

THE CHALLENGE FOR ADVISERS IN COMING YEARS WILL BE TO SEPARATE GENUINE TECHNOLOGICAL UPGRADES FOR THEIR BUSINESS FROM ALL THE LATEST SHINY NEW TOOLS.

Technology has been a major focus for advisers in recent years as they have adapted to a post-FoFA world. But the pace of technological change is set to accelerate over the next decade.

Advisers who fail to adapt risk pouring resources into the latest tech fad. There will be “massive distraction risks” from the pace of technological change, says IRESS chief executive Andrew Walsh. “The cost of distraction can be greater than the cost of not reacting to technology trends.”

The advisers who succeed in this new complex environment, Walsh says, will be the ones who understand the impact of major trends such as digital and mobile advice. But above all, it will be the advisers who avoid the distraction of exciting new tech tools and focus on aligning technology closely to their business models.

“That means working out what your business wants to achieve, then using technology to deploy that,” he explains.

**COMPLIANCE AND FLEXIBILITY**

Jason Poole, who runs GPA Matrix, an advice business in the NSW city of Newcastle, says compliance has “smashed” advisers in terms of additional cost and time required. He was one of many advisers who turned to technology in recent years to cope.

“Technology allows you to claw some of it back,” Poole says, adding that it has allowed his practice to maintain profitability in the face of rising compliance costs.

He had an added incentive: He and his French wife decided they wanted to school their children in France for half a year. How would he service his 200 active clients from 17,000 kilometres away?

He began by shifting to the cloud in 2008 with XPLAN, which not only saved him money but provided greater flexibility to work from anywhere. Poole has also introduced a string of tools – including Skype, Skype Premium and Viber – for video meetings with clients. Poole often has video meetings with clients after work now.

He also introduced electronic documents that cut his printing costs to a 10th of what they had been. All statements of advice (SoA) are now provided to clients on a USB stick, so the document doubles as a marketing tool.

# Best tech,

IT'S NO **DISTRACTION**

WORDS  
BEN POWER

**FOCUS ON EFFICIENCY**

Investment Trends research director Recep Peker says since the global financial crisis (GFC) and FoFA, most advisers’ use of technology has been focused on efficiency.

The GFC and FoFA put pressure on fees and Peker says platform providers particularly responded and improved functionality. It worked. Adviser satisfaction with platforms bottomed in 2009, but rebounded in 2014.

Walsh says driving more efficient outcomes for advisers has been a focus of IRESS’s XPLAN in recent years. He says XPLAN delivered many functionality enhancements to asset advisers after the launch of FoFA with best-interest duty and automation of annual fee disclosure statements.

IRESS also expanded the number of investment and insurance products that can take straight through processing from XPLAN. It kept pace with the increased use of managed accounts, established interfaces with other technology such as MoneySoft’s cashflow and budgeting tool, and introduced digital signatures.

**A TURNING POINT**

But Peker says efficiency has now become commoditised. “Efficiency and cost efficiency are now just tickets to play,” he says.

Peker says the industry is at a critical turning point, where the focus of technology is shifting from efficiencies to driving better outcomes for clients and meeting their evolving business needs.

“The current post-FoFA challenge is for technology to help advisers demonstrate value to clients,” he explains.

Clients have changing expectations. Millennials

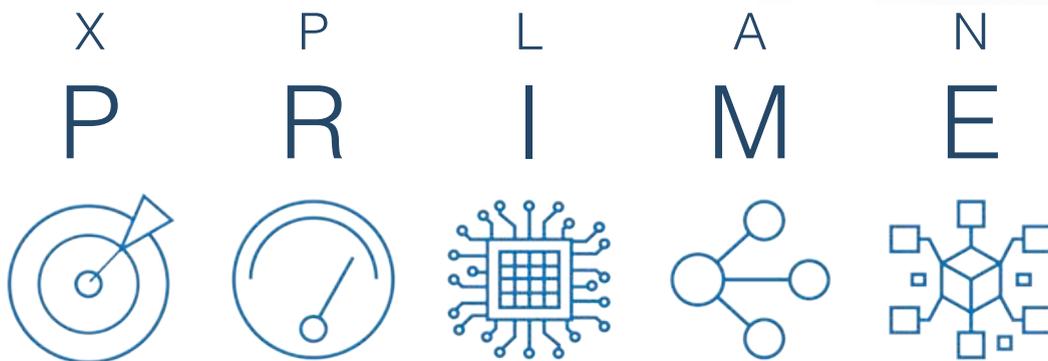
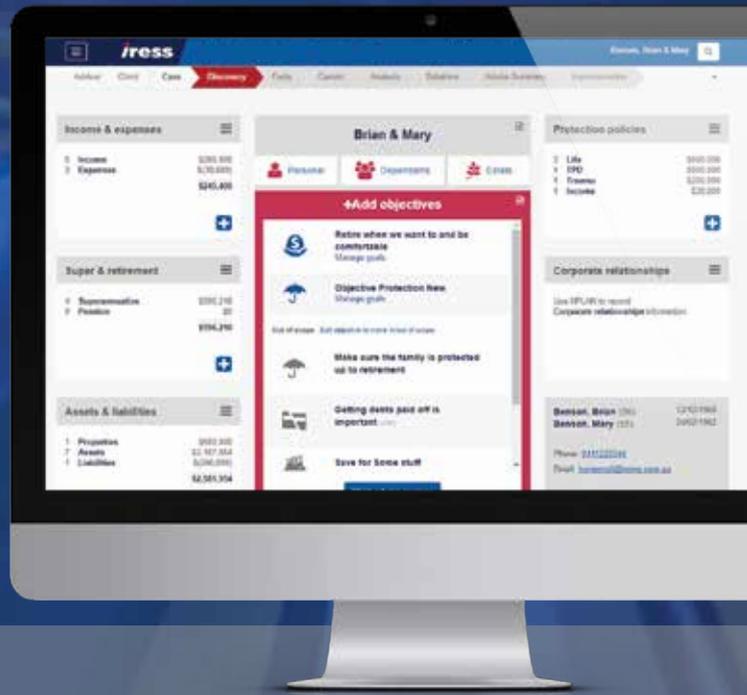


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## // WE DON'T SEE A WORLD WHERE WE HAVE ONLY DIGITAL ADVICE, IT WILL BE A COMBINATION

now have expectations that when they see an adviser the experience will be technology-centred. Clients also want to see clearly that the adviser is helping them progress towards their goals.

"Every client engagement should be centred around their goals," Peker says. "It's really important for technology to enable that."

Increasingly, clients also want their financial data in one place. "It's about having an ecosystem where the planner can live out of a central hub and administer the entire client financial position, and where the client can also access and see everything."

"[Technology] allows us to wow clients," Poole says. "The real drive these days is how can we make the client experience better and at the same time maybe we can get some efficiencies as well. Those things usually go hand in hand."

### MEGATRENDS

Walsh says complicating this picture is the emergence of big trends such as digital advice, data and mobile.

When it comes to digital advice, Walsh says a hybrid model will dominate, though in the latter half of the next decade, the use of bots to provide basic advice will accelerate. "We don't see a world where we have only digital advice," he says. "It will be a combination."

He notes that, internationally, nearly all robo-advice services are adding advisers, because financial advice is different to buying a consumable on Amazon.

### A MAJOR OPPORTUNITY

But Peker says there is also a huge opportunity that will drive technology. The number of people who are in the market seeking a financial planner has doubled since 2013. About 3 million Australians say they want to find a financial planner in the next two years. That's up from just 1.3 million in 2013.

"Planners don't have the capacity to get to all of those clients," Peker says, noting that advisers added only 350,000 new clients in the last year – just one 10th of demand. "There is a huge advice gap in Australia that technology and regulation have to solve," he says.

Walsh agrees that scaled advice will be an ongoing focus for the next few years.

He says platform providers are adapting to this changing environment. IRESS recently launched XPLAN Prime, which allows advisers to deliver objectives-based scalable advice to meet a range of client needs and save time by leveraging the advice capabilities of the XPLAN platform.

XPLAN Prime also produces and documents advice in real-time with the client, or at a later time. It supports face-to-face, telephone and digital engagement, provides real-time multi-goal optimisation with clear explanations of the likelihood of addressing client goals, and it accesses the functionality of the XPLAN platform in a single-user interface with no double entry of data, consistent advice documents and compliance rules, and a single client CRM record.

### NO DISTRACTIONS

But Walsh reiterates that the rapid changes set to take place in the next 10 years can be a distraction for advisers. He says a big mistake is to view technology as a tool, rather than fully embracing it and embedding it in the practice.

"It's too easy to look at other things and other options," he says. "The grass is always greener and the groovy, snazzy tool always looks great."

He says advisers must have a clear business strategy if they are to adapt successfully. "Every business needs to have a strategy and a business plan," he adds. "A business needs to know where [it's] going. That is a business principle, not a technology. The strategy includes the kinds of clients you're chasing and how you're going to grow. It's important to establish those before you work out what your tool suite is going to be."

Peker says technology can "be something your client or target market expects, and it can be your differentiation and the thing that helps you grow your business".

He agrees that the main thing advisers need to do is "remember who your client is. If you have a business focused predominantly on pre-retirees and retirees, perhaps technology isn't important. If you're a Millennial planner, then your clients' expectations are very tech driven."

### THE RIGHT TOOLS TO EMPOWER CLIENTS

Walsh says that, like advisers, platform and technology providers must keep adapting and continue evolving in the next decade.

He says IRESS is focused on delivering technology that allows advisers to execute their business model successfully and deliver superior outcomes for their target clients. "Our approach to continued development and innovation of the XPLAN platform is one of collaboration and co-design with advisers and their clients," Walsh says.

IRESS will release a next-generation online advice offering in 2018 to enable financial advisers to engage further with clients. The digital advice offering will allow practices to offer their clients access to several aspects of the process online, including viewing key documents, investing digitally and managing cash flow.

"Advisers are increasingly telling us that their clients are seeking easier, greater interaction and transparency within the advice process," Walsh says. "Our new offering will build on existing online client functionality to meet evolving needs and allow advice businesses to determine the level of self-service by their clients. We want to help advisers put the right tools in their clients' hands to help achieve this." ■