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Case: Should Canopy build an analytics platform for high net worth individuals?

Background

This document aims to outline the importance of building analytics platform customized for High-Net-Worth Individuals (HNWIs) to help Canopy decide whether to pursue this initiative.

Problem Statement

Currently the main clients of Canopy are private banks, wealth advisors and family offices which include Credit Suisse, Wealth Management Alliance and Corecam to name a few. Since these mentioned clients are acting like middleman between business or individuals and efficient wealth management there is still that opportunity where Canopy can provide wealth management directly to these HNWIs. In the coming years accompanied by continuous digital transformation it is important that the company to be able to tap this specific market of servicing HNWIs at first hand.

Goals

Proposal

- Define who are the HNWIs
- Define the current and future state of wealth management in relation to HNWIs
- Outline the importance of tapping direct service to HNWIs
- Define Hyper-personalization
- Influence the management to pursue building analytics platform for HNWIs

Project

- Increase the company exposure to HNWIs within 6 months after the project launch as much as 30%.
- Lock-in partnership with 10 HNWIs within a year after the project launch.
- Partnerships to double 2 years after the project launch

Non-Goals (Not within the scope)

- Specifically identify possible HNWIs clients
- Provide detailed technological procedures on developing the customize platform for HNWIs
- Focus on building HNWI customized platform and dropping process improvement for other client platforms

Hypothesis

If Canopy taps on customized platform for HNWIs, then its business exposure will increase as much as 30%.

Vision Narrative

Defining HNWIs

According to O'Connell and Curry (2021), HNWIs are categorized as individuals or groups who owns liquid assets ranging from \$1 million to \$5 million. Those people earning beyond this amount falls either on Very-high-net-worth individuals (VHNIs) or Ultra-high-net-worth individuals (UHNWIs) classifications. Oftentimes these group of people seek help from private wealth managers or financial institutions for strategies on how to protect and expand their assets thus private wealth management includes portfolio management, estate planning, mortgage planning, assets protection and Tax management (CFI, 2021). Although this has been the norm, relying on human expertise nowadays is continually replaced or improved by machine learning and artificial intelligence little by little. This is because automated processes are less prone to error and are becoming more accurate in contrast with the fallible nature of human.

Private Wealth Management and its relation to HNWIs

In the 2016 publication produce by the company PWC it is said that 69% of HNWIs are already using online banking while the wealth management industry stays as one of the least technologies adapted sector of Financial Services. This is further proved by the minimal percentage of advisors who are inclined to using digital channels which only equates to 25% of wealth managers. From this data it can be deducted that there is a technological gap that the private wealth management industry needs to close to be able to continually take home a part of the business of the sought after HNWIs in the coming years. The adaptive move should be also done fast since only 39% of their clients would endorse the wealth managers services which can possibly reflect a decrease in the industry's integrity.

Canopy on filling the technological gap

As a company who is currently servicing 2200 plus clients which include more than 10 billionaires and 4 out of 20 wealthiest family office (Canopy, 2021) it is highly likely that Canopy can broaden its offerings to HNWIs by customizing an analytics platform that they can directly use, can intuitively understand and seen as personalized. In an article published by Wealth Professionals (2021), it is said that a Hyper-personalized offering can provide solutions to HNWIs varied expectations and guarantees private wealth management industry's growth in terms of uncertainty provided that they are able to take advantage of machine learning and competencies of AI. Since the wealth management industry heavily relies to Fintech companies for these solutions Canopy can start developing a platform that can directly provide personalized reporting solutions to HNWIs. In addition, providing these valuable financial insights to the

clients at their own convenient time by just checking their phones or online portfolio can be a significant advantage of Canopy in the coming years.

Rough Scoping & Timeline

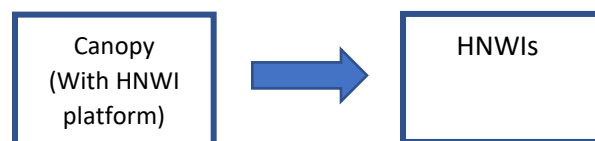
This project only focuses on the development of the analytics platform that is specified on servicing High-Net-Worth-Individuals and does not include process improvements on Canopy's current platforms. This will also include the actual planning and research that is specific to the trend in wealth management actions that HNWIs are most likely to take. As per historical project timeline involving development of new platforms this project is estimated to completed within 10 months.

Concept Mock (illustrate)

Current flow of report solutions:



Proposed structure after implementing platforms that directly service HNWIs with intuitive data through personalized and user-friendly interface:



Risks Identified

One risk can be the possibility of the wealth management companies to fully acquire fintech companies to provide a streamline service to their clients. Canopy can mitigate the risk by improving client relations through continuously updating the platform's interface based on user feedbacks.

Conclusion

At the end of the day Canopy being a Fintech company that provides analytics solutions should highly consider to explore directly servicing HNWIs as well as any individuals or groups who have high amount of assets that needed to be managed. Being able to provide an analytics platform that can provide user-friendly interface partnered with intuitive results is a significant advantage a Fintech company can possess especially not all HNWIs are technologically or financially sound. In this time wherein the

density of millionaires and billionaires are climbing every year tapping into this personalized platform can possibly bring significant growth to Canopy.

References:

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<https://www.wealthprofessional.ca/news/industry-news/why-hyper-personalization-is-key-to-capturing-hnw-business/331273>

<https://corporatefinanceinstitute.com/resources/knowledge/finance/high-net-worth-individual-hnwi/>