PRACTICE MANAGEMENT & TECHNOLOGY TOOLS

GUIDE

A SUPPLEMENT TO Financial Planning
PRODUCED BY SOURCEMEDIA CUSTOM SOLUTIONS
Asnes: What is a unified managed household and why is it important?
Crager: A unified managed household (UMH) is a way of looking at a client’s assets that enables the financial advisor to deliver a complete, holistic form of advice to their clients. It’s been a goal of financial services firms for a long time, but until now the technology has been difficult to develop. Basically, the advisor can see all of a client’s financial assets, whether they are under different titles, or managed by different people, as a single portfolio and analyze them accordingly. So, he or she can advise on the assets that the advisor is actually managing for the client, plus the client’s assets that are outside the relationship. The advisor has a complete picture, and therefore has the ability to offer more mindful advice. The UMH really empowers the advisor to become the quarterback in the relationship with the client—he or she can pull together all the pieces and craft an overarching strategy.

This is important in a couple of ways. Number one, clients receive better service. They can get comprehensive advice that fits across all of their holdings. And their holdings are going to be complex, because that’s the way people’s financial lives evolve.

For instance, each member of a couple might have 401(k)s; they may have IRAs, checking accounts, other bank accounts, and then their investment accounts. Many times, it’s the investment accounts that are with the primary advisor—perhaps with more than one advisor—and then there’s the play account. But, how do those pieces talk to each other?

With the UMH, we see the advisor being able to step in and guide that client in a way that encompasses all their assets, not just a piece. For the client, this approach can be holistic, goal-oriented, giving a higher or more complete level of advice across the totality of the assets.

Number two, as so much of the industry data shows, high net worth investors typically work with multiple advisors, but begin to narrow the field as they get older and move into retirement and beyond. If you are the quarterback, and you’re giving high-quality, holistic advice, you become a de facto candidate for the role of that single, primary advisor, after retirement. That’s a powerful place to be.

Asnes: How does an advisor prove the added value of UMH advice to clients? Let’s talk about a specific situation where a UMH could save the client actual dollars and cents.
Crager: Let’s look at wash sales for a moment. If a client has several portfolios that are managed by different people, whether as part of an SMA portfolio or simply because different advisors are buying securities for him or her, there’s a chance that the advisors could be working at cross-purposes and create an unintended wash sale—leaving the client with an unanticipated tax bill. Not good.

Part of what the UMH does is keep track of the overall portfolio, asset allocation, and holdings within that portfolio. There’s also a reporting component, or data-collection component where the technology platform reaches out and grabs the security-level information in the client’s 401(k), IRA rollovers, and play account as well as the accounts the advisor is managing. In doing that, you’re able to think about and prevent the situation where the client may sell, say, GM in one account and buy it back before the 30-day wash sale limit in another account because that’s what the money manager who buys assets is doing.

With the UMH, there’s the ability to provide instructions and create restrictions so that if a transaction happens to take place away from the advisor, that restriction carries itself onto the platform—so that, in fact, you couldn’t create an unwanted wash sale.

Asnes: You would think that every advisor, and every client, would want a UMH just to help them manage complexity.
Crager: This level of coordination across a client’s assets is a powerful thing and unique today.

The early adopters are going to be the ones who are telling the story and it’s going to differentiate them.
That puts the advisor in a very strong position not only to go deeper with current clients, but also to add more clients.

A piece that I would talk about from a practice standpoint is scale. Can you imagine if you endeavored to do this without the base of enabling technology?

You would create an administrative nightmare—trying to collect the outside data, trying to keep track of all the comings and goings of assets and decisions in the assets you’re advising, as well as the ones held away. Rebalancing, providing instructions—it’s just not possible. So the scale of a solution like the Envestnet UMH really enables the advisor to offer unique advice for all their clients—to grow, and add more and more clients to that service, without drowning in details.

Asnes: The real power and value of technology is that it frees you from those repetitive, mindless tasks that nevertheless must be executed precisely in order for you to be successful. How do you think about that freedom?

Cragar: I think it comes down to time. If you really boil everything down, time is the most valuable commodity there is. I’ve worked with advisors whose desks are piled high with green folders, and they’re suckered into client-by-client, account-by-account administration work and then follow-up to make sure the work actually got done, not to mention, tracking the process. Either the advisor’s time gets consumed by it, or the staff grows larger and larger—and then there’s a profitability question. So there’s one, a time issue and two, a profitability issue. With the UMH, we’re automating a lot of those processes and putting them into workflows so that they are trackable.

Say a decision is made by the advisor to make a trade: to raise cash for a retired client’s living expenses, for example. It has implications on the assets he or she is managing, and the assets held away. He or she has to be able to track the progress of the trades: when the checks will arrive or when the funds will be wired into the account. The advisor also needs to be able to say, “is that client acting towards plan? Are we within the realm of the plan or are we not, and what actions should we take?”

With a UMH, advisors will be able to do that every day. They can walk into the office and see what steps they need to take to keep their clients on plan. It can be done for one client; it can be done for hundreds of clients. Scale is there, enabled by technology. And that’s power.
# At a Glance

To learn more and register for the Technology Tools for Today Conference, please visit [www.technologytoolsfortoday.com](http://www.technologytoolsfortoday.com).

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### Conference Hosts

**David J. Drucker**  
Under the banner of “Drucker Knowledge Systems,” David J. Drucker, MBA, CFP, provides the benefit of his more than 30 years of experience and research to other members of the financial services industry. He is the co-author of *The Tools & Techniques of Practice Management and Virtual Office Tools for a High-Margin Practice: How Client-Centered Financial Advisors Can Cut Paperwork, Overhead, and Wasted Hours*. He is also editor of the monthly newsletter *Technology Tools for Today* and co-producer of the Technology Tools for Today Conference. David has written about practice management issues for financial advisors for multiple industry publications.

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The creators of technology for the financial planning world continue to upgrade their offerings to meet the ever-changing needs of advisors and their clients.

As the financial planning industry matures and evolves, so does the technology it relies upon. You might be surprised to find that software systems you once found tangential to the success of your practice are gradually becoming essential. Thus is the evolutionary process.

In the early days of financial planning, advisors mainly needed software just for financial planning itself. However, in those early days, the industry hadn’t evolved to the point it has now. Financial planning was about selling products, and financial planning software was designed to support that effort. As the industry has moved toward true planning—the analysis of clients’ financial affairs in order to apply strategies for success—financial planning software has kept up with the need for intelligent solutions to client problems by moving beyond a product emphasis to one of problem-solving.
Today, the financial planning software advisors use is exemplified by solutions such as NaviPlanSelect (www.eisi.com), MoneyGuidePro (www.moneyguidepro.com) and Finance Logix (www.financelogix.com), which embody the analytical sophistication needed for today's more advanced financial planning effort. Software designed to promote the use of products is on the wane except, perhaps, within the wirehouses.

As financial planning has evolved, requiring the use of better software tools, so too has “wealth management.” In its infancy, the management of client assets wasn't seen as essential to the financial planning engagement. Because financial planning was product heavy, commissions from product sales were adequate compensation to the financial planner, who was almost certainly licensed to sell insurance and investment products.

However, over time, advisors who made their clients’ success the primary focus of the planning relationship reasoned that a full-service offering to clients must include asset management. This conclusion was the result of the fact that financial planning was evolving into an ongoing service rather than a single transaction designed to line planners’ pockets with commission dollars. If the plan was good, reasoned these advisors, then managing client assets to make the plan come to fruition was even better.

The Move to Outsourcing

Early on, advisors performed portfolio accounting with software products like Advent Axys (www.advent.com) and Centerpiece/Schwab PortfolioCenter (www.schwabpt.com/products/portfoliocenter), which are still in use today. What has evolved along with the industry’s move toward wealth management is the way in which portfolio accounting is done. Eschewing desktop, in-house portfolio management systems, many advisors are now realizing that the economics are such that outsourcing portfolio accounting is perhaps a better way to go.

Companies like Black Diamond Performance Reporting (www.blackdiamondreporting.com), Orion Advisor Services (www.orionadvisor.com), AssetBook (www.assetbook.com) and Morningstar Office (global.morningstar.com/office) represent software-as-a-service solutions that largely automate the process of trading and accounting for trades. Because working with one of these providers constitutes an outsourcing relationship whereby much of the work in running and maintaining the portfolio software is done by the outsourcer company rather than by internal staff, there are substantial savings to be had. Thus, most advisors not only manage clients’ assets today, but they also report on them with an ever-increasing reliance on outsourced solutions.

Beyond Names and Numbers

In the “dialing for dollars” era, what we now know as client relationship management (CRM) software was a Rolodex sitting on the advisor’s desk. With the advent of personal information managers (PIMs), the advisor digitized the Rolodex with a computer-based solution, but still used the PIM mainly to store names and phone numbers.

CRM software replaced PIMs bringing greater functionality to the PIM software. With early CRM systems, the user could store more information than just names and numbers. The advisor could click on a client’s record during a phone call and see useful information like children’s names, the client’s birthday, hobbies, etc. But this greater functionality still didn’t approach that of today’s CRM options, which have become more advanced to meet the needs of a growing industry.
And today's CRM options are up to the task. Products like Junxure (www.junxure.com), ProTracker Advantage Desktop (www.protracker.com) and Redtail CRM (http://corporate.redtailtechnology.com)—all systems geared specifically to financial advisory practices—feature robustness not present in early CRM offerings. Advisors can use these software products to go beyond just maintaining contact information for the firm's clients; these CRM offerings permit workflow/process management, document management, email management and overall information management such that users can respond more quickly and effectively to requests for information flowing from client interactions.

**Farewell to Paper**

The evolution of CRM solutions is really the evolution of efforts to better manage information—the financial planner's raw material. In earlier days, information was almost exclusively paper based. Within the planner's office, this took the form of never-ending file cabinets devoted to the storage of client documents, research materials and corporate records. Now, information comes from a multitude of sources, many of them internet based. The office that still runs on paper must convert internet based information to paper, a decidedly inefficient process. A better process is converting paper to a digital format.

Ten years ago, the so-called paperless office was considered a nice-to-have technology. Today, as the industry has morphed into information management entities, the digitizing of information is essential not just to space management within the office, but to client service and competition. Digital records are easy to create, easy to duplicate and back up, and most important, easy to retrieve. The ability to retrieve information quickly is a necessary component of superior client service and enlightened firms have recognized this.

Thus, the paperless office isn't nice to have, it's essential. And, whereas the advisor's choice of paper-scanning technology was limited to off-the-shelf products 10 years ago, today products abound for advisors, such as those by Laserfiche Avante (www.laserfiche.com), iNautix Document Management (www.inautix.com), Trumpet Inc. and Worldox Document Management Software (www.trumpetinc.com), NetDocuments (www.netdocuments.com) and CEO Image Systems' Executive Assistant (www.ceoimage.com).

**Future Must-Haves**

What's next on the evolutionary horizon? That is, what's the next new technology that advisors will initially view as interesting and later view as indispensable? Is it rebalancing software such as iRebal, Tamarac, Total Rebalance Expert and others? The use of tablet PCs in client-facing activities (e.g., Apple's iPad)? A software solution for the creation of Investment Policy Statements (e.g., IPS AdvisorPro)? The use of online client portals, like those offered by many of the companies now building advisor websites? These are just some of the technology candidates that will evolve in the future from nice-to-have to must-have status.

The question is, will you keep up with these new developments or get stuck in the past? There are 1,001 roadblocks to implementing new technology: It costs too much, it means having to convert an old system to a new system, it requires training of all employees and so on. Yet, when all the benefits are weighed along with the apparent costs of new technology, those benefits will be the deciding factor. What we can say for certain is that advisors will continue to evolve both in the sophistication of their business practices as well as the technology that supports them.
“In 2011, I want it all ... Grow and retain my client base, build credibility, and save time and money while doing it.

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For years, independent RIAs have struggled with various technology-related issues, but none has been more daunting than integration. How do advisors get their software applications to talk to one another? And how do advisors get their applications to communicate with those of their custodian partners?

This issue is a pressing one for both advisors and their custodians. Without integration, it is often necessary to key in the same data multiple times. Not only is this costly in terms of man hours, but can also lead to errors, which further increase costs.

Custodians have come to the realization that when it comes to integration, their interests are closely aligned with those of their advisors. Seamless integration frees up advisors to spend more time serving existing clients, and allows them to expand their capacity to take on new clients without adding to their overhead. This in turn leads to more business for the custodians.

But what does seamless integration really mean in the financial planning world? In the past, integration has meant nothing more than the ability to import and export data from one application to another. While this is better than manual data entry, it is far from ideal. Custodians are now investing substantial resources in facilitating more thorough integration. As these initiatives progress, custodians, advisors and their end clients should all benefit enormously. Here’s a brief overview of what a select group of custodians have planned for the coming year.

**Deeper Integration**

According to Neesha Hathi, vice president, advisor technology solutions at Charles Schwab: “A lot of folks say they have integration, but in many cases it is not the sort of deep, contextual integration that we are striving to achieve.” Schwab is pursuing integration on two fronts: a turnkey solution called OneView Office and a modular solution called OpenView Gateway. Both will allow advisors to access data on the Schwab platform in real time from within their third-party software applications. “It is difficult working with multiple integration partners in the various software categories,” says Hathi, “but that’s what our advisors need, so I don’t see any way around it.”

The OneView Office solution will initially consist of a customized version of Salesforce CRM integrated with Schwab’s Portfolio Services (an outsourced portfolio management and reporting solution). Schwab recently announced three CRM partners for OpenView Gateway: Salesforce, Microsoft CRM and Junxure. They plan to announce their portfolio management partners.
in addition to Schwab Performance Technologies in the second half of 2011. Looking a little farther out, Schwab plans to integrate financial planning, document management and rebalancing applications into both the OneView Office and OpenView Gateway offerings.

Additional Options

Fidelity, the first custodian to provide deep integration through its WealthCentral offering, intends to build upon its early success in 2011. At press time, there were over 700 advisor firms using the company’s WealthCentral option, with deployment of third-party integrated components having grown more than 60% in 2010. Fidelity expects to migrate another 1,000 firms to WealthCentral in 2011.

“With some of the most advanced data and workflow integrations in the industry, we’re confident that WealthCentral can help advisors scale their business effectively and affordably, particularly since we offer these third-party applications at price points not typically available to them directly. And because WealthCentral is built on a true open platform, the breadth of integrated offerings will only continue to grow,” says Edward O’Brien, Fidelity’s senior vice president of technology product management.

Fidelity recently added Black Diamond to their platform and say they will continue to selectively add providers. “We don’t need 20 providers in every product category, but we want to offer our advisors a choice with regard to functionality and price without sacrificing quality,” O’Brien says. Among the improvements coming in 2011: full technology support to facilitate advisor trading and compliance with the new cost basis regulations; WealthCentral mobility solutions (Fidelity is pilot testing iPhone and Android apps); and further enhancements to the Northfield rebalancing solution. In addition, EISI NaviPlan Select will be available in the first quarter of 2011.

Better Adoption

At Pershing, two areas of emphasis for 2011 will be providing choice and driving adoption, says Suresh Kumar, the company’s chief technology officer. With regard to choice, Pershing wants to provide software at different price points (in some cases free), and at various levels of sophistication and functionality. In terms of adoption, Pershing wants to help advisors better reap the benefits of technology. “We know that everyone should be using certain software tools, for example CRM, but according to Financial Planning’s Technology Survey, not everybody is. We want advisors to make use of the tools we provide. We think that once they experience the benefits, they will be willing to invest more to build upon their initial success.” Part of the adoption initiative will involve providing advisors with more training and custom tips so that they can use NetX360 more efficiently. Also expected early in 2011: an Android NetX360 application.

For its part TD Ameritrade Institutional is working with a host of vendors who are writing code to their new application programming interface (API). In early December 2010, vendors were accessing the API through a test environment. Jon Patullo, TD Ameritrade Institutional’s director of technology platform management, expects vendors to begin releasing applications that integrate with TD Ameritrade’s custodial platform in the first quarter of 2011. Looking farther into 2011 and beyond, Patullo expects his firm’s Veo system for advisors to be able to call on data from third-party providers without leaving the platform. Advisors would be able to look at tasks stored in their CRM system and call up data from their portfolio management system from within Veo. The company plans to provide a customized dashboard so that individual employees within an advisory firm can customize their home pages to better facilitate data access.
Another company, Shareholders Service Group (SSG), is committed to achieving deep integration that will stand the test of time, according to Dan Skiles, executive of technology services. “Our strategy is to make sure our clients are not using a special release or proprietary edition of a product. We want the core offering so that when a new release comes out, we can offer it immediately without having to worry about compatibility issues,” he says.

SSG currently offers integration through NetX360 with Redtail, Black Diamond and MoneyGuidePro. They are in the process of rolling out integration with Microsoft Outlook and Salesforce. The company currently offers access to the Albridge platform at a very competitive price, although that offering is not yet integrated with NetX360. Skiles expects Albridge/NetX360 integration in 2011. SSG is also close to releasing a trading solution in conjunction with RedBlack. And advisors should look for further integrations soon, according to Skiles. “We are a nimble custodian. If a good integration opportunity presents itself, we can react quickly.”

Cutting-Edge Services

According to Dennis Noto, chief information officer at Trust Company of America (TCA): “Our vision is to build deep user-experience integration so that advisors never have to leave the application we provide.” Currently, the TCA custody platform is a single application that offers account registration and maintenance, portfolio management, performance reporting, portfolio modeling, trading, rebalancing, billing, sales management analytics, tax reporting and a client portal. And the company is busy working to improve the platform in 2011.

One project in the works is an upgrade to TC Access, the client-facing web portal. The goal is to provide a portal that has a more “Apple-like” look and feel. Noto wants the portal to be easier to use and more graphical, while offering boosted performance. Down the road, the company’s technology road map calls for bringing the same approach to the advisor-facing application.

TCA is also working on a new performance engine that will provide a more visual experience—built right into the user interface. Noto calls this approach to software architecture “visual interactive web services” and plans to build out other integrations that are deeply embedded within the TCA application. “We are trying to provide a level of cutting-edge integration that has never been available to advisors before,” he says.

Another RIA custodian, Trade PMR, is also making significant integration strides. They already offer integration with Morningstar Office, Redtail CRM and FinanceLogix. They are very close to completing integration projects with Junxure CRM, Ebix and MoneyGuidePro. According to Chief Technology Officer Dennis Suppe, the company is also making enhancements to its proprietary performance measurement and reporting package. The enhanced application will soon offer daily performance numbers and a number of new performance reports to choose from. They are also enhancing their free, proprietary CRM application.

“Our goal is to offer our advisors good, easy-to-use, cost-effective tools. At the same time, we understand that not all of our tools are suitable for all of our advisors, so we also offer great integration with third-party applications. If an advisor does not like our application, we don’t want to lock them in; we want to offer choice.” While acknowledging that some of Trade PMR’s tools, such as their CRM application, are not the most sophisticated on the market, Suppe believes that entry-level tools “open advisors eyes” to their capabilities. Some advisors had their first CRM experience with the Trade PMR CRM offering because it was free. After realizing the value that CRM could bring to their practice, they later upgraded to a more sophisticated product.

Clearly, RIA custodians are investing significant dollars to facilitate advisor technology integration. This should open the door to increased efficiency and productivity in the coming years.
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Cloud computing is evolving quickly from a vague abstraction to a practical, near-term information technology reality for independent financial advisors.

In general, cloud computing offers more economical, flexible, and secure data processing and storage than traditional on-site methods. Yet many advisors still lack a fundamental understanding of how their operations and, ultimately, their clients might benefit from moving their systems to “the cloud.”
When asked to describe cloud computing, many advisors would offer a simple definition along the lines of, “using technology beyond the walls of my office.” While this is correct, Wikipedia offers a more succinct definition: “Internet-based computing whereby shared resources, software and information are provided to computer and other devices on demand, like the electricity grid.”

The grid analogy stems from the fact that in the early days of electricity generation, factories needed to generate their own power—a highly inefficient system. With this setup, some factories had excess generation capacity that was wasted, and others had regular demand for greater power than they could generate.

The advent of the power grid (and the utility companies that fed it) allowed many users to amortize the cost of high-capacity generation equipment, and let them obtain—and pay for—only as much electricity as they needed at any particular time. In a similar fashion, true cloud computing features these essential characteristics:

• **Off-site base.** The service originates beyond your walls, and that site is owned and operated by the provider.

• **Elasticity.** The level of service provided can scale up or down rapidly, an important capability that few advisory firms have. This flexibility is not only useful for basic capacity issues, but also for rapidly incorporating new technology.

• **Self-service provisioning.** Most resources, including different applications—email services, Google Apps, Zoho, NetDocuments—are available on demand online or by phone.

• **Broad network access.** Services are accessible through advisors’ networks according to their needs. That may include not only basic desktop systems, but also laptops, tablets, smartphones and perhaps, ultimately, TV sets.

• **Flexible billing.** Services can typically be paid for on a metered basis (you pay for only what you use), a fixed-subscription all-you-can-eat basis, buckets of usage (like cell phone plans) or cable TV-style tiers of service arrangements.

• **Multi-tenancy.** Because the cloud-based service provider has many customers, it must have safeguards in place to protect the security of each tenant.

• **Interoperability.** Systems can be structured to work with all types of software. Note, however, that cloud computing services are not necessarily “open;” the host retains the right to approve or reject parties who request access.

**THE BENEFITS**

One major advantage of cloud computing is that it’s ultimately cheaper than traditional computing, thanks to economies of scale (for both the cost of the equipment and the experts who maintain it), and real estate costs (server farms can be located in remote locations where land is cheap). Additional advantages of cloud computing include:

• **Rapid deployment**

• **Low initial cost**

• **Access to highly trained IT pros** who know the applications you use

• **Redundancy (backup)**

• **Disaster recovery**

• **Security**

Advisors don’t need to be reminded that security is of crucial importance to their business success. When thinking about this issue, advisors must consider both the physical security of their computing hardware, as well as protection from external (or internal) hackers. In this regard, cloud computing vendors worth their salt locate their equipment in a protected physical environment, use strict access protocols and deploy extensive threat-detection tools within the software and network.
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NOT ALL ROSES

It’s important to note that cloud computing requires more telecommunications bandwidth than a typical office may already have in place. In addition, it is best if offices embracing cloud computing have redundant internet “on-ramps”—a capability that might be elusive for communities that lack multiple internet service providers.

But for many advisors, these challenges aren’t enough to outweigh the benefits of a cloud-computing model. For those advisors, there are currently three basic service models available, a number that’s bound to increase soon in this highly dynamic field. (Although advisors typically will tap into the cloud via intermediaries that choose among these models, advisors should understand which route the intermediaries have chosen.)

CLOUD VS. TRADITIONAL COMPUTING
A POINT-BY-POINT COMPARISON

<table>
<thead>
<tr>
<th>TRADITIONAL</th>
<th>CLOUD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up-front investment in hardware and software</td>
<td>Small investment; pay as you go</td>
</tr>
<tr>
<td>Requires time to deploy</td>
<td>Deploy on demand</td>
</tr>
<tr>
<td>Requires networking expertise</td>
<td>Little networking required</td>
</tr>
<tr>
<td>Must be configured for remote access</td>
<td>Remote access built in</td>
</tr>
<tr>
<td>Advisor responsible for maintenance</td>
<td>Cloud provider handles maintenance</td>
</tr>
<tr>
<td>Advisor handles security, backups, disaster recovery</td>
<td>Cloud provider handles security, backups, disaster recovery</td>
</tr>
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THE OPTIONS

One model is infrastructure as a service (IaaS). As the name suggests, this model involves the delivery of computer hardware for processing and data storage, as well as operating system software and virtualization technology to optimize resources. This model is well suited to the peaks and valleys of processing power needs—particularly the peak when quarterly performance reports are being generated. Vendors in this space include Jungle Disk, RackSpace and Amazon.

Another model is platform as a service (PaaS). This features hardware plus programming language, utilities and possibly underlying applications. Developers using PaaS can deliver applications for advisors over the cloud without investing in servers, networks and development software. PaaS examples include Google Apps Engine for Business and the Windows Azure platform.

The third model, software as a service (SaaS), is perhaps the most fully developed and familiar to advisors. It features applications on demand. For example, in the customer relationship management (CRM) arena, vendors, including Salesforce, Oracle and Sugar, all offer SaaS-based applications.

Advisors considering purchasing and harnessing the software applications they use via the cloud need to be sure that the different applications know how to “talk” to one another. SaaS-based vendors that do have that capability include MoneyGuidePro, Redtail and Orion.

Another SaaS option for advisors is a third-party consolidator. One example is Tamarac Advisor X, whose components include Portfolio Center, Performance Engine, Dynamic Reporting, Microsoft CRM and integration with MoneyGuidePro. A variation on this theme is the all-in-one category, which includes vendors such Interactive Advisory Software.

Meanwhile, the major custodians used by independent RIAs, including Fidelity, Schwab, TD Ameritrade Institutional, Pershing, Trade PMR and the Trust Company of America, have been introducing and improving on their own cloud-based solutions that enable custody clients to run a suite of applications on an integrated basis. How this process works will vary by custodian, and advisors would be wise to explore the various options their particular custodian(s) offer.

Looking down the road, it is highly likely that most applications advisors use will live on the cloud, and desktop-based applications will die out. And even if advisors don’t leap for the cloud right away, chances are the software vendors they are currently using will be doing so—if they haven’t already—resulting in greater value to their customers. ■
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