



What to consider when Implementing new Wealth Management Software



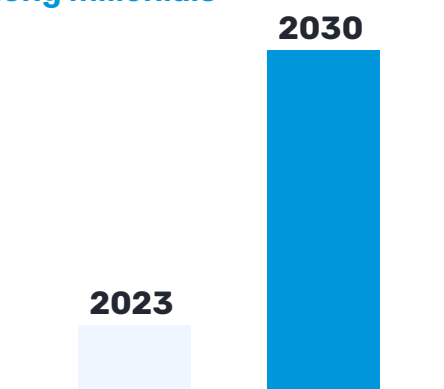
Today's increasing competition in wealth management, along with a steadily rising regulatory burden, calls for a strong urge to digitize the traditional wealth management business. If you're working for a wealth management company and considering incorporating system support for your processes or exchanging your current system, there are a couple of things to keep in mind.

To help you through this process, we've gathered some insights you might find useful.

A full-coverage solution or best-of-breed

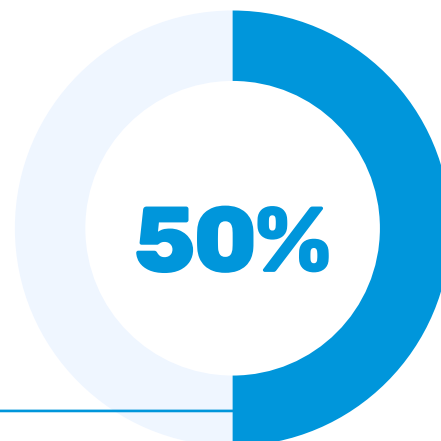
Unfortunately, no software does it all; but there are various solutions that can provide different parts of the value chain, so start by considering how many IT solutions your organization can handle. You might get more functionality in every area of your business by selecting more vendors, but this can be a time-consuming process or require expensive interfaces between systems. Therefore, a best-of-breed solution works better for larger businesses, such as banks, while a full-coverage solution is suitable for more small-scale wealth managers.

Estimated wealth development among millennials



By 2030, millennials will hold 5 times as much wealth as they do today, and 47% of them are prepared to move to wealth management firms with an enhanced digital platform.

Source: *Insider Intelligence*



50% of clients think their primary wealth manager should improve their digital capabilities

Source: *McKinsey & Company*

Understanding the contradiction between flexibility and usability

Don't trust vendors telling you they have the most flexible solution as well as the one with the best usability – no such solution exists; there's always a contradiction between the two, and you cannot have them both at the same time. This is also known as the "flexibility-usability tradeoff" and is the reason why, for example, Apple is best in usability, but with barely any flexibility in their products (it's not even possible to upgrade an iPhone's storage). They fully control your user experience – if you want it another way, choose another vendor.

The wealth management software industry is no different; a software solution looking great in a demo (usable) can be an absolute nightmare to adapt to your processes (flexible) when running in production. So when choosing a wealth management software, be sure to consider what you need it for. If you have specific requirements, go for a more flexible software. If you're willing to adapt your processes to the software – go for the more usable one. And, most importantly, choose a vendor who understands the difference, and how to address the contradiction.

Data quality is key

Most wealth management software relies on complex data to run; and to create trust with your users and customers, it's of utmost importance that the data is right. As a wealth manager, you have two options:

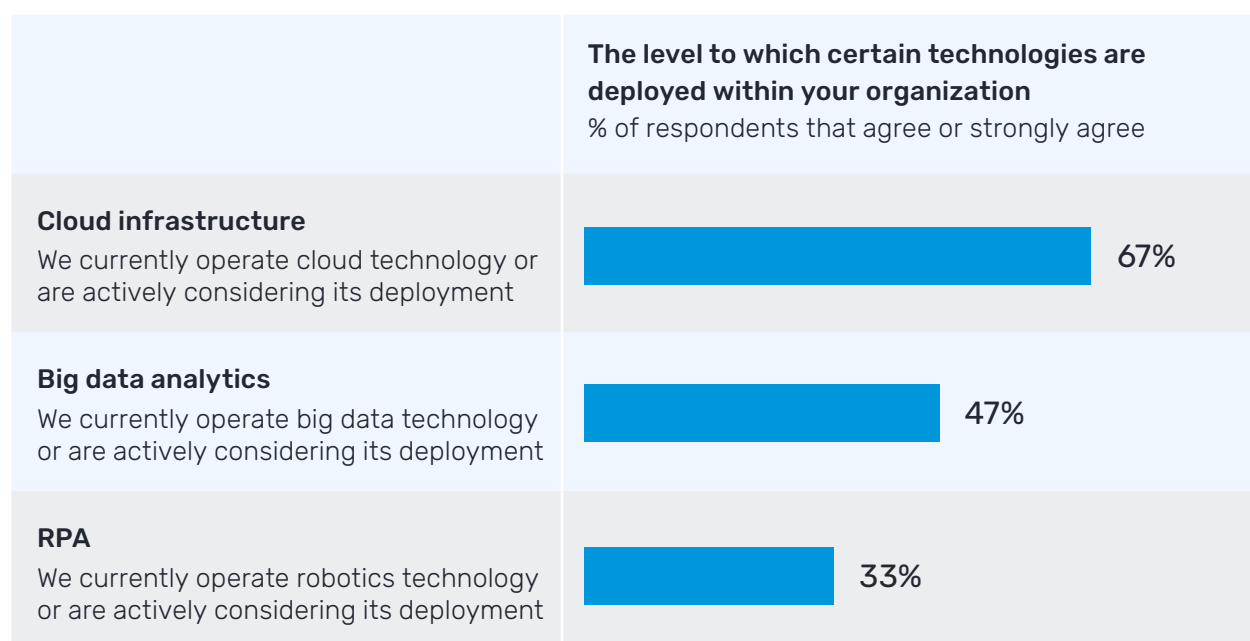
- **Use a system with Data Quality As A Service (DQaaS)**
If the solution comes with a data quality service – you're all good. Just make sure that your service level agreements describe what's included in the service.
- **Do the work yourself**
If you do the data quality work yourself – make sure your employees have the competencies and your solution has the tools that are necessary to enable you to work efficiently with data quality. Hoping that the transaction and financial data are good enough to produce sensible reports on any software without constant correction will just lead to dissatisfaction.

SaaS or on-premises solution

Traditionally, wealth management software was always deployed on-site, but in today's regulatory environment, this is barely not an option anymore. On-site management can be useful if you have an extensive organization with your own web running on top of your wealth management software. However, if you're a smaller wealth management provider, you need internet access in order for your clients to securely download reports and statements. And if you already have internet access from your system, you can just as well run the whole software as a service and enjoy the benefits from this setup, such as:

- More cost-effective IT-infrastructure
- Tighter release cycles and the possibility to profit from other customers' enhancements
- Less IT maintenance such as upgrades and more.

Cloud technology is the most deployed, followed by big data analytics and RPA



Source: EY analysis.

Your business is evolving, and so should your software

Make sure to regularly update your wealth management solution and ask your vendors for release cycles. Tighter release cycles give you new functionality constantly and reduce the risk of introducing new errors when upgrading. The worst solutions you can procure are the “already-finished” systems; it’s easy to be blinded by their rich functionality, but the outdated technology and too many dependencies stop them from hardly developing at all. Such systems are easily surpassed by more modern and agile vendors.

Choose a stable vendor...

When you decide to switch your wealth management solution, you’re often up for a long relationship with your new vendor; typically, a relationship lasts more than ten years. Financial stability is a crucial component of this, but it

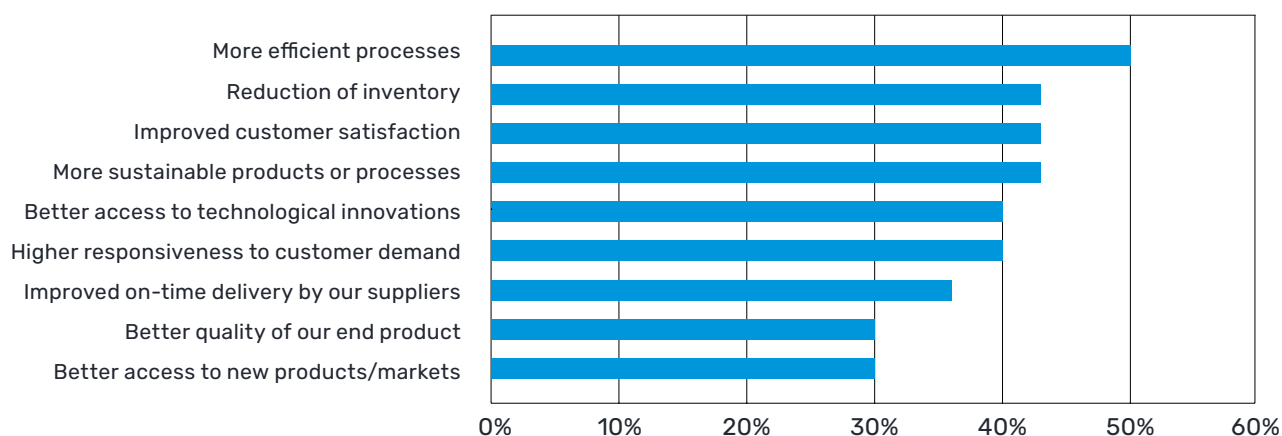
doesn’t necessarily have to mean profitability. If you have a steadily increasing turnover over more than three years, along with great investors, you might face a vendor that is trading growth for profitability.

What’s equally important to financial stability is that the vendor personnel are taken care of and happy. A company newly acquired by a competitor or VC company, and where 80% of the personnel has dropped out in the past two years, is not a good one – even if they’re very profitable on paper.

...with great support

Things will go wrong, but if your vendor is proactive in offering support from employees and processes, it will still be a positive experience. Ask to talk to their support personnel even before procurement and have them explain typical support cases, how user support is taken care of, and more; it will give you a feeling of how things will work in production.

Performance benefits of SRM



Source: *PwC*.