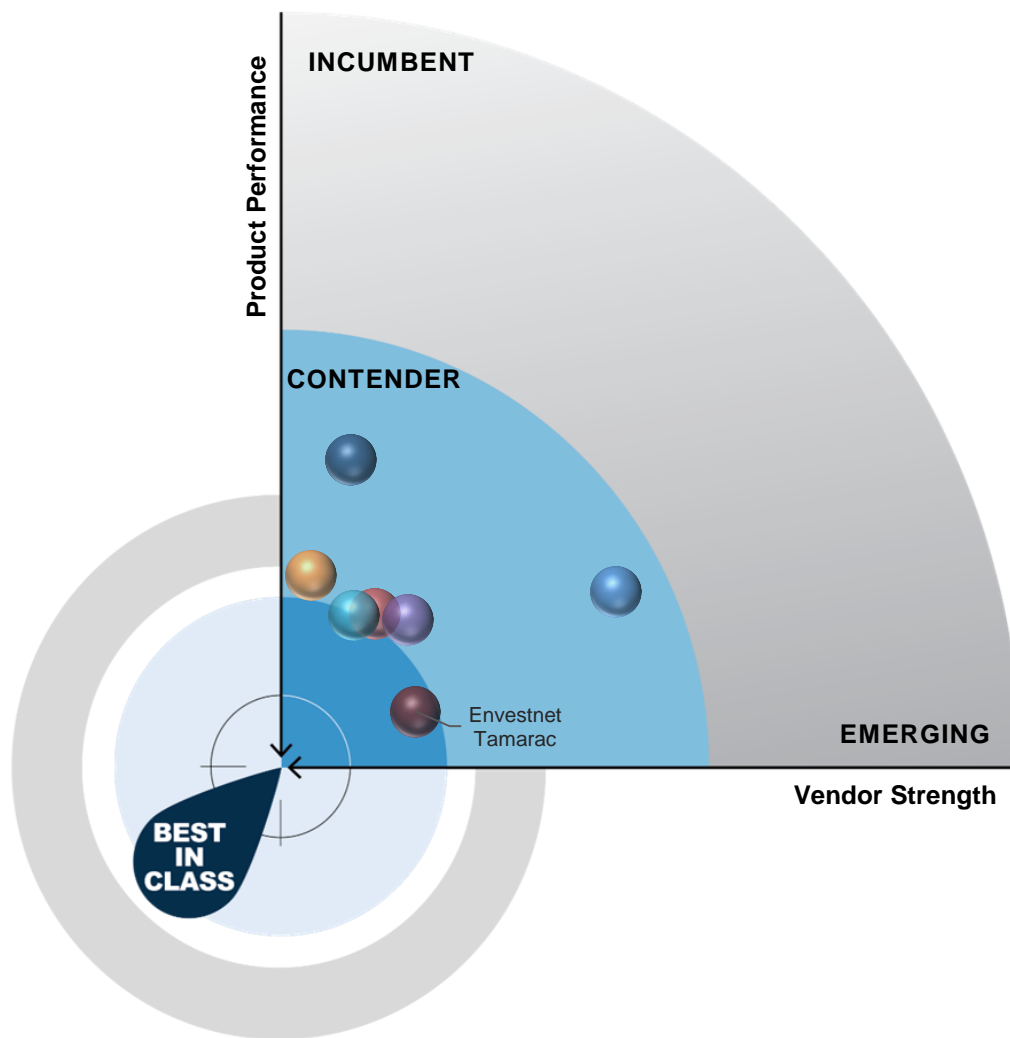
While this category considers feedback from clients regarding the robustness and breadth of the functionality within each of the vendors' reporting and portfolio management platforms, it also measures important factors such as overall solution usability and functionality (based on both client feedback and Aite Group analyst observations), ease of integration, deployment options (e.g., native rebalancer), and the vendor's focus on forward-looking capabilities, such as new ways to deploy business intelligence. Envestnet Tamarac is a leader in this category.

THE AITE MATRIX RECOGNITION

To recap, the final results of the Aite Matrix recognition are driven by three major factors:

- Vendor-provided information based on Aite Group's detailed Aite Matrix RFI document
- Participating vendors' client reference feedback and/or feedback sourced independently by Aite Group
- Analysis based on market knowledge and product demos provided by participating vendors

Figure 7 represents the final Aite Matrix evaluation, highlighting the leading vendors in the market. The results were very close. In the final analysis, Envestnet Tamarac just pulls ahead of the others for a photo finish.

Figure 7: Aite Matrix for Portfolio Management and Reporting Providers

Source: Vendors, Aite Group

BEST IN CLASS: ENVESTNET TAMARAC

Tamarac is the only vendor evaluated that has attained best-in-class portfolio management and reporting platform, although several others were in close proximity. The platform offers a full suite of capabilities, including trading and CRM. It has a solid score in all categories but scores particularly highly in client strength and client service. Many clients cite the fact that the Tamarac applications are well integrated and all work seamlessly. The company continues to focus on its acquisitions, platform integrations, and a total financial wellness approach to its clients.

Functionally, custom dialogue boxes match workflows, allowing for easier tracking of tasks and recordkeeping. The company's service was also reported to be outstanding. Tamarac will work with clients to determine the best way to execute (or implement) custom functionality. The firm provides hands-on training with each software release, and supporting documentation is cited as extremely helpful and clear. Its data accuracy is a highlight, and many RIAs like the out-of-the-box power of integrated trading and rebalancing, cited as making their business model more efficient. Many clients also feel that Tamarac is benefitting from the scale and long-term vision of Envestnet, Tamarac's parent company, as it has made notable acquisitions, such as MoneyGuidePro.

- **Vendor strength:** Tamarac scores well in vendor strength due to its stability and client strength—a measure of its overall long-term business viability as a product and service provider.
- **Product performance:** The combination of client service and robust product features gives Tamarac the highest score in product performance, making it the best-in-class provider.

BEST IN CLASS: ENVESTNET TAMARAC

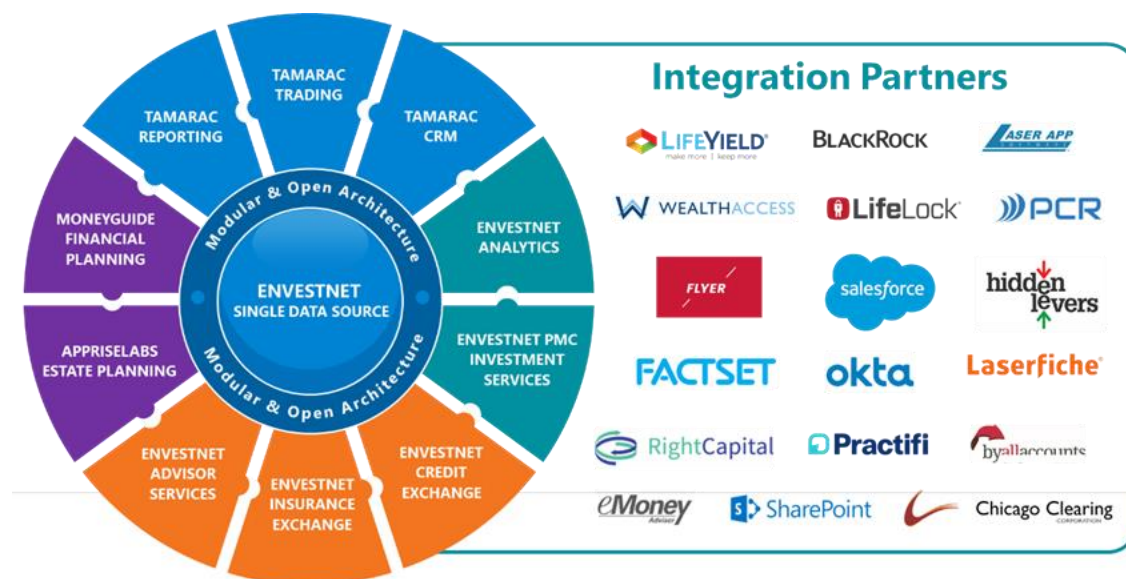
Investnet has emerged with a leading value proposition among advisor technology providers. The platform has grown to US\$3.8 trillion in assets with clients that span the advisor and broker-dealer spectrum. These include independent broker-dealers, insurance and bank broker-dealers, and RIAs. More than 4,700 companies, including the top U.S. banks, wealth management firms, and brokerage firms use the platform. Over 500 of the largest RIAs leverage Investnet technology and services.

The company's core value proposition is "financial wellness," which addresses the fundamental expansion of the advisor-client dialogue. This includes establishing a holistic view of the client's financial position, financial planning, budgeting and cash flow, portfolio management, credit, and insurance. As a validation of the Investnet model, BlackRock acquired an equity stake of 4.9% in November 2018 (US\$123 million at the time).

Investnet has made critical industry acquisitions to build its platform. In 2012, the company made the pivotal decision to acquire Tamarac. Tamarac firmly entrenched Investnet as a leading provider of rebalancing, portfolio performance reporting, and CRM integration. Many of Tamarac's clients feel that Tamarac is indeed benefitting from the umbrella of a large company and the acquisitions Investnet has pursued over several years. Other important acquisitions include MoneyGuide for financial planning, Schwab's PortfolioCenter for portfolio management and accounting, and FolioDynamix for model portfolio creation and tax overlay capabilities.

AITE GROUP'S TAKE

Tamarac's web-based platform for RIAs, the Tamarac Suite, unifies portfolio management, modeling, rebalancing, trading, billing, and reporting with a client portal and an enterprise-level CRM system. Tamarac's key strengths include dynamic integration between key system components used by advisors, report customization, system integration, and data integrity. Tamarac expects to see the most growth from breakaways and smaller firms looking to grow as well as private banking and trust arms of large banks and advisor teams affiliated with large broker-dealers. Figure 8 shows Investnet's unified platform and key integration partners.

Figure 8: Envestnet RIA Unified Platform

Source: Envestnet

On average, the solution is rolled out within approximately 60 days. However, a simple onboarding (no data conversion) can be as short as one week. Each new client receives a tailored action plan that covers the data migration, site establishment consultation, and training stages of the onboarding process. Additionally, Tamarac monitors the client's usage of its support hours and solicits direct client feedback via phone and/or email. Key elements of the Tamarac value proposition for new clients include a dynamically integrated system, customization of reports, and advisor efficiencies realized as investors embrace a robust client portal for digital engagement. Tamarac's average client contract term is four years, and the average contract renewal term is four years. The company boasts a renewal rate of more than 97% and a high average client tenure.

As technology is increasingly commoditized, Envestnet has made key acquisitions and partnership agreements, which will position the company to enhance the Tamarac platform with new RIA services. These include a partnership with Dynasty Financial, which expands Envestnet's ability to offer practice management and advisor consulting. Called "Advisor Services," the partnership will offer RIA practice management and include consulting on mergers and acquisitions, chief financial officers (CFOs), HR, and benefits (as described in early stages of the agreement). Further, Envestnet is exploring enhancements to its business intelligence offering, which is designed to give advisors key insights into their business model and client base. The evolution of business intelligence will provide more service automation, targeted content delivery, next-best client actions and client behavioral insights, and enhanced modeling capabilities by leveraging its huge data set. For example, the MoneyGuide acquisition not only provided a financial planning interface but also came with large historical client investment archive. Continuing to build on its acquisition of Wheelhouse Analytics (2016), Envestnet is in a position to leverage that data to better understand client investment decisions and provide insight.

Lastly, in the age of the COVID-19 pandemic, Envestnet is one of the few companies that has taken a lead in advisor-client digital connectivity. It recently announced enhancements to the MoneyGuide Client Portal that incorporate key elements of on-screen advisor-client collaboration in a secure environment. Security and structured client interaction is key, as Aite Group expects a continued migration to digital client interaction, more work-from-home accommodations, and increased regulatory oversight. The new portal will accommodate secure screen-sharing, co-browsing (which allows the advisor's cursor to appear on the client's screen to guide the client within its portal), and native two-way video, which eliminates the need for third-party options that have experienced security breaches (e.g., Zoom). Having these tools wrapped into an advisor workspace is critical to creating a scalable and efficient work environment for advisors.

BASIC FIRM AND PRODUCT INFORMATION

- **Product:** Tamarac
- **Headquarters:** Seattle
- **Founded in:** 2000
- **Number of employees:** 337
- **Ownership:** Tamarac is a subsidiary of Envestnet, a public company with a market cap of US\$3.7 billion (as of December 31, 2019). BlackRock acquired an equity stake in Envestnet of approximately 4.9% (US\$123 million investment announced in November 2018). Today, Blackrock is the largest shareholder, with 6 million shares, or 11.4% outstanding.
- **Key financial information:** Tamarac has estimated revenue of over US\$50 million. Envestnet had US\$900 million in revenue for the fiscal year of 2019 in two primary divisions: wealth solutions (US\$709 million in revenue, or 79% of total) and data and analytics (US\$191 million in revenue, or 21% of total).
- **Tamarac products and services:** The Tamarac core system comes with trading, rebalancing, portfolio accounting, portfolio management, performance reporting, a client portal, and a CRM system. Other system components available for purchase are ENV Analytics (business intelligence), Envestnet PMC (investment services), MoneyGuide (financial planning), Apprise Labs (estate planning), Envestnet Advisor Services, Envestnet Insurance Exchange, and Envestnet Credit Exchange.
- **Target customer base:** RIAs, firms that offer bank and trust services, family offices, and advisor teams affiliated with large broker-dealers
- **Number of clients:** Over 3,100 independent RIAs and more than 22,000 end users
- **Average net new clients:** 225 firms annually
- **Global footprint:** Tamarac's revenue is generated in the United States. Envestnet, in total, has a small percentage of international revenue (approximately 3%).

- **Implementation options:** Web browsers—Chrome, Firefox, Edge, and Safari—are officially supported. Tamarac uses a three-tier application architecture for its web applications. The presentation tier uses a combination of industry-standard technologies, such as JavaScript, CSS, and HTML, to create a rich user interface that is cross-browser compatible. It uses Microsoft tools and technology for the business and data tiers, including C# and Microsoft SQL Server for its databases.
- **Pricing structure:** Tamarac's pricing employs a minimum license fee plus a per-account fee schedule for each additional account beyond the initial number of accounts onboarded. The per-account fees decrease as the number of accounts increase. Bundle discounts are provided to firms seeking to use multiple Tamarac and Envestnet solutions, which include MoneyGuide, Apprise Labs, Envestnet Advisor Services, Envestnet Insurance Exchange, Envestnet Credit Exchange, Envestnet Analytics, and Envestnet PMC.

KEY FEATURES AND FUNCTIONALITY BASED ON PRODUCT DEMO FOR TAMARAC

Core Tamarac package comes with three products: Tamarac Reporting, Tamarac Trading, and CRM; these can be sold a la carte, but nearly all clients use these three components together.

- **Tamarac Reporting:** Tamarac Reporting includes a portfolio accounting system, elegant portfolio analysis and business intelligence reporting, on-demand performance reporting, personal dashboards, customizable PDF reports with custom branding, client portal, mobile app, extensive alternative investment, and ownership reporting and powerful billing capabilities. Tamarac Services also includes custodial downloads, posting, and daily reconciliation performed Monday through Saturday, daily intervals, index feeds, and cost-basis integration with select custodians. By handing off the regular back-office processes to Tamarac Services, clients experience dramatic time and resource savings that can be reapplied to revenue-generating activities such as building client relationships and bringing in more assets. Tamarac is a leader in data quality, giving its clients the confidence to stand behind the numbers.
- **Tamarac Trading:** More RIA firms choose Tamarac than any other trading and rebalancing software provider. Efficient portfolio management begins with disciplined and flexible portfolio construction. Whether it's using a passive or active management strategy, Tamarac Trading dramatically abbreviates the trading process while adhering to investment strategies, custom account settings, restrictions, and tax sensitivity. With Tamarac Trading, clients can automate model portfolio construction and management, monitor accounts for trading triggers, including cash needs, make tactical trades, execute trades directly with the broker, and reconcile trades from the previous day with the click of a button.
- **Tamarac CRM:** Tamarac CRM is a web-based CRM system designed specifically for independent advisors and built on the trusted Microsoft Office 365 platform. Because it's built in the cloud, Tamarac CRM can be accessed from anywhere via a computer or mobile device.

ADDITIONAL RIA PRODUCTS FROM ENVESTNET

Additional products within Investnet's modular and open-architecture ecosystem include the following:

- **Investnet MoneyGuide:** It is dedicated to making goal-based financial planning efficient and approachable through MoneyGuideOne, MoneyGuidePro, MoneyGuide Elite, and MyBlocks.
- **Apprise Labs:** It addresses estate planning, lifetime cash flow, and client retirement needs. Investnet has partnered with AdvisorStream and Apprise Labs to build Investnet Connect, creating a centralized personal application designed to help clients achieve financial wellness through deeper connections with their advisors.
- **Investnet Analytics:** It delivers holistic business management intelligence through detailed reporting services and personalized dashboard experiences. The solution enables firms to access key performance indicators that measure growth drivers and potential risks.
- **Investnet PMC Investment Solutions:** This unified managed account platform enables RIAs to save time and money, and improve their overall ability to deliver customized solutions to HNW clients. PMC provides research and consulting services to assist advisors in creating investment solutions for their clients.
- **Investnet Advisor Services:** These are value-added services, such as access to growth capital, business management tools, marketing services, and outsourced CFO services, made available through Dynasty Financial Partners.
- **Investnet Credit Exchange:** This equips financial advisors with credit solutions alongside planning, investing, and protection tools.
- **Investnet Insurance Exchange:** It provides access to leading insurance carriers and their annuity products, enabling advisors to integrate the protection of insurance solutions alongside managed investments.

TOP THREE STRATEGIC PRODUCT INITIATIVES OVER LAST 12 TO 18 MONTHS

- Enhanced goal-based financial planning with deeper integration with MoneyGuide to help guide mass-affluent clients through the holistic financial wellness journey
- Data aggregation capabilities via deeper integration with Yodlee that allows advisors to have a fuller picture of held and held-away assets
- Core reporting, trading, and CRM upgrades to support day-to-day operations and reduce steps in managing clients

TOP THREE STRATEGIC PRODUCT INITIATIVES IN THE NEXT 12 TO 18 MONTHS

- It plans to extend data aggregation tools into financial planning to facilitate cash, estate, and legacy planning for UHNW clients.
- It plans to broaden support and integration of managed accounts solutions via Tamarac's Unified Managed Account Solution, which allows advisors to consolidate management of separately managed accounts (SMA) and unified managed accounts through integration with Envestnet's managed account platform. The capability extends Tamarac's offering to include access to a comprehensive universe of over 1,500 third-party SMA strategies in a single contract environment, qualitative and quantitative manager research opinions, portfolio analytics, and automated proposal-generation tools.
- It plans to evolve its platform, leveraging the public cloud to continue its ability to support massive scale.

CONCLUSION

Buyers:

- **Buyers have increasing leverage on pricing.** Aite Group expects continued competition on price as platform providers fight for market share and RIAs scale their services across mass-affluent and HNW investors. RIAs that are guaranteeing a minimum asset amount on the platform can negotiate further. Vendors are now employing multiple pricing models to accommodate clients and embrace enterprise contracts.
- **See what additional services are offered by providers.** Firms such as Envestnet are expanding their service offerings to include practice management capabilities and increased RIA access to insurance and credit products for their end clients.
- **Integration is still a pain point among many RIAs.** Pay attention to how well the platform communicates data between components of the tech stack. Push vendors to demonstrate competency here. In some cases, there is still a gap between marketing and actual platform performance.
- **Basic functionality is important and is not always up to speed.** Make sure you test the platform for minimal keystrokes, logical form filling, and automation. Vendors can still fall short in these basic areas of functionality.
- **Does the platform reflect your brand and investment management style?** Increasingly, technology solutions and reporting are an extension of the advisor's brand to clients. Aite Group has seen significant advancement in proposal generation and expects this to become a central reporting capability as advisors demonstrate their value proposition to clients. This is especially important as advisory models continue to embrace financial planning and holistic client financial management.
- **Make sure the provider can accommodate your service and support needs.** Examine its availability and staffing. It helps to contact clients already using the platform to gain additional perspective. As many vendors are still growing, allocation of resources to client service is important.
- **Ask your vendor to highlight and demonstrate platform enhancements over the last year.** Put platform enhancements in the context of your needs. Ask what their product development pipeline looks like. Several RIAs gained more trust in providers that had a robust vision for how their platform would grow and develop in the future. Providers with large parent companies and/or a robust investor network have the advantage.
- **Make sure the platform accommodates your workflow.** Increasingly, vendors are creating workflow dashboards and aligning tasks into a logical framework. This is important as advisors seek to efficiently scale their business models.

- **Any aspect of the advisor workflow that is not automated can create potential problems in a home-office environment.** Historically paper-intensive tasks such as account opening should be automated/integrated into the solution. Given the uncertainty of social distancing and new work-from-home models, the more you can automate prospecting, marketing, onboarding, and client service tasks, the better position an advisor will be in to conduct business from any location.
- **Is there a client portal solution?** An integrated client portal with compliant digital communication channels is increasingly important—especially in the age of social distancing, market volatility, and heightened investor anxiety. Many advisors are looking for ways to proactively deliver content and important investment information to clients before they get a phone call. Test drive the vendor’s native client portal or find a portal that integrates with good functionality. This will become an increasingly important aspect of the RIA business model.

ABOUT AITE GROUP

Aite Group is a global research and advisory firm delivering comprehensive, actionable advice on business, technology, and regulatory issues and their impact on the financial services industry. With expertise in banking, payments, insurance, wealth management, and the capital markets, we guide financial institutions, technology providers, and consulting firms worldwide. We partner with our clients, revealing their blind spots and delivering insights to make their businesses smarter and stronger. Visit us on the [web](#) and connect with us on [Twitter](#) and [LinkedIn](#).

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