

FINANCIAL ADVISORS: 5 TRENDS THAT WILL CHANGE THE WAY YOU WORK

On a daily basis, financial advisors are inundated with (sometimes overly alarmist) articles about the technological threats and opportunities their businesses face. The reality is, the business *is* changing and technology is the biggest driver of that change. As someone who's worked in and observed financial tech for two decades, here are what I believe are five of the biggest trends – real and tangible ones not 'maybes' – impacting the landscape for financial professionals, now and in the near future.

1. THE CLOUD

It's not 'coming'. It's here. And it's touching almost everything in tech. Financial advisors are only beginning to understand the impact and opportunity that cloud computing can enable. While there are benefits now, the real tidal wave for financial advisors will come over the next 5 years as employers and networks move infrastructure and applications into the cloud, abandoning decades of legacy technology debt in the process.

"The cloud" refers to a new approach to technology infrastructure. Instead of a server room or a hosting facility, cloud computing virtualizes servers and distributes computing requirements across many servers. The obvious opportunity here is to have disparate information more easily aggregated and quickly accessed, more complete and seamless workflows, more intuitive dashboards and the enhancement of the value of one application through enriching it with the capabilities of another application.

The challenge, for many advisors, will be to keep up with the change. Morgan Stanley made news recently when it announced it is [hiring hundreds of technology specialists](#) to train its financial advisors on new technology. Simply ignoring technological change will no longer be an option. But the rewards of embracing technology will be profound.

2. THE REVOLUTION IN CUSTOMER JOURNEYS

Gone are the days when the advisor almost completely defined the customer journey. This trend has been gaining momentum for close to a decade. Online account reporting, email, tax software, personal financial software – those were just the beginning – standalone tools that put information and perspective (sometimes with a dangerous lack of context) into the customer's hands. Add to that video calling, digital portfolio management (aka. robo-advisors), and other professionals looking to demonstrate value. Finally, the emergence of APIs (Application Program Interfaces), game-changing tech, will empower more service providers – both inside and outside of financial services – to enhance the client experience in ways barely imaginable even 10 years ago.

Your customers (and every service provider) now have an opinion, ability, and vested interest in defining the financial service experience. *Advisors no longer control the journey.* In the long run that is good for customers – and good for those advisors who are able to adapt.

3. AUGMENTATION

The capabilities of financial advisors are about to explode. Advisor practices, indeed even advisors themselves, will soon find themselves augmented with more information and more context, at a more valuable time. Humans will be 'assisted' in new ways, enabling advisors to better leverage their human expertise. Augmentation will transform how *all* financial services, including wealth management and insurance, are delivered. Here are four simple examples:

- **Digital advice extensions** – for example robo-advisors – will provide scale to the advisor practice through enabling the advisor to focus on the highest value-added, most experience-rich, aspects of their value.
- **Messenger applications** enhanced with embedded tools will enabling customers and advisor practices to become more integrated and collaborative in real-time involving both digital and geographic context in the interactions.
- **Real-time context provided by Digital Assistants** (think a juiced-up Siri) – a voice in your ear – will dynamically support advisors in real-time as they work with research and support as the advisor interacts with their customers.
- **Next generation Predictive Analytics** – light Artificial Intelligence – incorporating non-traditional data types, will help advisors and firms be more efficient and understand complex and evolving customer situations faster.

4. AUTOMATION. NO REALLY, AUTOMATION.

We have been stuck in an automation promise land for years. In fact, to date, most of the business process management (BPM) promises have been more hype than substance. But that is changing. Monolithic BPM approaches have largely not worked at all, and absolutely struggle where work processes have highly distinct components (like financial advisor practices). Process automation is about to become VERY people focused.

Where automation *has* been implemented successfully thus far, the gains have almost entirely accrued to the operational parts of the business (i.e. middle and back office operations), *not* the customer facing, front office side. A perfect storm of microservices, APIs, next generation rules engines, metadata and consumer quality user interfaces will change the front office game completely. Customers will be more involved. Advisors will increasingly find they are relieved of the burden of non customer value creating activities. Work efficiency and customer experience will enjoy substantial gains.

5. MEASUREMENT OF VALUE. ADVISOR VALUE.

As it turns out, advisor value *can* be measured. In 2007, industry veteran and thought leader, Stephen Gresham, published a book called [Advisor for Life](#). It's a terrific guide to building a distinguished career as a financial advisor and how to foster many successful client outcomes. Gresham frequently reflects on the concept of *Financial Advisor Alpha* – value created by the advisor that cuts broadly across all the advice delivered (and especially value beyond the risk of any investments). "Advisor Alpha" is a brilliant concept: clients love the idea, and leading advisors love it too.

Unfortunately, for the past 10 years it has been largely impossible to measure. Not any more. Within the next 2-3 years the ability to measure, calculate and report the value of the financial advice delivered will be a reality.

- *News flash #1: only your customer can decide if you deliver value.*
- *News flash #2 – your customer can now (or will be able to shortly) calculate the value you deliver.*



SO WHAT DOES ALL THIS MEAN?

Whether you're an industry veteran or are new to the advice industry, the next five years are going to bring many changes to the wealth management and advice industry. These changes will threaten some financial advisors and their practices, yet will represent enormous opportunities to others.

Software *is* eating the world and technology is transforming virtually all aspects of our lives. It's time that your

business embraced it.