

Top Ten Technologies for Financial Planning Firms

by Gregory H. Friedman, CFP®

Recently I visited with a representative of a company that provides a Web-based portfolio reporting system to wealth management firms. We had an extensive discussion in my office about our current systems and how we worked. A few days after our meeting, I received an e-mail that included the following: "Thinking back on our conversation, you probably have one of the most efficiently run practices that we have seen." Although flattering, we all face tremendous challenges in using technology effectively to achieve results—staying ahead of the competition, increasing services to clients, and increasing profitability to our firms.

Here are the Top Ten Technologies for advisors in terms of impact on the success of their firms. Not included are the obvious technologies such as using Microsoft Windows, networking, e-mail, and high speed Internet access. The use of these technologies is assumed. Rather, the following are the technologies that have had the greatest impact on the success of my firm in increasing order of importance.

#10: VoIP Phone System

The voice-over-IP phone system is one of the latest technologies we have adopted because our phone system had become seriously outdated. The VoIP phone system is computer- and network-based. A detailed discussion of how these systems work is beyond the scope of this column, but we have benefited from the following advantages:

- Tremendous number of features to control calls, including basic features such as hold, conference calls, and transfers (significant improvement in ease of use)
- Integrated voice messaging—voice mail comes in as e-mail and can be saved, forwarded to others, and more
- Can view and create reports for call history, including source of calls, duration, and waiting times
- Integrates with MS Outlook for easy dialing and call identification
- Easier to view who is on the phone, as well as whom they are speaking to, and for how long
- Can be integrated with contact management systems (currently we are working on integrating it with our office management system)

#9: Collaboration

Collaboration tools allow you to present material via your computer to a client while at the same time talking on the phone. Your client sees your computer desktop while at home working on their computer by connecting over the Internet. Popular and cost-effective ways to do this are AdvisorConferencing (www.advisorproducts.com), GoToMyPC (www.gotomypc.com), and Webex (www.webex.com).

Obviously this is tremendously beneficial for working with clients who live out of the immediate area. We found that once we adopted this technology, even local clients many times preferred to "meet" this way. This resulted in saving a tremendous amount of time while maintaining great client relationships. In addition, this technology allows us to have staff meetings and training sessions with employees in other locations.

#8: Web Site

Most firms by now have some kind of Web presence. This is increasingly critical for staying competitive and providing information and services to your clients. You can either build your own or take advantage of some of the excellent industry vendors that will build and maintain a site for you. We use Advisorsites (www.advisorsites.com).

advisorproducts.com) for the development and maintenance of our Web site.

At a minimum, your Web site should...

- Provide useful information that is current and updated frequently, including financial planning topics, resources, and articles of interest
- Be an online brochure for your firm, providing information on your services, people, and firm philosophy

Beyond those features, consideration should be given to making client-specific information available such as portfolio reports, net worth statements, or other information. This will require additional help from a programmer or your Web site vendor.

#7: Online Data Backup

Backing up data from your computer activities is obviously critical! Most firms back up their data on a floppy disk, a CD-ROM or DVD, or a tape drive. These are all viable options for backing up critical data, but my experience is that you can never be too careful. Many things can go wrong with various types of backup media in which you are not able to restore the data when you need to.

In addition to using a daily tape backup system, we also use an online (over the Internet) backup system as an "insurance policy" against losing our data. We use Evault (www.evault.com) for our online backup solution provider for the following benefits:

- Extremely easy to set up and administer
- Daily backups are effortless—we're required to do absolutely nothing (no tapes to change, nothing to remember!)
- If there is any problem whatsoever with any backup, you are notified
- Great for compliance—backups are secure (128-bit encryption) and offsite; they also store copies of backups in several locations for security

The greatest benefits of an online backup system are that it (1) is very easy to restore data in the event of data loss and (2) provides peace of mind.

#6: Online Portfolio Performance Reporting

Most advisory firms provide portfolio performance reports on a quarterly basis to their clients. Over the years, our reports had become "works of art"—lots of different reports using color charts and graphs. It was a tremendous production on our part to put out these reports, with only limited appreciation by most of our clients.

We then tried a bold experiment (for us, anyway): we announced that we were going to post the reports to our Web site, updated weekly, and would no longer provide paper reports (unless specifically requested by clients not comfortable with Internet reports or without computers). The reaction of our clients was immediate and pronounced—great! They had to shred all of those papers we sent and they felt this was much better. The benefits of online portfolio reporting are...

- Clients love it
- Significant time and cost savings over production of paper reports
- Better service to clients—information is current weekly rather than quarterly

Many portfolio management systems (Centerpiece and Advent, for example) can create batch PDF reports that can be used with a Web server to provide client reports over the Internet. There are other options available to provide client reports online, such as ASP (application service provider) portfolio management systems like StatementOne (www.statementone.com).

#5: Remote Computer (Office) Access

Accessing your office while traveling is essential for most practitioners. There are many ways to do this, including using Microsoft Terminal Server (www.microsoft.com), pcAnywhere, and GoToMyPC (www.gotomypc.com). We use a combination of Terminal Server and GoToMyPC—a remote employee works through Terminal Server and I access my office through GoToMyPC in order to directly access my workstation.

The benefits of this technology follow:

- Ability to work from anywhere and check in with the office
- Data stays at the office for security and backups
- Makes offsite employees a reality

#4: Conference Room Computer (Notebook) and Projector

The setup involves having a network connection available in your conference room, a notebook (or desktop) computer, a projector, and a screen. There are many different options for projectors and screens and most are adequate. We use this for client meetings and presentations.

These are some benefits of this setup:

- Meetings are much more effective; clients get more involved and engaged in the discussion and process
- Efficiencies are created by reducing the number of meetings necessary, and the agreed-upon plan is e-mailed to the client directly (it is never printed unless specifically requested)
- It's particularly effective for retirement planning discussions

#3: Online Software Training

Most firms are so busy trying to keep up with their to-do lists that they don't spend enough (if any) time on technology training. This is a big mistake! Ongoing training is critical in order to get the most out of your software applications and to keep up with changes and enhancements. We use DigitalThink (www.digitalthink.com) for online software training; our entire staff takes a course every quarter on Microsoft Office applications. In addition, we have monthly staff meetings specifically for training with industry specific applications such as our CRM software or document management software (Worldox: www.worldox.com). The benefits of online software training are...

- Tremendous boost in office productivity and quality of work
- High level of efficiency in the office
- Ensurance that we get the most out of our software applications
- Continuous growth and learning opportunities for staff

#2: "Paperless" Hardware and Software Technology

The "paperless" office really refers to a document management system (DMS). A comprehensive DMS includes the handling of documents from all sources: those created electronically, received electronically, and paper documents. Being a "less paper" office involves using a combination of scanner(s) and software applications to manage paper files. It also involves "thinking paperless"—never printing anything unless absolutely necessary.

We have one production scanner (high volume, high speed scanner) and several desktop scanners for key administrative personnel. A great source for information on scanners and software options is the *Virtual Office Tools* newsletter (www.virtualofficetools.net). The benefits of the "less paper" office are...

- No more lost documents—faster and more accurate searching makes finding documents and files a breeze
- Less time filing (though scanning takes time)
- No paper clutter on your desk
- Documents can be easily handled many different ways—e-mail, fax, or printing right from your computer desktop
- Security levels for accessing documents, or making documents available to the entire staff

#1: CRM (Office Management) Application

The technology that has the most impact on our firm in terms of efficiency, the ability to provide great client service, and the overall profitability of the firm is our office management system (we use Junxure-i: www.junxure.com). The system is the heart of the business for managing virtually all client data and workflow. It integrates (seamlessly shares data) with our portfolio management system and our document management system. The benefits of a good office management system are...

- Information management at a high level
 - Ability to analyze your business and make informed business decisions
 - Ability to manage employees and productivity
 - Ability to manage workflow and streamline processes
- High level of office efficiency
- High level of client service easily
- Ability to create consistency of services for a high level of client satisfaction and client retention
- Increased profitability

Conclusion

This column is intended to be a survey of some of the available technologies that have an impact on my firm. The landscape for available options continues to grow at an increasing rate and it is easy to get overwhelmed by them. Running a successful and profitable financial planning firm requires a commitment to technology in both money and time. Depending on the needs of your firm, any of the technologies listed in this column can have a profound impact on your firm, its profitability and viability, and maybe even your life!

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