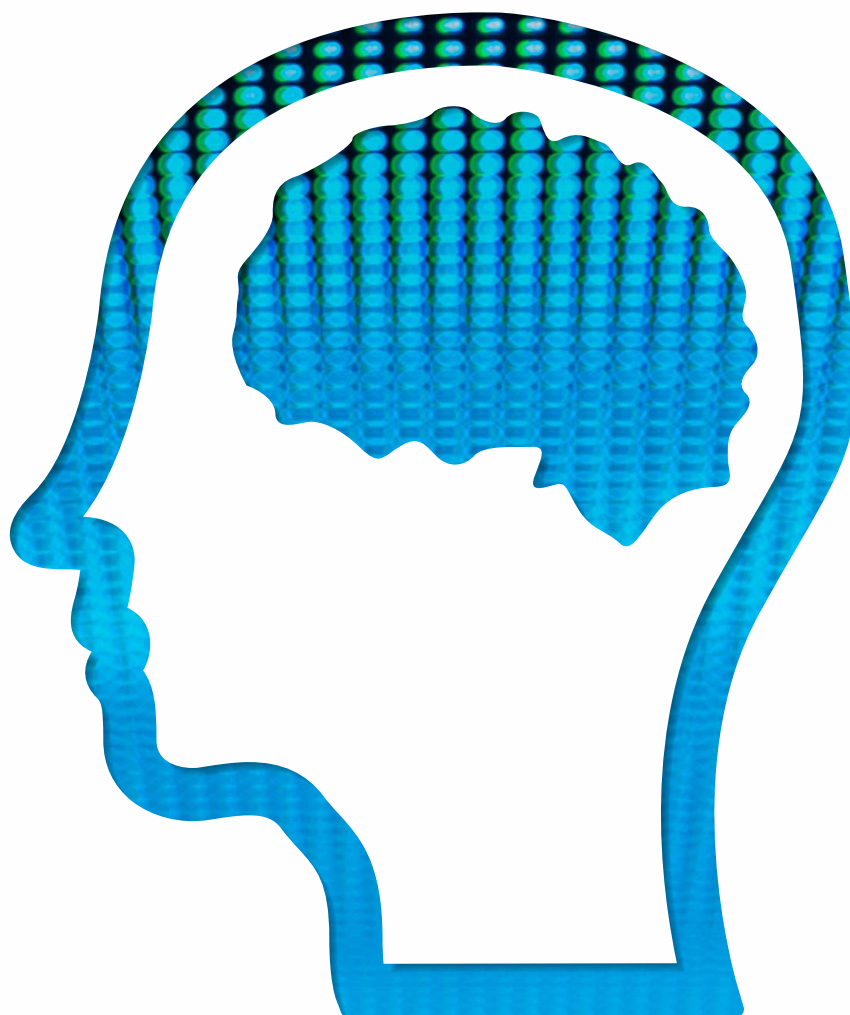


AdviceTech Research Report

2018 edition

netwealth



Insights into usage
across 26 AdviceTech
categories

Framework for
prioritising technology
decision making

Comprehensive list
of AdviceTech
suppliers

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Introduction

The second Netwealth AdviceTech research report shines a spotlight on the technological future of the Australian advice industry and the fundamental role of the customer experience.

The amazing technological change we've seen over the last 15 years – and the resulting disruption to many industries – has been well documented.

Industry disruption isn't new, but the rate we're seeing industries come and go is unparalleled.

It's this environment that prompted Netwealth to explore how technology is used in advice practices today and what the future looks like.

In May 2017 we conducted our first AdviceTech survey. Twelve months on, our second annual survey has gathered feedback from over 300 wealth professionals across 26 AdviceTech categories.

Only 14.10% of advice practices believe that 'Technology is pervasive in all customer engagements' (a slight increase from 11.17% in 2017).

This is far from ideal when you consider our customers engage online every day with Facebook, Google and Amazon. Our new competitors are not other advice practices or financial institutions, but customer-obsessed tech companies. These companies have a laser-focus on customer engagement, delivering a seamless and highly personalised user experience anytime, anywhere.

Jeff Bezos, founder of Amazon, famously said: "The most important single thing is to focus obsessively on the customer. Our goal is to be earth's most customer-centric company."

The human element of technology inspires Netwealth every day. The core message from this report is the importance of the customer and the fundamental role technology plays in shaping their experience.

Another important finding from the survey is that intention did not translate to action – evident in that usage rates for many of the 26 AdviceTech categories did not increase from the last 12 months. Technology adoption and implementation is not easy, but this is a cause for concern. An advice practice needs to invest time, resources and

capital in AdviceTech to keep up and get ahead of the game. It takes commitment beyond good intentions – a plan backed by resources and championed by senior leadership.

Technology represents an opportunity for our industry. It's a tool for changing client perceptions and optimising business practices. With opportunity comes challenge, so it's understandable many advice practices struggle with where to start.

This report shares our survey findings and also provides tools to navigate endless technology solutions. This report is designed in three sections:

- **Section 1 – Keeping up and getting ahead**
Understand the technologies gaining industry traction and benchmark your business against your peers using usage and adoption rates across 26 AdviceTech categories.
- **Section 2 – An eye on the horizon**
Use a simple tool to prioritise AdviceTech using a popular framework called Three Horizons.
- **Section 3 – Technology glossary**
A glossary of all 26 AdviceTech categories covered in the survey including features, benefits and main suppliers.

Be inspired by new ideas and get started on a robust and strategic business discussion.

Matt Heine
Netwealth - Joint Managing Director

About Netwealth

We are a technology company, a superannuation fund, an administration business. Take advantage of Netwealth's robust and fully-featured platform that is both powerful and flexible enough to meet the evolving needs of your business and clients.



Rated Australia's #1 platformⁱ

Rated by Investment Trends as number 1 in overall satisfaction by users in 2013, 2014, 2015 and 2016 and rated number 1 by analysts as best overall platform in 2015, 2016 and 2017.



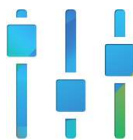
Technology

Access the latest technology and innovations. Our focus is on ease and efficiency, which means we give you and your clients enormous capabilities without the complexity.



Efficient administration

No matter how big or small your business, or what stage it's at, we give you the support you need to take the right steps forward. Our team makes running your business easier by providing support with regulatory changes, efficient direct equities handling and a timely turnaround on applications and liquid redemptions and tax reports.



Choice and flexibility

Netwealth has a solution for all the wealth needs of your clients. Whether they are looking for superannuation, SMSF administration, wrap accounts or insurance, we offer you and your clients real choice which can be tailored to match individual circumstances.



Support

Making sure your business runs smoothly and efficiently is as important to us as it is to you. That's why Netwealth offers a four-tier support system, so whenever you need help, training or guidance someone from our dedicated team will be there to help you.



Managed accounts

Not all managed account technology is equal. Enjoy the efficiency and scale benefits Netwealth's Managed Account can provide your business. And it is fully integrated with our super and wealth services.

"Technology is nothing. What's important is that you have a faith in people, that they're basically good and smart, and if you give them tools, they'll do wonderful things with them."

- Steve Jobs



Today and tomorrow

Technology is building smarter advice businesses

Technology plays a critical role in an advice practice.

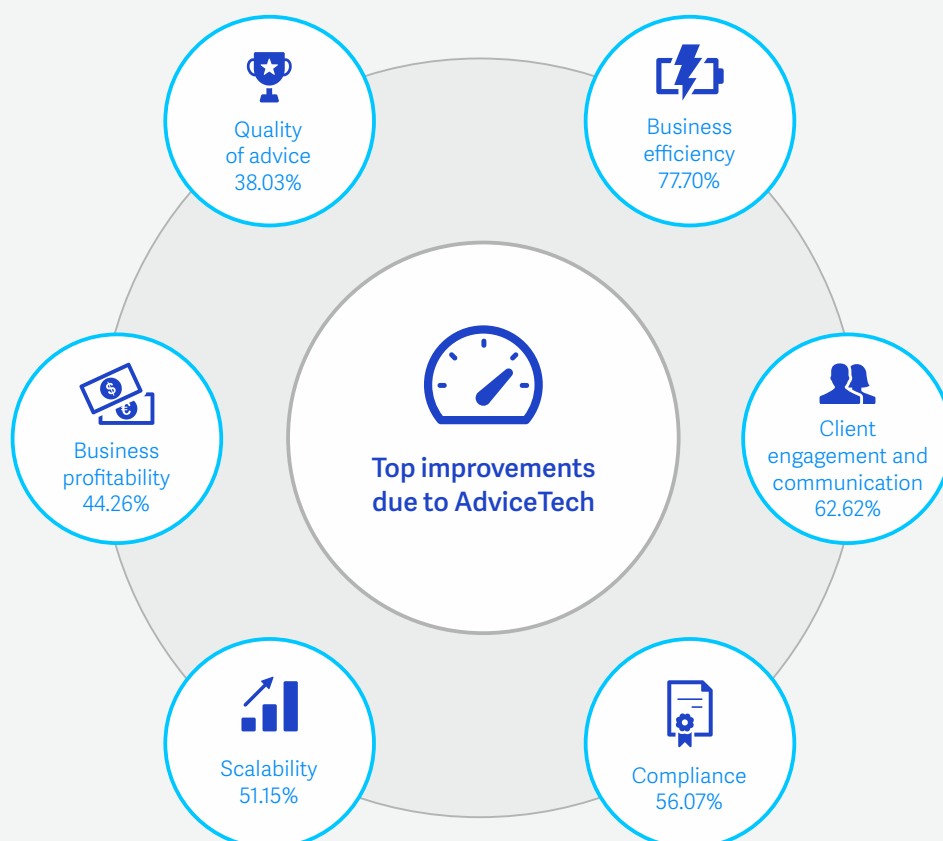
Technology like AdviceTech (which is technology that facilitates the financial advice process) has forever changed the way advisers assemble their advice solution, value proposition, customer engagement and their back-office systems.

Technology has disrupted industries time and time again. The line in the sand between humans and machines has been drawn; it isn't a matter of humans versus machines, but humans with machines versus humans without.

Consumers are about to experience financial advice that's more immediate, interactive and enjoyable. This change is happening now as advisers embrace AdviceTech and change their service delivery model with new technology services like managed accounts, scaled advice and cash flow and budgeting tools.

Almost 80% of advisers agree that improved business efficiency is the main area technology has impacted in advice practices. It's no surprise to see client engagement and communication (62.62%) is regarded as a key area of impact. We're living and working in a digital revolution where user experience is intrinsically linked to everyday technology – every client has a powerful computer in their pocket. Improved business compliance (56.07%) and greater ability to scale and grow (51.15%) are also regarded as having significant impacts due to technology.

What impacts do you think technology is having on advice practices?



What impacts do you think technology is having on advice practices?



● 2018 ● 2017

* These options were not available in the 2017 AdviceTech survey

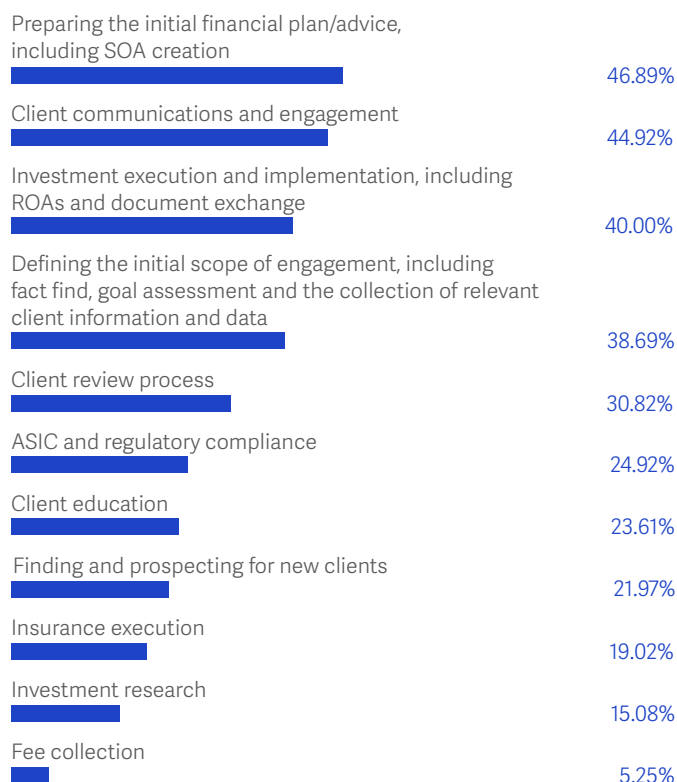
Compared to last year's results, the capacity for AdviceTech to improve the affordability of advice is seen to have less of an impact (down by 22.28 percentage points). Scalability doesn't equate with affordability, which may be indicative of the profit margin squeeze practices face today.

Process and people are at the heart of change

Advisers expect new technologies to fundamentally alter specific processes and activities in the next five years. Process (e.g. the preparation of the initial financial plan/advice, including SOA creation at 46.89%) and people (e.g. client communications and engagement at 44.92%) are regarded as the areas which will be most significantly impacted by AdviceTech.

Execution of investments is another key process advisers regard as open to tech change (40.00%).

Which part of the advice process will be impacted most in the next five years by AdviceTech?



Next-gen tech changing the game

Technologies regarded as having the greatest impact to financial advice practices over the next five years are managed accounts (SMA) (37.70%), scaled advice (32.13%) and artificial intelligence (AI) and machine learning (31.15%).

Traditional tech like managed accounts and scaled advice are well understood by the industry, so it's no surprise that they rank well in adviser perceptions of the industry's future.

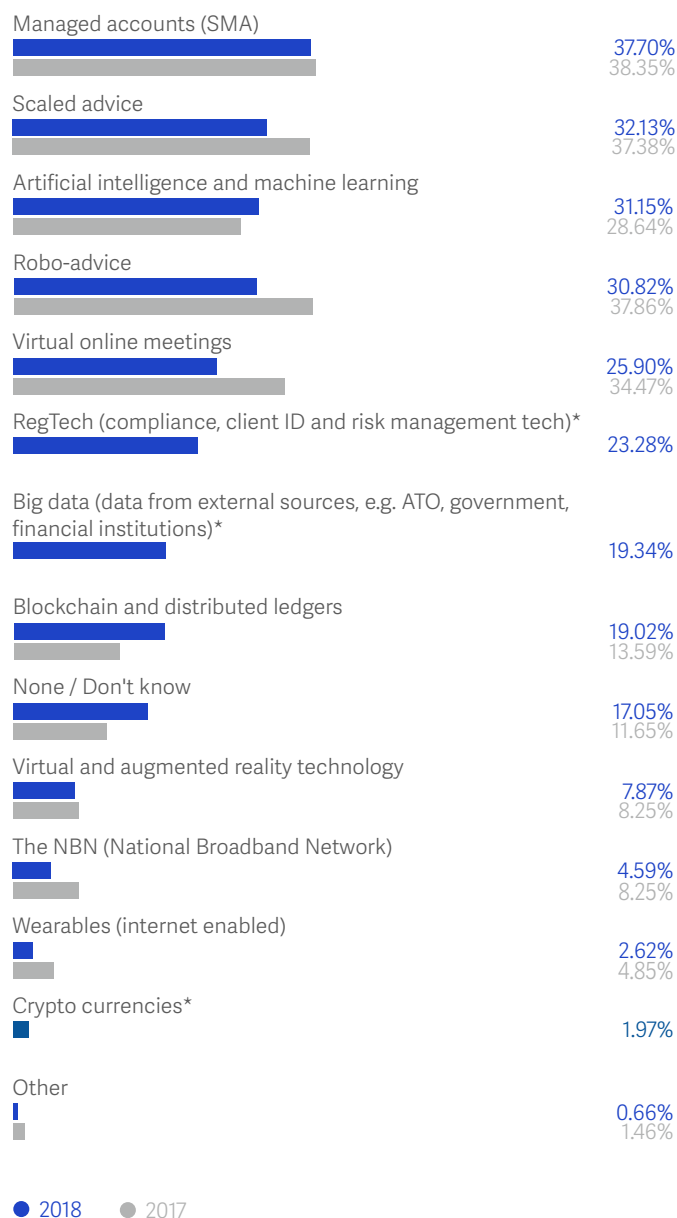
Five years can pass in a flash, but is a long time in technology. The iPhone marked its 10-year anniversary in 2017, and in that time has become an ubiquitous global device. Advisers may be understating how these next-gen technologies will impact the industry, simply because they don't yet understand the real world applications. It's crucial we keep watching how AI, blockchain, big data, virtual reality and wearables play out over the next five years.

Wealth professionals believe AI and machine learning (31.15% up from 28.64%), robo-advice (30.82%), RegTech technologies that deal with compliance, client identification and risk management (23.28%), big data from external sources including financial institutions (19.34%), and blockchain (19.02% up from 13.59%) will have the greatest impact on advice practices in the next five years.

Respondents have reevaluated their views on the impact of robo-advice in the next five years (from 37.86% to 30.82%). This may be because there's less fear being perpetuated by the media. Or they may have now seen the technology in action and regard it as less useful to the industry and therefore less of a threat. Whatever the reason, we shouldn't disregard robo-advice 3.0. It is big data meets AI, wrapped in a slick user interface, and offers the possibility of investment execution being undertaken by a managed account structure.

Let's not forget that companies like Raiz Invest (a recent name change for Acorns) have only been operating for a few years – and claim to be managing over \$150 million in funds from more than 550,000 people who have downloaded the appⁱⁱ. What does their future offer look like? Does it compete with advice practices?

Which technologies will have the greatest impact to financial advice practices in the next five years?



* These options were not available in the 2017 AdviceTech survey

Section 1

Keeping up and getting ahead

Understand the technologies gaining industry traction and benchmark your business against your peers with usage and adoption rates of 26 AdviceTech categories.

Opportunities for advisers

1

Having a positive mindset towards AdviceTech can help build engaging customer experiences and efficiencies.

2

Your clients now compare you to the leading technology brands they interact with every day. Act like they do.

3

AdviceTech offers the potential for new business models and services. Explore them to see if they can work for you.

4

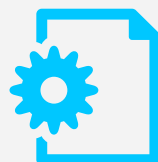
Technology implementation is not always easy. It requires a plan, resources and strong leadership.

5

A lot of technological change and disruption is around the corner. If you aren't already, it's time to get involved in AdviceTech.



Tech early adopters have the greatest usage across 22 of 26 AdviceTech categories



Of those that use scaled advice tech, 35% use it for over ¾ of their clients



In 2018, the use of email marketing technology increased 7.82pp to 78.69%



68.52% of advisers have some form of client portal offering

Technology adoption of AdviceTech in 2018 and beyond

The second Netwealth AdviceTech research report shines a spotlight on the technological future of the Australian advice industry and the fundamental role of customer experience.

Technology	Currently use (%)	Intend to use in next 12 months (%)	Intend to use in next 24 months (%)
 Cash flow, budgeting tools and account aggregation	42.30%	11.80%	19.67%
 Client portal	68.52%	*	*
 Client presentation software	53.44%	11.48%	20.66%
 Cloud-hosted email or other cloud-hosted internal communication services	74.75%	3.93%	5.90%
 Cloud-hosted online document/file storage and sharing technologies	77.38%	5.90%	9.18%
 Commissions management software	60.66%	3.93%	7.87%
 Digital workflow and integration tools	15.41%	13.11%	22.30%
 Digital signature tools	31.80%	37.05%	49.51%
 Digital transcription services	18.36%	20.00%	31.15%
 Email campaigns and newsletter technologies	78.69%	10.82%	14.75%
 Investment research tools	78.03%	*	*
 Know Your Customer (KYC) technologies	9.84%	17.05%	27.21%
 Managed accounts	39.34%	15.74%	21.64%
 Online client surveys and ratings	29.51%	23.61%	38.36%
 Online fact find and risk profiling tools	33.11%	37.05%	54.43%
 Paid online and mobile advertising	14.43%	12.13%	19.02%
 Post to social media networks	67.87%	*	*
 Project, activity and task management tools	74.10%	8.52%	13.77%
 Robo-investment technology	3.61%	8.52%	21.64%
 Scaled advice	13.11%	10.16%	22.30%
 SMSF administration software	33.11%	5.25%	10.82%
 Virtual online meeting tools	48.20%	19.67%	31.48%

* Data was not collected in survey



If you turn to the AdviceTech glossary on page 33 you will find a detailed description of each technology and a list of all technology suppliers available for that AdviceTech category.

Potential adoption by 2020 (%)
61.97%
*
74.10%
80.65%
86.56%
68.53%
37.71%
81.31%
49.51%
93.44%
*
37.05%
60.98%
67.87%
87.54%
33.45%
*
87.87%
25.25%
35.41%
43.93%
79.68%

Most used suppliers
myprosperity, Moneysoft, Xero
*
Microsoft PowerPoint, Canva, Prezi
Microsoft Office 365, Skype, Google Apps
Dropbox, XPLAN, Microsoft OneDrive
Commpay, Revex, Easy Dealer
Zapier, Evernote, IFTTT
Docusign, Adobe, myprosperity
Dragon Dictate, Rev.com, Livescribe
MailChimp, XPLAN, Microsoft Outlook
Morningstar, Lonsec
Simple KYC, ZiplD, GreenID
*
Survey Monkey, Adviser Ratings
*
Facebook, Google paid search, LinkedIn
Facebook, LinkedIn, Twitter
Microsoft Excel, Slack, Microsoft OneNote
(Sample size too small)
XPLAN Prime, Midwinter
Class Super, BGL
Skype, GoToMeeting, Zoom

Summary of usage & intention

Usage of AdviceTech remains stable despite intentions

Despite how businesses indicated they would behave, there has been no significant increase in usage across many of the 26 AdviceTech categories from the last survey to this one. The intentions of a business to adopt technology doesn't always translate to immediate action or usage – the best intentions can be derailed by external forces and unforeseen circumstances. Technology transformation takes time, consumes resources and can be complex in process and execution.

There's a clear disconnect in current usage and desire and benefit.

Two categories where intention didn't translate to usage were digital signature tools and scaled advice technology.

Twelve months ago a significant proportion of advice practices not using digital signature tools (51.94%) indicated they would implement them in the next 18 months. But between 2017 and 2018, usage decreased by 1.69 percentage points (pp). The same mismatch between intention and implementation exists across scaled advice technology – 31.22% of those not using it in 2017 intended to implement it in the next 18 months. But usage has decreased by 15.18pp between 2017 and 2018.

This insight is one with considerable implications. Technology adoption and implementation is not easy and takes commitment beyond an intention – it needs a plan, resources and strong senior leadership.

Tech tool uptake ups and downs

The popularity of managed accounts is on the rise with 39.34% of businesses using them this year in comparison to 34.63% using them last year (see page 43 for more detail).

With the emphasis advice practices are placing on building and sustaining loyal relationships, there has been a logical increase in the popularity of communication and engagement tools such as email marketing technology (from 70.87% in 2017 to 78.69% in 2018) (see page 41 for more detail).

There's a year on year increase in the use of online tools to collect fact finding, risk profile and other personal data (from 22.82% in 2017 to 33.11% in 2018) and in the use of project and task management tools (55.12% in 2017 to 74.10% in 2018).

A number of AdviceTech categories experienced a downturn in usage. Scaled advice use decreased (28.29% in 2017 to 13.11% in 2018) as did the use of presentation software (from 63.59% in 2017 to 53.44% in 2018).

Changing client bases bring changing tech

Across businesses of all sizes – with differing numbers of employees, turnovers and different licence structures – we spoke to decision-makers with different authority and styles. Respondents included those from businesses with different client types, ages and account sizes (see page 49 for more detail).

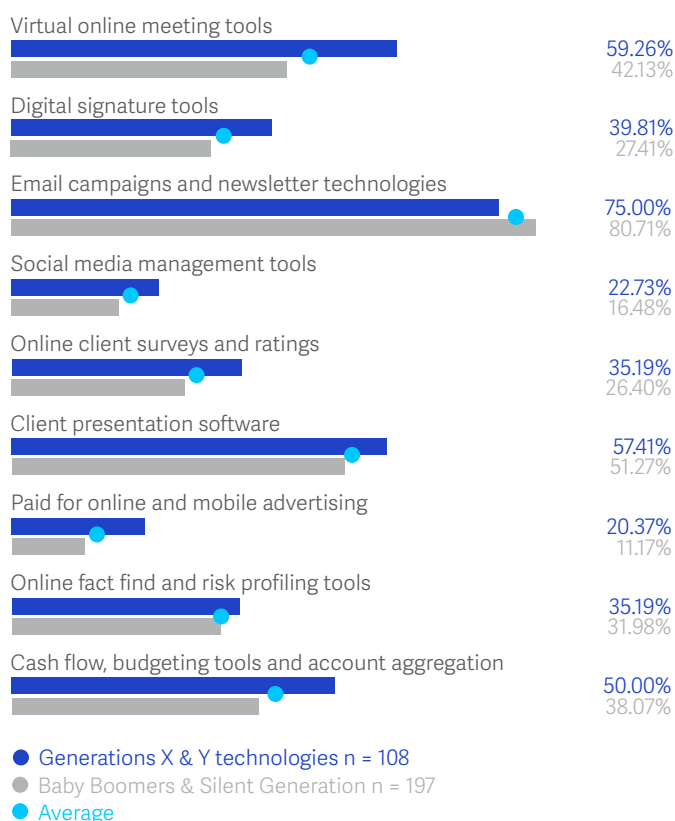
In most cases these differences in business and client base did not alter the technology usage and adoption rate.

There were two major exceptions.

Businesses with decision-makers that identify themselves as technology early adopters ('working with suppliers on leading edge technology to fundamentally reshape their business') are significantly more likely to adopt technology in their business. The attitude of the decision-maker is a critical determinant of adoption (see page 28 for more detail).

The other exception is based on the age or generation of the client base. Businesses that had clients they classified as Generation X or Y (aged between 22 and 52) compared to Baby Boomers and Silent Generation (aged 53+) have greater usage across many AdviceTech categories.

A comparison of AdviceTech usage by generation on selected client facing technologies



Customer engagement AdviceTech

1

Advisers use AdviceTech to deliver a sophisticated customer experience that engages, excites and removes customer friction to create a simple and compelling experience.

2

Time-poor but tech savvy clients need advisers to meet them on their terms using virtual online meetings and other emerging AdviceTech.



Advisers recognise the importance of customer experience technologies, with 62.62% saying adopting AdviceTech has the greatest impact on client communication and engagement.



Email remains the dominant technology to communicate with clients (used by 94.75% of advice businesses), followed by phone (82.30%), social media (40.00%) and SMS (27.87%).

Big tech raises customer expectations

Companies like Amazon, Airbnb, Uber – and service-oriented companies like Domino's Pizza – put customer engagement technology at the forefront of their vision. They use readily available tech which has been around for quite some time. But their point of difference is offering the tech to customers in new ways that focusses on a seamless experience.

Your clients no longer compare you to other financial planning firms, banks or institutions; they compare you to the leading technology brands they interact with every day and demand the same level of personalised service, experience and engagement.

AdviceTech delivers a sophisticated customer experience that engages, excites and simplifies the customer journey. The hard part is removing customer friction and creating a simple and compelling experience.

The challenge is to communicate with clients on their terms.

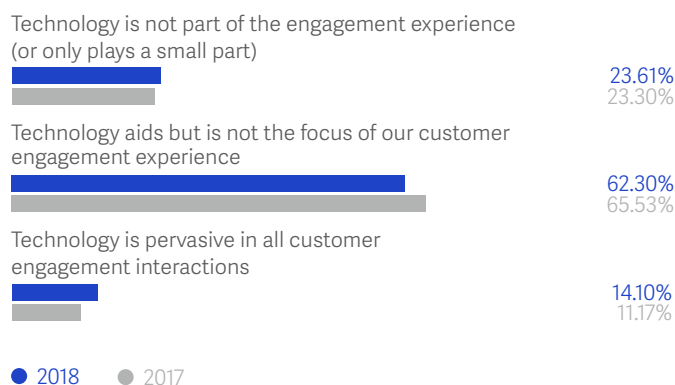
The challenge for advice practices is to decide which client communication and engagement tools will deliver the best outcomes and to trial, test and implement them immediately.

Customer-centric businesses use technology to communicate and engage on their clients' terms. People are connecting, interacting and looking for answers from a vast variety of growing sources. We're seeing the dawn of voice interfaces like Google Home, Alexa and Apple's new HomePod. Messenger apps like Facebook Messenger, WhatsApp and WeChat are looking to expand their reach to act as new mobile operating systems. Meetings are going virtual, and we are not just referring to voice and video, but to immersive 3D experiences. And the old-timers – phone, email and social media – still hold an important place in the communications mix.

The customer experience revolution pushes tech implementation

Today 62.30% of advice practices describe the client engagement technology experience offered by their business as 'Technology aids, but is not the focus of our customer engagement experience.' Only 14.10% of the industry say that 'Technology is pervasive in all customer engagements' (which however is an increase from 11.17% in 2017).

How would you describe the "technology experience" your business offers its customers?

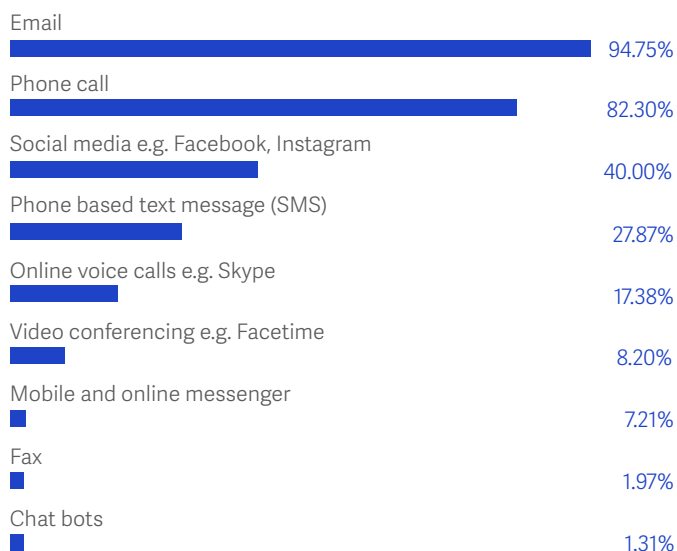


Advisers do recognise the importance of customer experience technologies, with 62.62% saying adopting AdviceTech has the greatest impact on client communication and engagement (the second highest response after improving business efficiency). This is supported by 44.92% of advisers believing client communications and engagement processes will be the area most impacted by AdviceTech in the next five years.

Email still rules the roost

Email remains the dominant technology to communicate with clients (used by 94.75% of advice businesses), followed by phone (82.30%), social media (40.00%) and SMS (27.87%).

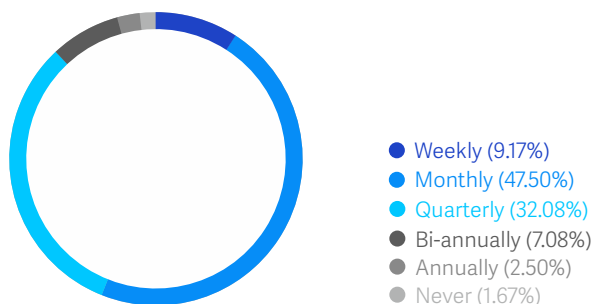
What technologies do you use to communicate updates, information, etc. with your clients regularly?



Use of tools to assist in the automation and personalisation of email campaigns and newsletters has also increased to 78.69% (from 70.87% 12 months ago).

It's impressive that most advice practices using email marketing technology use it to send newsletters and or educational content frequently – 47.50% send content to their clients monthly and 9.17% do it weekly.

How frequently does your business send email campaigns or newsletters of educational or informational nature to its clients?



Source: AdviceTech Survey, n=240

What is modern email marketing automation?

Marketing automation technology brings a tonne of features that allow the modern marketer to segment their database and create personalised, dynamic emails for specific segments.

It's possible to segment and create targeted newsletters for new clients, clients with low financial literacy, or clients with less need for education and more for investment ideas and thought leadership.

These tools enable the creation of 'drip' programs where a series of emails are sent to a specific segment. A drip campaign is triggered by a specific event – like someone visiting a particular web page, after an annual review meeting or as part of onboarding. For example, if someone visits your web page about retirement, the drip program will send emails to that person over the following few days relevant to their retirement.

If you're organising an event, you can set up reminders specific to those people who didn't open the initial invite. Those that register can automatically be sent an event reminder the day before.

The power of email marketing automation is that these features can be pre-configured with no need for manual review.

Key features include:

- Email templates allow you to drag and drop photos and content blocks, so your words and images are exactly where you want them. This saves an incredible amount of time, maintains a consistent brand look and feel across devices, and takes away reliance on an IT team or consultants.
- Reporting that allows you to refine your email strategy into the future. You can find out who has opened the email and what links they have clicked.
- A/B testing of subject lines to test what option gets your email opened more frequently.
- Tools to optimise the send time of the email so it's more likely to be opened.
- Emails can be personalised with dynamic text such as your client's name.

Tools like MailChimp (used by 41.67% of advice businesses that use email and newsletter technology), Avant Plus (4.58%), Campaign Monitor (3.33%) and Feedsy (2.50%) deliver on many of these features.

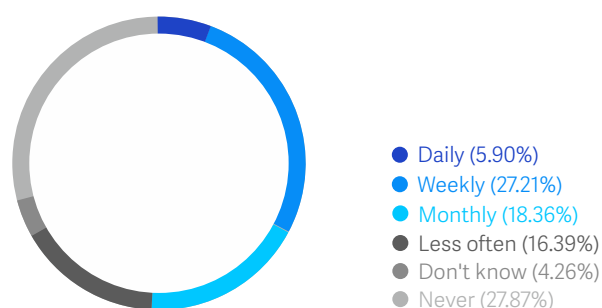
The social network goes mainstream

Plenty of research suggests the majority of Australians are on social media – Facebook, LinkedIn, YouTube, Instagram, Snapchat or Twitter.

It's no surprise that social media represents a growing channel for client engagement, with 40.00% of advice practices using it to communicate updates and information to their clients.

Advice businesses who use social media networks use them regularly – over 27.21% posting weekly and 5.90% posting to social media networks daily.

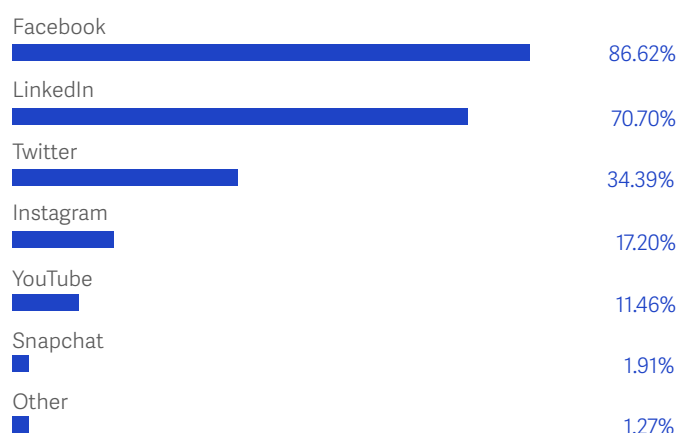
How frequently does your business post to social media networks?



Facebook is the most popular social media platform (used by 65.70% of advice businesses who use social networks), closely followed by LinkedIn (53.62%). Given LinkedIn is largely business focused, it could be argued that much of the posting is peer, community and job-related rather than a marketing tool to communicate with potential and existing clients.

Which social networks do you post to?

By those who post to social networks daily, weekly or monthly

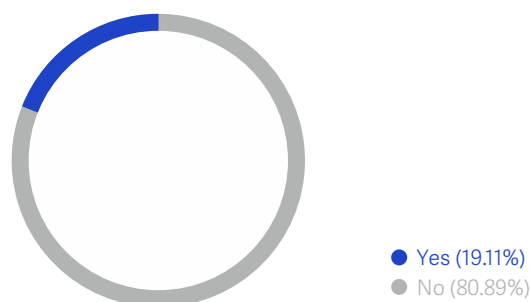


Source: AdviceTech Survey 2018, n = 157

Social media management technology (often available as a free service) allows advisers to supercharge their social media activities and drive business efficiencies. Businesses can write content once and post to multiple social media networks, schedule posts and create a workflow of previewing and approval. With 33.11% of businesses posting weekly or more, it's surprising that only 9.84% of advice practices who use social networks use these management tools.

Does your business use technology to manage these posts e.g. Hootsuite?

By those who post to social networks daily, weekly or monthly



Source: AdviceTech Survey 2018, n=157

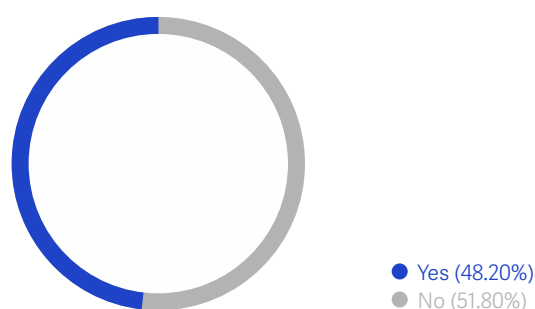
Virtual online meetings create new business opportunities

Through technologies such as Skype and emerging tech such as video streaming and virtual reality, advisers can meet with clients virtually anywhere and at any time. As mainstream consumer technologies, they're user-friendly for advisers and clients.

The industry recognises the importance of this technology – 25.90% believe virtual online meetings will have the greatest impact on financial advice practices in the next five years.

It stands to reason – time-poor but tech savvy clients creates a need for advisers to meet clients on their terms. Connecting with regional clients or potential customers who may be unable to travel or leave their homes creates an opportunity for advisers to grow their business beyond their locale.

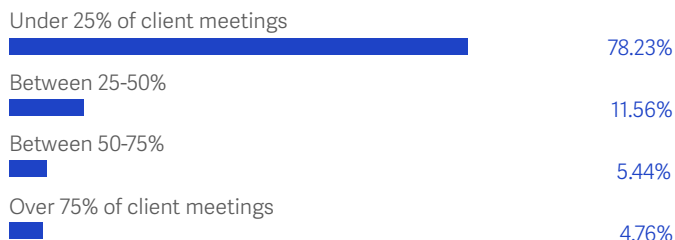
Do you use virtual online meeting tools with clients?



Virtual online meeting technology is currently used by 48.20% of respondents. The technology is yet to hit the mainstream. Of those that use this technology, 78.23% are using it for under a quarter of all client meetings.

What percentage of client meetings does your business use online meeting technologies for?

By those who use this technology



Source: AdviceTech Survey 2018, n = 147

Key features of virtual online meeting technology:

- Clients can call in from a desktop or from their mobile phone, often at no cost to them (sometimes at a cost to you).
- You can display your desktop view to share data, charts, video or web pages.
- You can record the meeting (helpful for compliance records).
- Clients can digitally sign documents during the meeting (signature is saved securely for compliance records).
- Integrates with your customer relationship management (CRM) software to save recordings of the meeting against the client record.

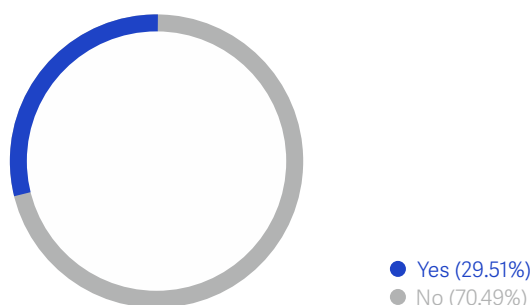
Tools like Skype (used by 74.83% of businesses using this tech), GoToMeeting (33.33%), Zoom (32.65%), Webex (3.40%) and Google Hangouts (2.72%) allow for scheduled or impromptu meetings with multiple people.

Get to know your clients better

Online survey, review and rating tools allow an adviser to dig deeper into the attitudes and desires of their clients. Online rating surveys enable advice businesses to understand key business indicators like client satisfaction and Net Promoter Score (NPS).

This feedback is particularly important on public forums and directories such as Adviser Ratings or Google Reviews.

Does your business use online surveys, reviews and rating tools to capture feedback from your clients?



Technology to profile customers and collect feedback is used by 29.51% of advice businesses. The most popular tools were Survey Monkey (used by 56.67% of advice practices using this technology), followed by Adviser Ratings (23.33%) and Google Reviews (18.89%).



For a full list of features, benefits and vendors turn to the AdviceTech glossary on page

33

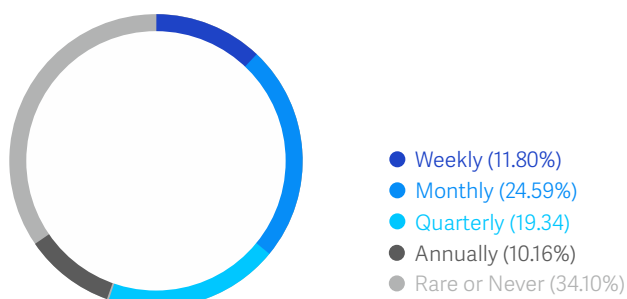
First impressions count online

For most advice businesses, their website is their shop front and the first point of contact with potential clients. It's where businesses need to make a great first impression.

Amazingly, 44.26% of advice practices update their website or blog annually or less, of which 34.10% rarely or never do it. That said, the majority of advice businesses do updates more regularly – 24.59% monthly and 11.80% weekly.

Regularly updating your online content is not only great for your prospects, but Google expects it. Without fresh content, you're missing out on ranking higher in Google search results.

How often does your business add or modify content on its website, including its blog?

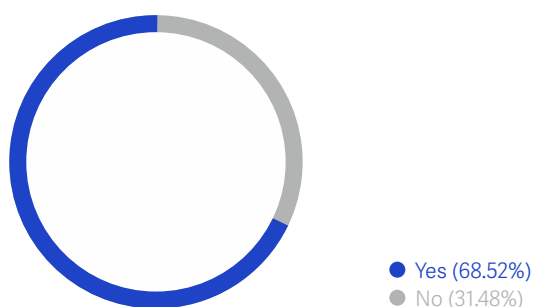


Portals popular as part of client experience

The online client portal is an extension of an advice practice's website, the place where your customer can log in – perhaps via a mobile app – to manage and review accounts, information and reports.

The majority of advice practices (68.52%) have some form of client portal – of those that do, the majority rely on either their CRM/planning software (47.85%) or their Platform (45.45%).

Does your business use technology for a client portal?

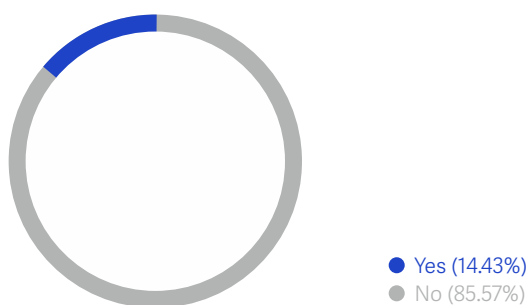


Paid digital advertising yet to take off

Tools such as Google Paid Search, Facebook advertising and other digital advertising opportunities are yet to gain traction with advice businesses – only 14.43% are using one or more sources of paid advertising.

Of those using paid digital advertising, the most popular platforms were Facebook (70.45%) and Google Paid Search (38.64%).

Does your business pay for online or mobile advertising?



"We see our customers as invited guests to a party, and we are the hosts. It's our job every day to make every important aspect of the customer experience a little bit better."

- Jeff Bezos, Amazon



Advice and planning AdviceTech

1

Understanding client needs and objectives is time consuming and information can be incomplete. With AdviceTech, look to increase accuracy and speed of the discovery and fact find process.

2

Enhance your business by looking for new services and value-adds. AdviceTech like scaled advice and cash flow and budgeting software make this possible.



Of businesses using cash flow, budgeting and account aggregation tools the most used features are bank feeds (74.42%), budgeting (65.12%) and cash flow monitoring (50.39%).



Robo-investing has not taken off with only 3.61% usage, yet 30.82% of respondents see it as the technology that will have the greatest impact on advice in the next five years.

Innovation key to improved AdviceTech satisfaction

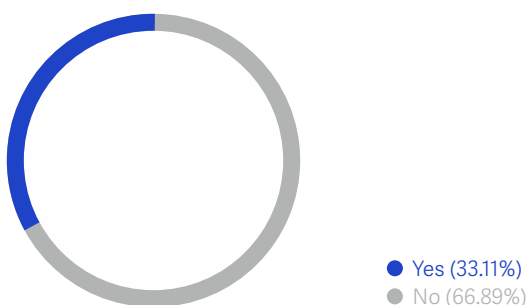
AdviceTech categories that assist in developing a financial plan include tech that supports the fact find and discovery process, the development of the financial plan itself using strategy and planning technology and cash flow and budgeting tools.

It's clear that satisfaction for planning and strategy technology needs improvement – this year satisfaction is 3.13 out of 5, slightly improving from 3.09 in 2017.

There is a promise of an improved outlook as we're seeing innovative new technologies in this space likely to result in rising satisfaction levels.

Survey results show 33.11% of advice businesses use online self-service tools to capture customer information, including their risk profile, an increase of 10.29pp from last year (from 22.82%).

Does your business use online tools for clients (or prospects) to enter their fact find data, including tools to determine their risk profile?



Discover a fact find revolution

Imagine. A client goes online, completes basic questions and signs an authorisation. Their financial institution hands over relevant banking data which feeds directly into the adviser's planning software.

The ability to conduct an online fact find paired with big data (from sources like banks or the ATO) should speed up the discovery process and make it a simpler experience for the customer.

Advice businesses benefit from more accurate and timely data to make better decisions and create better financial strategies and plans. Business efficiency gets a boost through the removal of paper-based notes and reloading of information.



For a full list of features, benefits and vendors turn to the AdviceTech glossary on page

33

Cash flow and budgeting tech hold steady

Cash flow, budgeting and account aggregation tools amalgamate bank, super and investment accounts into a single online interface. Ultimately the tracking and management of money, investments, cash flow, budgeting and goal-savings help clients manage their finances better.

This AdviceTech offers advice businesses an additional service value proposition. Beyond additional revenue opportunities, the benefit is improved client education and engagement as individuals can see how they are progressing against their goals and stay on track.

This technology is being used with clients by 42.30% of advice practices, similar to last year (43.41%). The usage doesn't match with intention – last year 24.88% of those that didn't use the technology indicated they intended to implement this technology in 2018.

For businesses using this technology, the most used features are bank feeds (74.42%), budgeting (65.12%) and cash flow monitoring (50.39%).

Which features of the cash flow, budgeting and aggregation solution do you use?

By those who use this technology

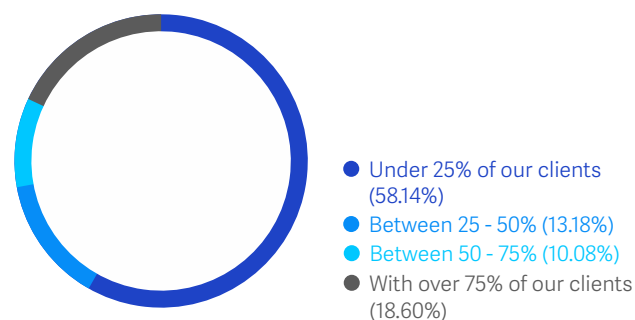


Source: AdviceTech Survey 2018, n = 129

Of these businesses, 58.14% use them for less than a quarter of their clients. At the other end of the spectrum, 18.60% use it with over three quarters of their clients – an 8.49pp increase from last year (10.11%).

What percentage of your client base do you use cash flow, budgeting and account aggregation solutions with?

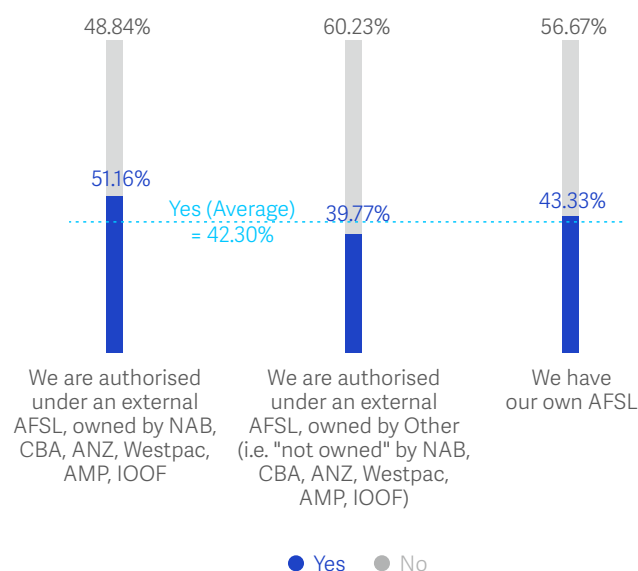
By those who use this technology



Source: AdviceTech Survey 2018, n = 129

Advice practices authorised under an external Australian Financial Services Licence (AFSL) – owned by NAB, CBA, ANZ, Westpac, AMP and IOOF – have adopted this technology (51.16%) at a far greater rate than the average (42.30%).

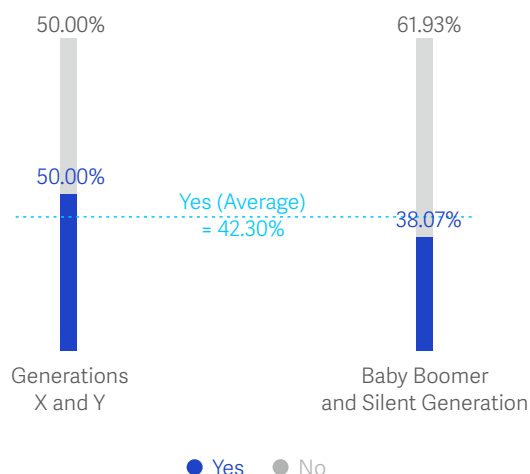
By business licensing - Does your business use cash flow, budgeting tools and account aggregation for client advice?



Usage is also influenced by client base, with significantly greater usage by advice practices who predominantly service Generation X and Y clients (50.00% usage).

By generation - Does your business use cash flow, budgeting tools, bank feeds and account aggregation for client advice?

By those who use this technology



The most popular suppliers included myprosperity (31.78% of businesses who use this tech) and Moneysoft (28.68%).

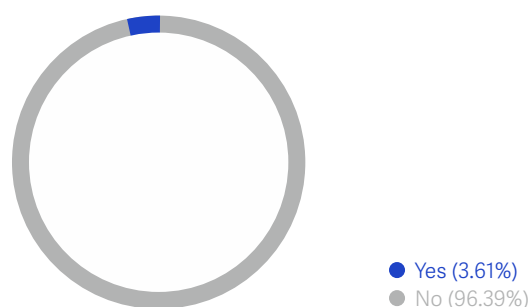
"Cash flow tools transpose data from a client to an adviser in an efficient way, enabling an adviser to efficiently have data on an ongoing basis and be able to provide service offerings around that data and around the information that they receive. When you break that down even further, that means the adviser ends up being a financial coach to a client at a point in time, whatever their life stage."

- Peter Malekas, Moneysoft

Don't fear the robots

There has been a lot of debate in the past few years about the role of robo-advice and its impact on advice practices. Current thinking has shifted from industry disrupter to technology that will aid and enhance the advice process.

Does your business use robo-investment technologies for your clients' super and/or investment portfolios?



Robo-investing has not taken off with only 3.61% usage and virtually no increase from last year (3.41%).

Yet 30.82% of respondents see it as the technology that will have the greatest impact on advice in the next five years.

Today, robo is primarily a slick online interface with basic risk profiling, supported by a managed account structure with a portfolio of ETFs.

However the potential for robo-advice is huge. As AI and big data become mainstream over the next five years, and managed account technology becomes the norm, a new breed of solutions will emerge. Robo-advice in the future will use sophisticated profiling tools taking into account client objectives and constraints. It will develop personalised portfolios on a large scale, constructed with an asset allocation properly aligned with adviser and client investment philosophy.

Robo-advice will take into account important factors like a client's level of savings, debt, or other investments and their personal financial goals (how sending their child to an expensive university may impact their retirement, or how taking time off from work may impact the home they can afford). It will be used by advisers as part of the advice process, rather than a direct-to-consumer model. The future is human with machine rather than human against machine.



For a full list of features, benefits and vendors turn to the AdviceTech glossary on page

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Integration critical to scaled advice success

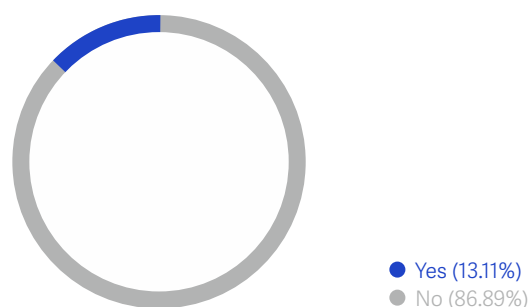
Scaled advice refers to one-off limited advice strategies – where a Statement or Record of Advice (SOA or ROA) is generated specific to that piece of advice. It may be a change in a portfolio or update to an insurance policy.

Scaled advice is offering a new business model to advice practices and a new value proposition to their clients.

“What I'd say to advisers that are thinking about scaled advice is don't treat it as a sunk cost. It is an opportunity for you to keep your clients in your ecosystem... It's being able to talk to different clients, and then bring them up the value chain to advice. And I think that's one of the huge advantages of scaled advice in a modern practice.”

- Julian Plummer, Midwinter

Does your business use scaled advice technologies for the provision of end-to-end pre-configured advice?

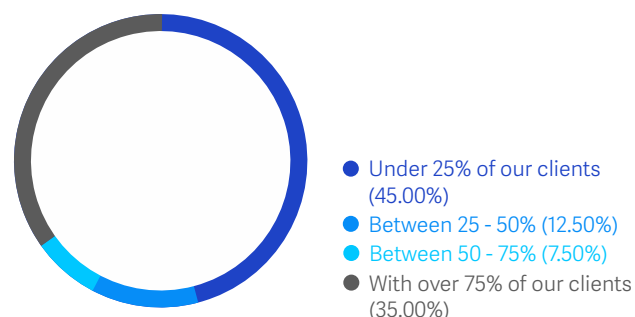


Scaled advice technologies are being used by 13.11% of advice practices today, a dramatic decline of 15.18pp. since last year (28.29%). The reason remains unclear. Perhaps advice practices have trialled the technology and have not been able to integrate it successfully or see a clear business model.

That said, 35.00% of those using scaled advice implement it for more than three quarters of their clients. This indicates that when it is properly integrated, it becomes the focus of their business model and value proposition, as opposed to a bolt on.

What percentage of your client base do you use scaled advice technologies with?

By those who use this technology



Source: AdviceTech Survey 2018, n = 40

The scaled advice being offered to clients by those using this AdviceTech are:

- Investment and portfolio advice – 75.00%
- Super advice – 75.00%
- Insurance advice – 72.50%
- Cash flow and budgeting advice – 47.50%
- Retirement advice – 47.50%
- SMSF advice – 42.50%.



“The advance of technology is based on making it fit in so that you don't really even notice it, so it's part of everyday life.”

- Bill Gates



Business efficiency AdviceTech

1

Managed accounts have the potential to deliver consistent and reliable investment management processes in ways previously too complex or not cost-effective.

2

Digital workflow and integration tools allow you to improve general workflow, processes and how systems interact with each other.



Digital workflow and integration tools are being used by 15.41% of advice businesses to link their AdviceTech together. They provide a great opportunity to improve back-office systems and increase efficiency.



31.80% of advice businesses use digital signature technology and 9.84% use Know Your Customer (KYC) technologies for identity verification.

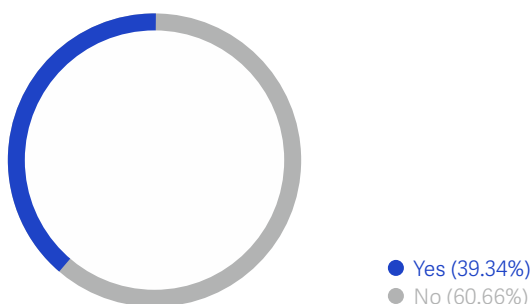
More bang for your resource buck

A key concern for many advice practices in an era of shrinking margins is how to sustain profit levels. Historically, many AdviceTech technologies have focused on the back-office – HR, finance, administration services and investment execution.

The role of platform, SMSF software and managed accounts technology has been critical in creating efficient practices supporting timely and accurate investment trading and business reporting.

Other technologies exist to connect disparate systems and databases, to streamline processes, support better use of human time and ultimately deliver the same or more output with the same or fewer resources.

Do you use a managed account solution for some or all of your clients?



Riding the managed account wave to scale

Managed accounts represent a new wave of platform technology for advice practices. They have the potential to deliver consistent and reliable investment management processes in ways previously too complex or not cost-effective.

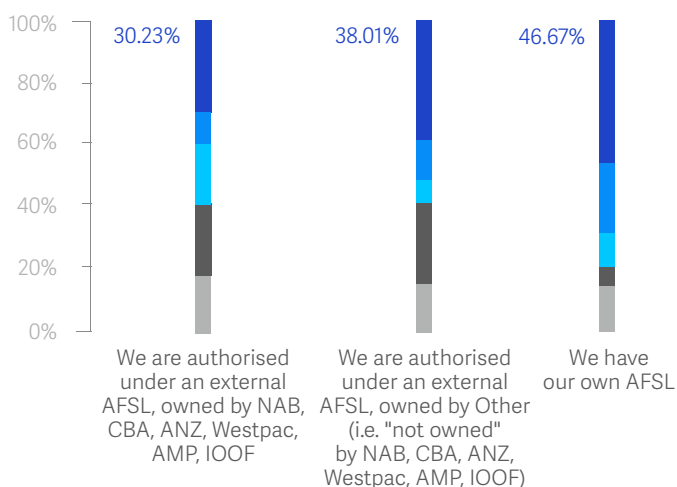
Their use creates a consistent investment process where clients know what to expect and are clear about the value proposition of a business.

With this comes a scalable and reliable business model – a foundation for future growth.

Use of managed accounts by advice businesses has increased to 39.34% (up 4.71pp from last year). Another 21.64% are looking at using them over the next 24 months, which indicates 60.98% of the industry are serious about using managed accounts by 2020.

Those advice practices with their own AFSL have adopted this technology (46.67%) significantly more than the average.

By business licensing - Do you use a managed account solution for some or all of your clients?

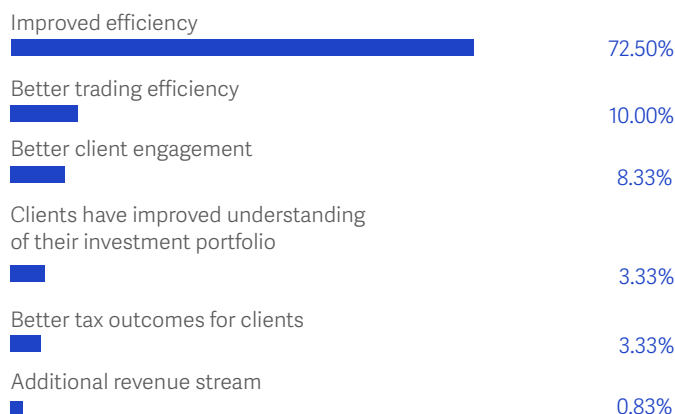


- Yes, already using them
- No, but planning to use in the next 12 months
- No, but planning to use in the next 24 months
- No, but considering them
- No, not interested in them

For businesses using managed accounts, the majority (73.73%) agreed it improved efficiency, including 10.17% indicating better trading efficiency.

What business benefits do you receive from managed accounts?

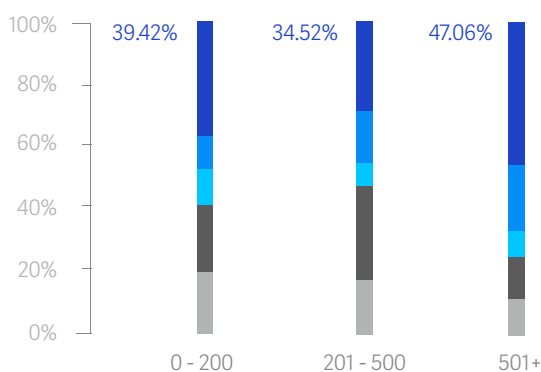
By those who use this technology



Source: AdviceTech Survey 2018, n = 120

The size of the client base of an advice business is also a driver of whether managed accounts are used. For advice practices with over 500 clients, 47.06% use the technology. This supports the perception that managed accounts improve business efficiency, which is paramount for advice businesses servicing larger client bases.

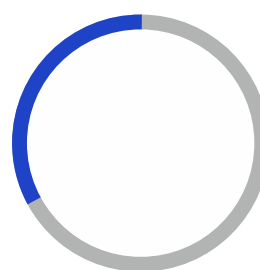
By the number of clients an advice practice has - Do you use a managed account solution for some or all of your clients?



- Yes, already using them
- No, but planning to use in the next 12 months
- No, but planning to use in the next 24 months
- No, but considering them
- No, not interested in them

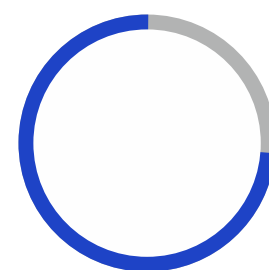
Tech tools to do seamless business

There are a host of back-office technologies used by advice practices. These include SMSF software (33.11% usage) such as BGL and CLASS Super; commission management tools (60.66%) such as Commpay, Revex and Easy Dealer; project and activity management tools (74.10%) such as Slack, Trello and Evernote; and cloud-hosted document/file storage and sharing services (77.38%) from companies like Dropbox, Google Docs and myprosperity.



Does your business use SMSF administration software for your clients?

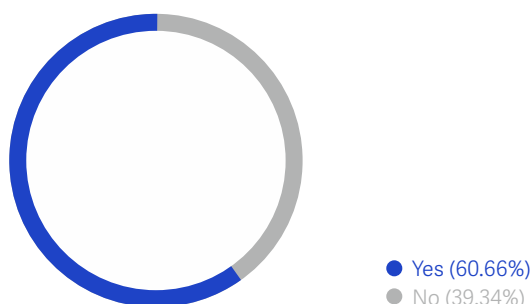
- Yes (33.11%)
- No (66.89%)



Does your staff use digital tools to manage tasks, activities and/or projects in your business?

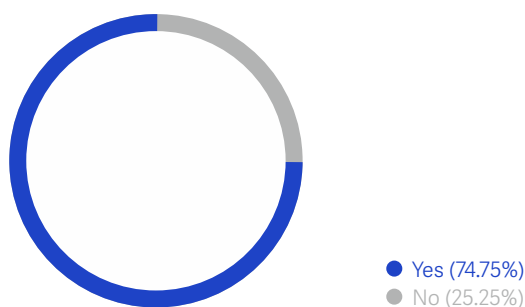
- Yes (74.10%)
- No (25.90%)

Does your business use commissions management software?



Cloud-based internal communication tools make life easier for staff when communicating online and over mobile. These technologies are used by 74.75% of advice practices.

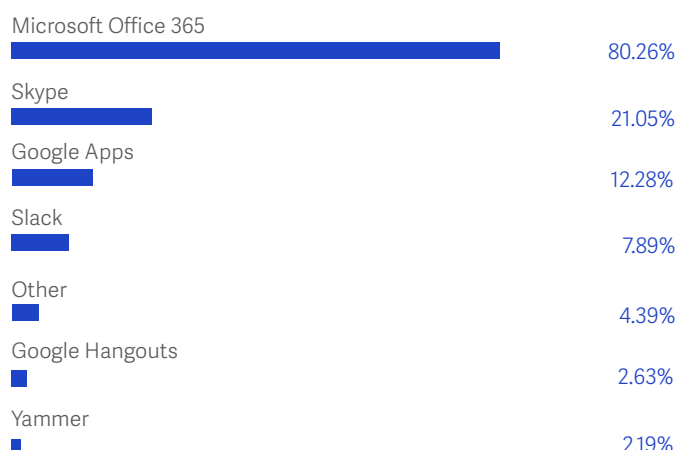
Does your business use cloud-hosted email or other cloud-hosted internal communication services, e.g. Office 365, Skype, Slack?



Innovative solutions from companies like Slack and Yammer are growing in popularity and looking to replace the standard email setup by moving internal communications to the cloud. Email is still far and away the most popular (Microsoft Office 365 has 80.26% usage by those who use this technology), however other cloud-based technologies from Skype (21.05%), Google Apps (12.28%) and Slack (7.89%) are showing signs of growth.

Which technologies and tools do you use for cloud-hosted email/internal communication services?

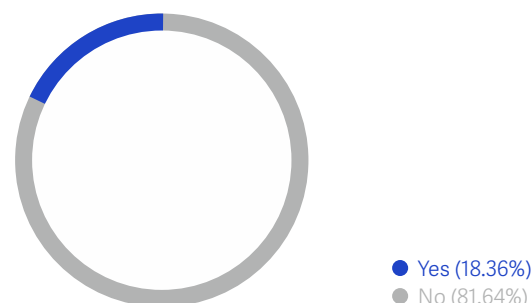
By those who use this technology



Source: Netwealth 2018 AdviceTech survey n = 228

Online digital transcription services convert audio and video recordings to text. Advisers can record face-to-face and online meetings and have them transcribed to provide a record for compliance and internal process efficiencies – 18.36% of advice practices are using this type of service.

Does your business use digital services that transcribe conversations recorded in meetings, phone calls etc.?



For a full list of features, benefits and vendors turn to the AdviceTech glossary on page

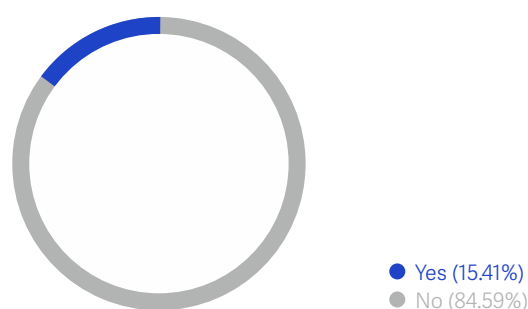
33

A new breed of integration tools

Many businesses have multiple AdviceTech technologies running their back and front office: an email system, project and activity management tools, a CRM, an accounting system, a platform, a commission management system, planning software and more. The challenge is to integrate these technologies so they talk to each other. There is a new breed of technologies entering the market to make this easier – known as digital workflow and integration tools.

These technologies improve general workflow, processes and how systems interact and integrate with each other. They enhance document flow, link independent web apps and APIs to pass information between popular cloud-based apps/software systems, provide user-friendly forms and powerful reporting tools.

Do you use technologies to connect or integrate disparate/different systems or databases?



These technologies are being used by 15.41% of advice businesses to link their AdviceTech together. They provide a great opportunity to improve back-office systems and increase efficiency.

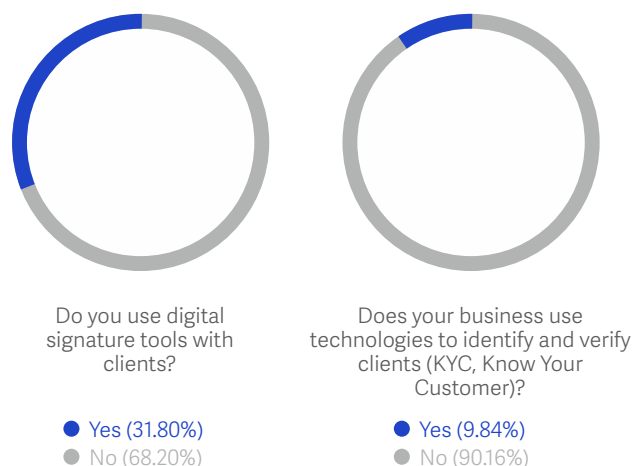
Zapier (used by 27.66% of advice practices who use this tech) is an example which allows businesses to move information between online web apps automatically without the need to create code. For example, when a new email arrives, a Zap (from Zapier) can automatically copy the email as an attachment into Dropbox (or your CRM), and then another Zap can trigger a notification in a project management system like Trello or Slack.

Seamless application and signature processes

Part of the onboarding experience – often a painful process for advisers and clients – is identity verification and signing client strategy and implementation documents (such as the Statement of Advice or Record of Advice). Document signing can be a constant frustration throughout the adviser-client relationship.

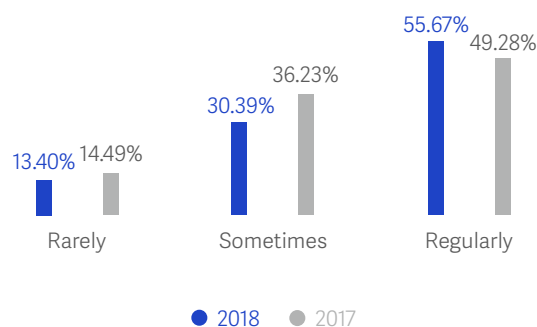
This frustration makes it surprising that only 31.80% of advice businesses use digital signature technology and only 9.84% use Know Your Customer (KYC) technologies for identity verification.

But advice practices using digital signature technology are doing so more regularly – up 6.39pp to 55.67% from 2017.



How frequently do you use digital signature tools with your clients?

By those who use this technology - 2018 and 2017 comparison



Source: Netwealth 2018 AdviceTech survey n = 97
Source: Netwealth 2017 AdviceTech survey n = 69

Features of digital signature technology:

- Upload a document, choose who needs to sign it and place tags where a signature, initial, or date needs to be completed.
- Clients can sign documents anywhere on any device.
- Send reminders and check signing status any time.
- All signed documents are encrypted and stored so a complete audit trail is maintained for compliance.

The two most commonly used digital signature tools are DocuSign (with 49.48% of using it) and Adobe (29.90%).

Companies like ZipID and GreenID have developed KYC technology so businesses can identify and verify client identity using external data matching sources, including Australian passport and driver licence data.

Technology early adopters

Adviser tech uptake dependent on early adopter decision-makers

In Geoffrey A. Moore's seminal 1991 book *Crossing the Chasm*ⁱⁱⁱ, he expanded on the diffusions of innovation model^{iv}, examining the concept of technology adoption and the different segments that adopt technology over time. The principles of this book have been a guiding influence for many technology businesses – a lead indicator of what technologies are going to be popular and become mainstream in the future.

As part of the survey, we investigated technology adoption and classified respondents into four segments of technology adopters based on this body of work:

- 01. Technology early adopters** will 'work with suppliers on leading edge technology to fundamentally reshape their business'. These are the people with the latest gadgets, who are comfortable trialling and downloading the latest software (whether it has bugs or not). Positive about the role technology can play in their personal and business lives, they're comfortable handing over their personal details for a first look at the coolest gadgets, and love to test and trial technology.
- 02. Technology pragmatists** 'use stable but not yet common technology to develop a competitive advantage'. Arguably one of the most important groups, they set the trend for the mass market. They are different from technology early adopters as they are more pragmatic and will use technology only when it delivers real benefits. The technology they use doesn't have to be as robust as a commercial grade piece of technology, but needs to be well defined, well supported and have a lower risk profile than the cutting-edge technology early adopters are comfortable with.
- 03. Technology conservatives** 'will deploy proven technology to deliver services or buy commodity technology to cut costs'. Typically the mass market and the greatest in size, they use technology once they see peers using it and experiencing benefits, when the technology has had widespread media or a well-known brand is supporting it.
- 04. Technology laggards** 'will only buy commodity technology to cut costs'. This group typically will not trust technology and need to be convinced of its benefit and robustness.

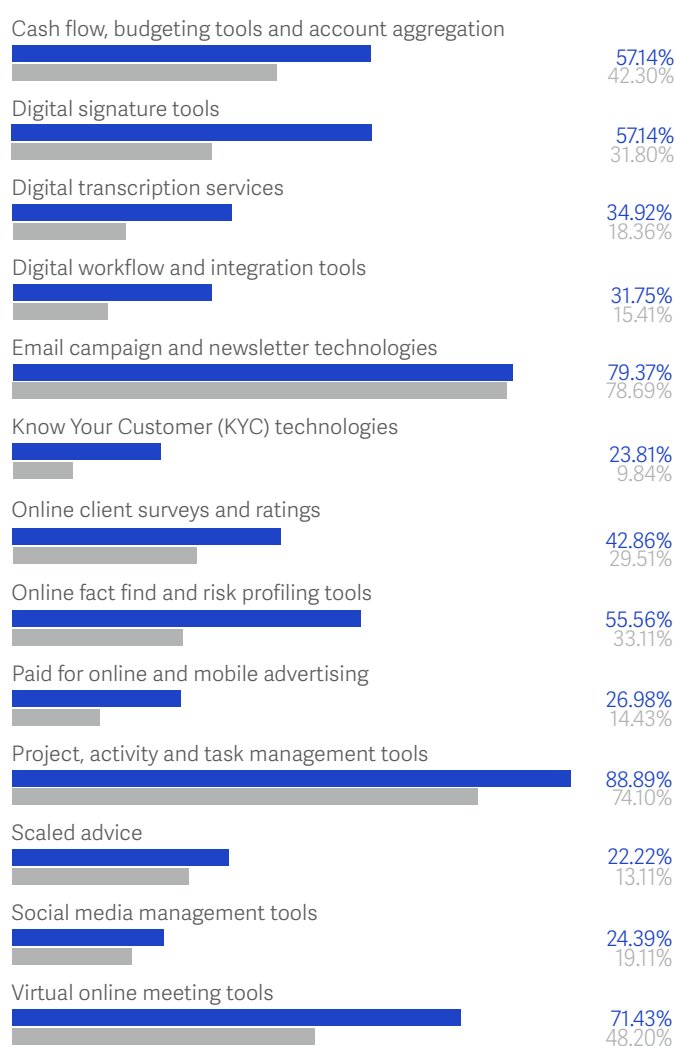
The greatest usage across AdviceTech categories occurs in a business where the decision-maker is a technology early adopter, followed by technology pragmatist and then later by technology conservatives. Technology early adopters had the greatest usage in 22 out of 26 categories (85% of the time).

This year's results reflect a change in technology adoption across a few AdviceTech categories.

Usage of email marketing and automation technologies by technology early adopters has dropped from 84.62% to 79.37%. It's likely this is connected to early adopters trading in this technology for next-gen tech like social media, mobile and online messenger platforms, chat bots and communication systems such as Slack.

A decline in usage by technology early adopters is common when a mature technology is upgraded or disrupted by a newer, innovative technology. For example, in 2007 when the iPhone launched, technology early adopters ditched their Blackberry and standard mobile phones en masse.

A comparison of AdviceTech usage by technology adoption attitude - selected technology categories



● Technology early adopters (n=63) ● Average

Section 2:

An eye on the horizon

A simple tool to prioritise AdviceTech using a popular framework called Three Horizons.

Technology as part of core strategy

A durable organisation looking to stay relevant is always evaluating and evolving its business model.

The challenge for established businesses is legacy systems, people with set behaviours and established processes. For newer businesses, the challenge is a focus on juggling tasks, growing a client base and embedding reliable processes and a clear cultural direction.

Throw in digital disruption and technology progress due to AdviceTech, and before you know it a business could be heading in the wrong direction. They may not be growing at the rate they want, and be confronted with price erosion and new competitors.

Enduring organisations focus on technological advancements as part of their core strategy, and simultaneously work on three horizons of their innovation roadmap.

Short, medium and long-term... simultaneously

This powerful yet simple strategic framework, often referred to as the Three Horizons model, was first introduced by McKinsey & Co.¹ It manages current business operations and performance while future proofing the business and maximising opportunities for growth.

Three Horizons suggest a business should simultaneously focus on its core, emerging opportunities and the 'weak signals' of radical ideas the future brings.

Horizon 1: Innovation to optimise and improve the current business and working model

The focus is on the core business providing the greatest profit and cash flow, and initiatives to improve performance and maximise value.

A good strategy for advice practices is working with existing providers to identify some low-cost cloud-based apps (software as a service) to test and integrate into current technology infrastructure.

Horizon 2: Inventing the next business and working model

The focus is on emerging opportunities which are likely to generate substantial profits in the medium (2-3 year) term and are likely to require considerable investment. The business should look for opportunities and technologies that already exist but have not been fully understood or explored, yet seem to be potential places where disruption might happen.

Advice practices should consider working with companies with a track-record in this space and developing prototypes and/or doing smaller trials with clients to understand their appetite for use and the appropriate pricing model.

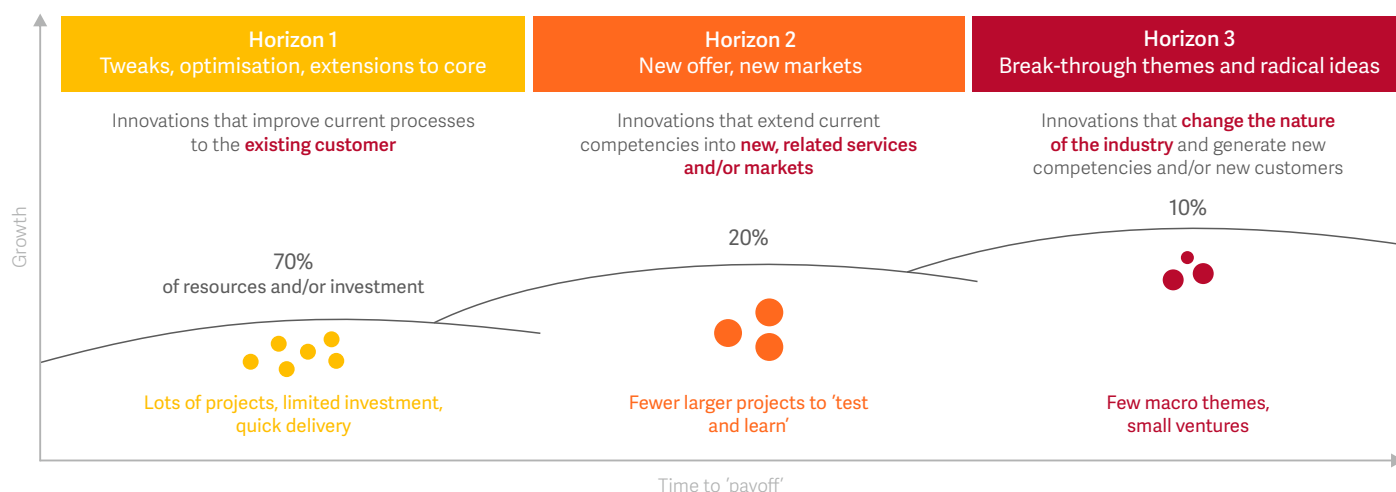
Horizon 3: Speculating on future way-out business models

The focus is new markets that become new categories – even radical ideas that might change the market dynamics – that the business must have some readiness for and awareness of.

These are technologies or opportunities that have a 'weak signal' or very unclear outcomes – they are often just 'coming out of the labs'. The business needs to probe and investigate over an extended period and signals may become clearer in the future through exploring, experimenting and building understanding.

Working with (or taking an investment position in) a startup with relevant technology and learning from their growth is a good strategy for advice practices.

As a general rule, the optimal spread of projects simultaneously across all three horizons is 70: 20: 10.



AdviceTech and Three Horizons framework

We can use the Three Horizon framework and overlay the 26 AdviceTech categories to get a feel for which technologies an advice practice should consider in Horizons 1, 2 and 3. This can be used as a technology roadmap for an advice business.

- **Horizon 1:** Technologies to improve core business including email marketing and automation, digital signature and KYC technologies and project management tools.
- **Horizon 2:** Technologies with potential to impact near-term business models include cash flow and budgeting tools, scaled advice and managed accounts.
- **Horizon 3:** Technologies with potential to disrupt and are radical in nature including AI, blockchain, big data, wearables and super-fast broadband via the NBN.

Horizon 1 Tweaks, optimisation, extensions to core	Horizon 2 New offer, new markets	Horizon 3 Break-through themes and radical ideas
• Client portal technology • Client presentation software • Cloud-hosted online document/file storage and sharing technologies • Cloud-hosted email or internal communication services • Commissions management software • Customer Relationship Management (CRM) systems • Digital services to transcribe conversations • Digital signature tools • Emails, newsletters and marketing automation technology • Investment research tools and technology for investment selection • Know Your Customer (KYC) technologies • Online advertising • Online surveys, reviews and rating tools • Project, activity and task management tools • SMSF administration software • Social media networks • Social media management tools • Tools to help model, develop and manage financial plans	• Cash flow, budgeting and account aggregation tools • Digital workflow and integration tools • Managed accounts (SMA) • Online fact find and risk profiling tools • Robo-investment technologies • Scaled advice technologies • Services to conduct virtual online meetings	• Artificial intelligence • Blockchain • Big data • Crypto currencies • NBN • RegTech • Virtual and augmented reality • Wearables

“Technologies from a prior era, once the focal point of innovation, now become the scaffolding upon which next-generation innovation will build.”

- Geoffrey A. Moore, Crossing the Chasm



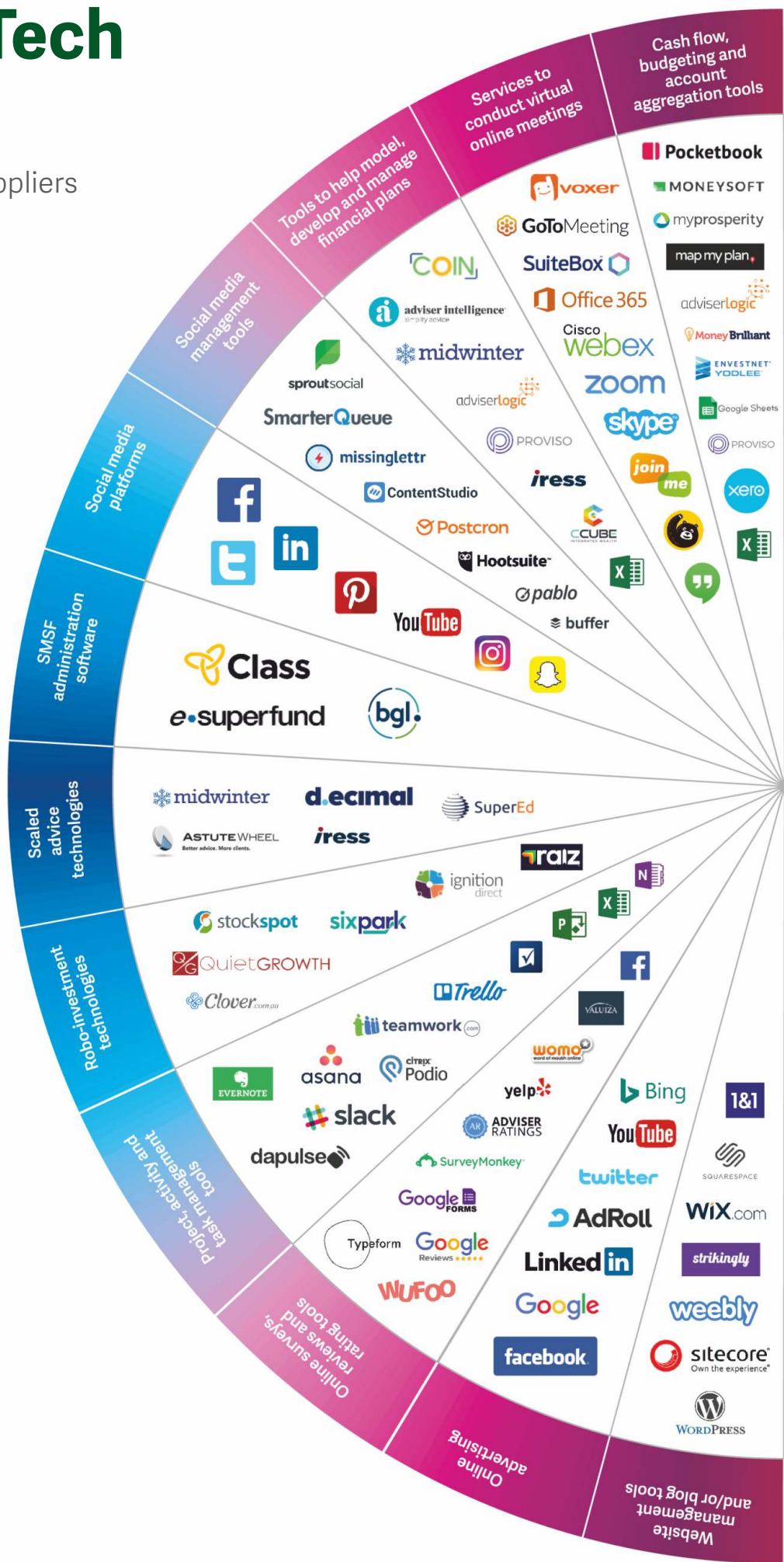
Section 3:

AdviceTech glossary

A glossary of all 26 AdviceTech categories covered in the survey including features, benefits and main suppliers.

The AdviceTech landscape

Your guide to AdviceTech suppliers across 26 categories.





Cash flow, budgeting and account aggregation tools

Providers include

Moneysoft, Xero, myprosperity, Yodlee, Map My Plan, Microsoft Excel/Google Sheets, AdviserLogic, MoneyBrilliant, Proviso, Pocketbook

Key statistics

Current usage: 42.30%
Intended uptake in the next 24 months: 19.67%
Potential uptake by 2020: 61.97%

Description

Amalgamates bank, super and investment accounts into a single online interface for tracking and managing money, investments, cash flow, budgeting and goal-savings.

Features

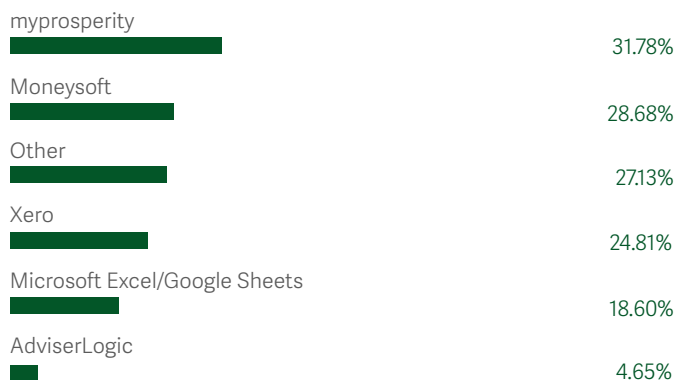
Real-time data feeds from hundreds of financial institutions, bank account transaction listings and categorisation, reporting and visualisation tools to assist budgeting and savings, account alerts on triggered account events, document vault, white-label adviser portal, reports including 'health checks'.

Benefits

New service offering for many advisers, helps clients keep savings on track, helps advisers to get a better understanding of a client's position, improves client engagement.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 129

Client portal technology

Providers include

Finpal, myprosperity, Xeppo, Netwealth, XPLAN, Midwinter, AdviserLogic

Key statistic

68.52% use client portal technology

Description

Secure online access for clients (or members) to engage and manage their super, investment and/or banking accounts via desktop or mobile.

Features

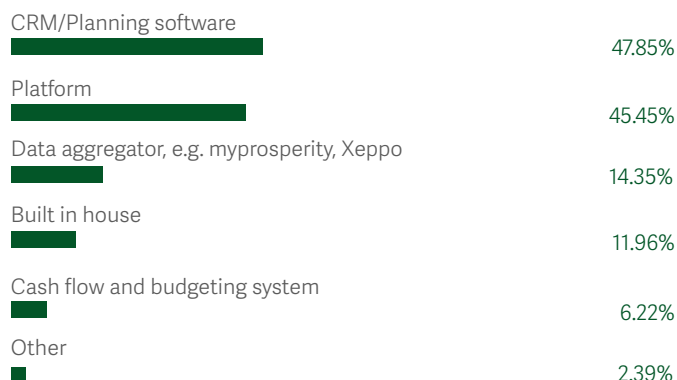
Account information (including detailed holdings and transaction details), online transactions (including buy/sell, deposits and withdrawals), access to reports, file vault, mobile app, white labelled for advice practices.

Benefits

Central point of information for clients, improves client engagement, aids compliance, secure document sharing, mobile access.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 209

Client presentation software

Providers include

Microsoft PowerPoint, Prezi, Canva, Google Slides, Apple Keynote, Haiku Deck, Zoho Show, Astute Wheel

Key statistics

Current usage: 53.44%
Intended uptake in the next 24 months: 20.66%
Potential uptake by 2020: 74.10%

Description

Tools to support the creation and customisation of client presentation slides.

Features

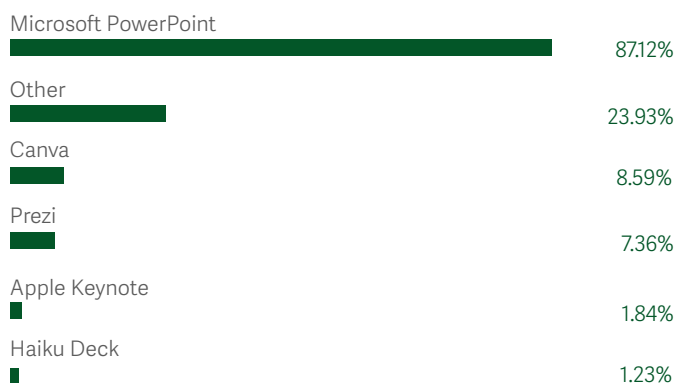
Presentation templates, collaborate and share when creating, add content formats including video and animations, online cloud-based creation, access via mobile devices.

Benefits

Visual communication tool that support face to face meetings and presentations, more professional, easier to communicate complex ideas through charts and images.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 163

Cloud-hosted online document/file storage and sharing technologies

Providers include

XPLAN, Dropbox, Microsoft OneDrive, Google Docs, Box, Evernote, ezidox, Sharefile, myprosperity, AdviserLogic

Key statistics

Current usage: 77.38%
Intended uptake in the next 24 months: 9.18%
Potential uptake by 2020: 86.56%

Description

Cloud-based storage of documents, images, presentations and other formats which can be shared and accessed online or download to computers or mobile devices.

Features

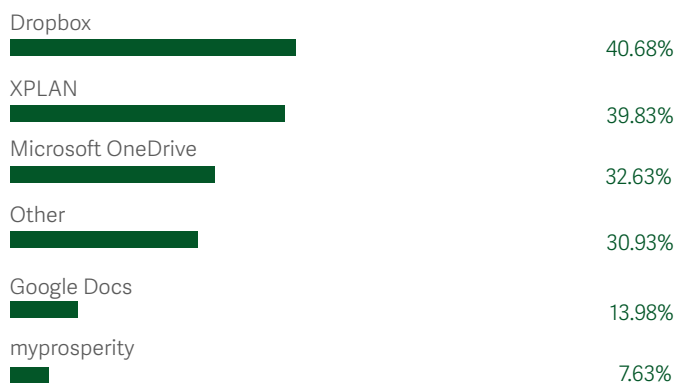
Upload a document of any kind to the cloud, share with one or multiple people, allow read only or edit status, add comments to file, track and report on downloads and usage, file and version recovery, permission management, third-party app integrations, clear files from lost or stolen devices.

Benefits

Work on files from anywhere, simplify document sharing and collaboration, back-up files, preview files you don't have software for e.g. Adobe Illustrator.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 236

Cloud-hosted email or internal communication services

Providers include

Microsoft Office 365, Gmail (Google Apps), Skype, Slack, Yammer, Google Hangouts

Key statistics

Current usage: 74.75%
Intended uptake in the next 24 months: 5.90%
Potential uptake by 2020: 80.65%

Description

Online access to office emails and calendars.

Features

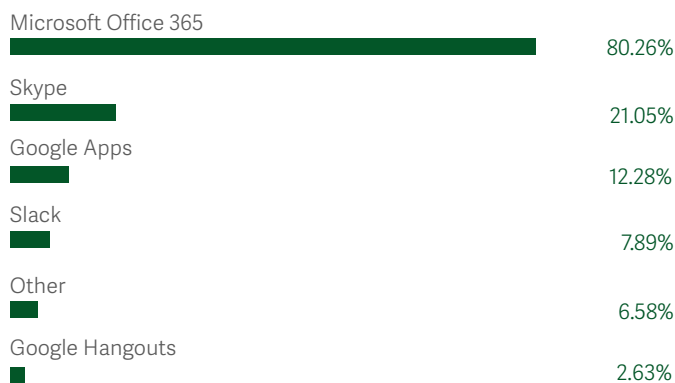
Full-featured email tools, business email for your domain, multiple email addresses, mobile app, link with messaging and video conferencing tools, shared calendars, spam filters, no advertising, cloud-based.

Benefits

Secure, easy IT administration, works from anywhere, mobile access, subscription pricing plans.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 228

Commissions management software

Providers include

Commpay, Easy Dealer, Revex, Advsr, Worksorted, Microsoft Excel, LinxCRM, CoMetrix, PayLogic from AdviserLogic, Finpal

Key statistics

Current usage: 60.66%
Intended uptake in the next 24 months: 7.87%
Potential uptake by 2020: 68.53%

Description

Rules-based revenue, commission payment and remuneration management system.

Features

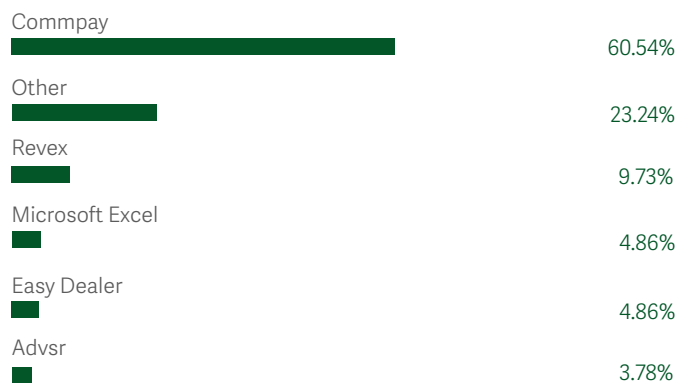
Automatically create statements in PDF and other formats, personalisation, file import, integration with XPLAN and other CRMs, reporting on underlying data, supports complex payment structures like licensee splits and referral partner payments, cloud-based.

Benefits

Improves back-office efficiency (including data input) when creating, consolidating and distributing payments or statements to clients and other stakeholders (such as fund managers).

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 185

Customer Relationship Management (CRM) systems

Providers include

XPLAN, Microsoft Excel, AdviserLogic, Midwinter, Salesforce, Coin, SugarCRM, Zoho, HubSpot, Provisio, Practifi, iFace, Finpal, LinxCRM, Ontraport, Infusionsoft, Worksorted, Ccube, Microsoft Dynamics

Key statistic

3.24 out of 5 average satisfaction rating with current supplier.

Description

A system that collects, organises, manages and analyses customer information, interactions and data throughout the customer lifecycle.

Features

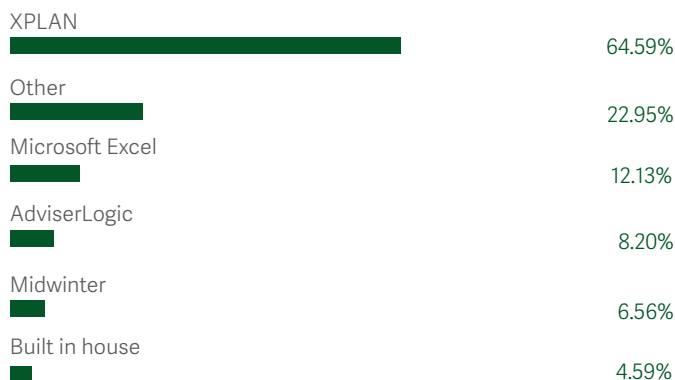
Contact management, sales lead and opportunity management, reports, analytics and dashboards, mobile access, email and calendar integration, file and knowledge base.

Benefits

Improves efficiency and overall sales through effective pipeline management, improves relationships with customers by facilitating better communication and service.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 295

Digital signature tools

Providers include

DocuSign, Adobe, Netwealth integrated eSignature, SuiteBox, myprosperity, Practice Ignition, SignNow

Key statistics

Current usage: 31.80%
Intended uptake in the next 24 months: 49.51%
Potential uptake by 2020: 81.31%

Description

The ability to capture signatures online via a computer or mobile device to support the document signing process.

Features

Supports multiple file formats (e.g. Microsoft Word, PDF), mobile and desktop signatures, document status and audit trail, cloud-based, APIs and integrations into existing workflows and documents, secure connection and storage.

Benefits

Streamlines transactions, improves the speed of completing applications and getting SOAs and ROAs accepted, improves administration efficiency.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 97

Digital services to transcribe conversations

Providers include

Dragon Dictate, Rev.com, waywithwords, Livescribe Smartpen, Trint, Zoom

Key statistics

Current usage: 18.36%
Intended uptake in the next 24 months: 31.15%
Potential uptake by 2020: 49.51%

Description

Online services that convert audio and video recording to text.

Features

Translations, add captions and subtitles to videos, stitch and synchronise audio and video together.

Benefits

Face-to-face and online meetings can be recorded and transcribed providing a record for compliance and/or internal process efficiencies.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 56

Digital workflow and integration tools

Providers include

Zapier, Evernote, Typeform, IFTTT, Scribe, Formstack, Fusedocs, PowerBI, Tableau

Key statistics

Current usage: 15.41%
Intended uptake in the next 24 months: 22.30%
Potential uptake by 2020: 37.71%

Description

Online services to enhance document flow, data integration, reporting and general process improvement, user friendly forms, linking of independent web apps to pass information between popular cloud-based apps/software systems, online business intelligence reporting and note taking tools.

Features

Rule-based linkages between popular cloud-based applications (e.g. adding new CRM contacts to your email marketing system), visual interface to create rules, task automators, online drag-and-drop form creation, report builders and data visualisation tools.

Benefits

Links disparate systems together to improve workflow efficiencies, analyses and creates reports on disparate data sets, captures notes/ideas on any device.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 47

Emails, newsletters and marketing automation technology

Providers include

MailChimp, XPLAN, Microsoft Outlook, Avant Plus, Active Campaign, Campaign Monitor, Infusionsoft, Feedly, Salesforce Pardot, Bonjoro, Constant Contact, HubSpot, Marketo, Redmarker (Artemis), AdviserLogic, Vision6, Wealthbox, Ontraport

Key statistics

Current usage: 78.69%
Intended uptake in the next 24 months: 14.75%
Potential uptake by 2020: 93.44%

Description

Assists the creation and automation of electronic communications, typically email and newsletters but extends to text and in-app messaging and social media.

Features

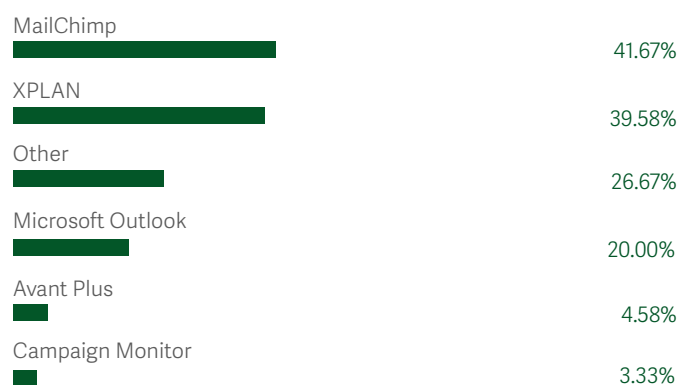
Email templates and drag-and-drop editing, email scheduling, triggered email campaigns, email personalisation, subscriber management, segmented lists, tracking, reporting and analytics.

Benefits

Automates repetitive email tasks, personalises messages to improve marketing outcomes, easier to analyse email marketing performance.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 240

Fact find and risk profiling tools

Providers include

XPLAN, Astute Wheel, Microsoft Excel, AdviserLogic, Finametrica, Midwinter, Typeform, precisefp.com, Coin, Microsoft OneNote, GoodNotes, Ccube

Key statistic

Current usage of online fact find and risk profiling tools is 33.11%

Description

Tools to capture information about the client during the fact find process, including analysis of their risk profile.

Features

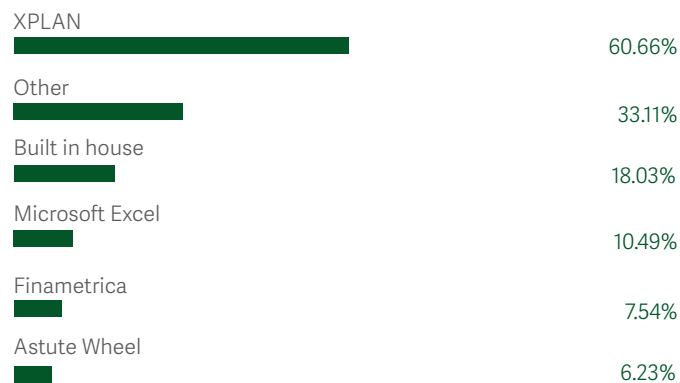
Online (short) fact-find, integration with CRM and advice/modelling technology, risk profiling algorithms, financial calculators, customisations.

Benefits

Streamlines initial meetings and fact find process, improves customer experience, speeds up SOA and ROA process.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 305

Investment research tools and technology for investment selection

Providers include

Morningstar, Lonsec, Zenith, Broker research, Netwealth Compare Managed Funds, Bloomberg, Thompson Reuters, Factset, Fincast, Macrovue, Selfwealth, Simply Wall Street, TipRanks, Canstar, Stockdoctor/Lincoln indicators, Skaffold, Mercer, Alta Vista Research

Key statistic

Current usage: 78.03%

Description

Research, ratings and commentary on investment products. Often reliant on a mix of qualitative research and quantitative analysis using big data, algorithms and (eventually) artificial intelligence.

Features

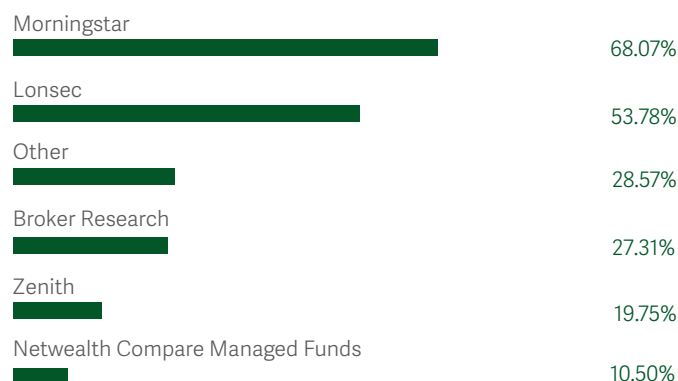
Company background, investment analysis/commentary, statistics including performance, online access, ability to compare/contrast assets, big data, visualisation tools.

Benefits

Supports internal investment decision-making and portfolio construction, useful in educating and engaging with clients, provides new investment ideas.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 238

Know Your Customer (KYC) technologies

Providers include

ZipID, GreenID, Simple KYC, Avoka

Key statistics

Current usage: 9.84%
Intended uptake in the next 24 months: 27.21%
Potential uptake by 2020: 37.05%

Description

Helps identify and verify identity using external data matching sources including Australian passport and drivers licence data.

Features

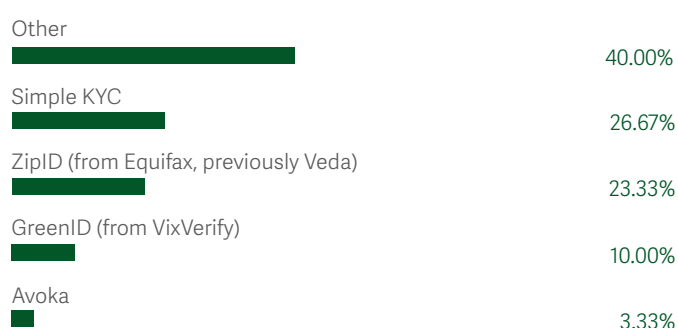
Data matching with major Australian government ID sources, ability for customers to add missing data and upload documents, approval management workflows, online and mobile phone verification.

Benefits

Quicker onboarding process saving time for clients, cloud-based.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 30

Managed accounts (SMA)

Key statistics

Current usage: 39.34%
Intended uptake in the next 24 months: 21.64%
Potential uptake by 2020: 60.98%

Description

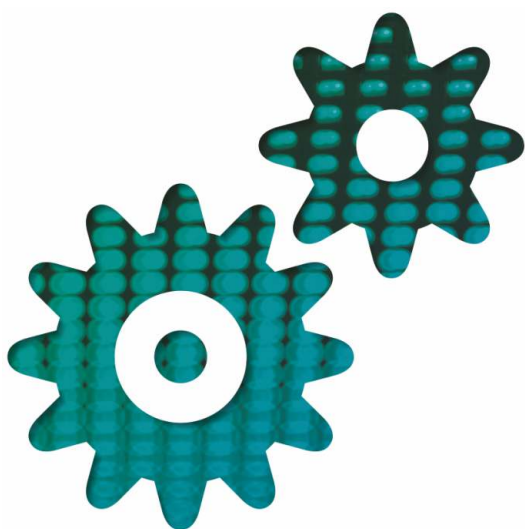
A portfolio of individual securities or assets managed by a professional investment manager. Provides advisers with an alternative structure to managed funds and other portfolio solutions. Changes to certain portfolios by an investment manager can be implemented across some or all clients as frequently as required, without the need for individual ROAs or SOAs.

Features

Efficient investment trading, integration with non-managed account investments, customise with rules and exceptions, transparent, tax efficient, broad variety of investment models, ability to establish private label models.

Benefits

The ability to create a consistent investment process, easier to demonstrate a clear investment value proposition, potential to reduce implementation leakage and improve efficiency/reduce adviser work.



Online advertising

Providers include

Google, Facebook, YouTube, LinkedIn, Bing, AdRoll, Twitter

Key statistics

Current usage: 14.43%
Intended uptake in the next 24 months: 19.02%
Potential uptake by 2020: 33.45%

Description

Advertising displayed on a website, mobile app or other digital medium containing brand and promotional marketing messaging, imagery and video. The technologies commonly used include search engine marketing, social media marketing, web banner advertising, in-video advertising, email advertising, digital radio advertising, sponsored content articles and mobile advertising.

Features

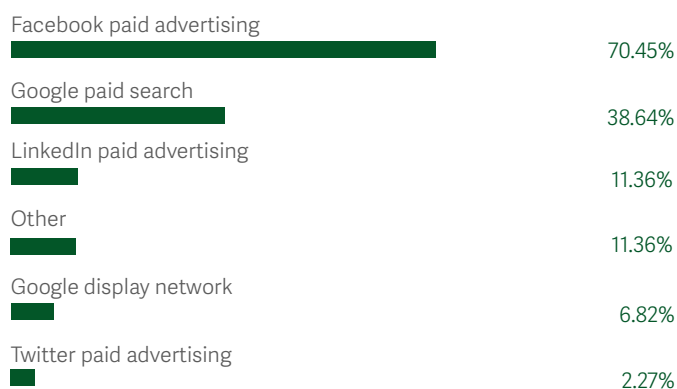
The ability to hyper-target audiences based on location, behaviours, interests and/or media platforms. Multiple models of payment, including pay per click, pay per action or the more common pay per impression. Advertising can use various media, including text, video, audio and imagery. Detailed reporting and analytics.

Benefits

Target specific audiences which can improve conversions, transparently measure advertising effectiveness via detailed analytics, easy to set up campaigns without external support and reach a wider audience than traditional advertising.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 44

Online surveys, reviews and rating tools

Providers include

Survey Monkey, Adviser Ratings, Facebook ratings, Google Reviews, Typeform, Google Forms, womo.com.au, Yelp, wufoo, Valuiza, ProductReview

Key statistics

Current usage: 29.51%
Intended uptake in the next 24 months: 38.36%
Potential uptake by 2020: 67.87%

Description

Tools to capture customer feedback through the development of surveys and feedback forms or via online websites where customers share their experiences and rate service with stars and descriptions.

Features

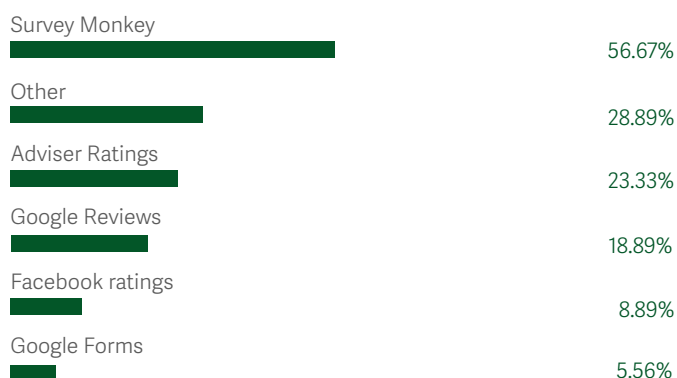
Creation of online surveys through drag and drop interfaces, survey templates, ratings/review websites that provide a source of referrals.

Benefits

A better understanding of clients through profiling and satisfaction scores/ratings, the ability to benchmark service levels against other providers, the ability to identify areas of the business that need further improvement.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 90

Project, activity and task management tools

Providers include

Microsoft Excel, Trello, Slack, Evernote, Asana, Microsoft Project, Dapulse, Microsoft OneNote, Microsoft Project, Smartsheet, Teamwork, Podio

Key statistics

Current usage: 74.10%
Intended uptake in the next 24 months: 13.77%
Potential uptake by 2020: 87.87%

Description

A platform which allows people to collaborate, communicate and coordinate projects by managing tasks, processes, and workflows.

Features

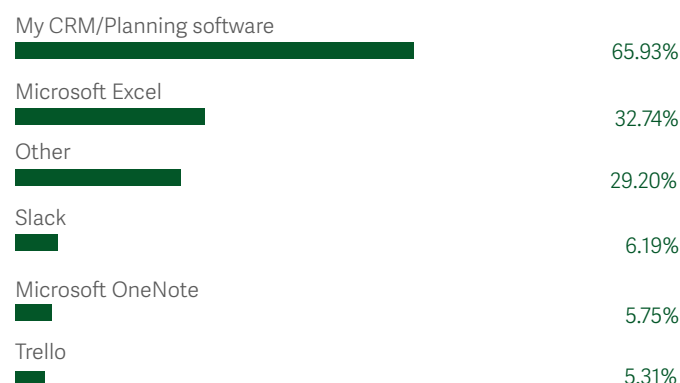
Visual charts and timelines, task lists and boards, checklists, file management, alerts, collaboration with multiple project members, online and mobile access, reports and analytics, support for different project methodologies like PRINCE and Agile.

Benefits

Improves project planning, more effective team communication and collaboration, greater transparency on progress, ability to optimise resource allocation and delegate tasks, standardises project delivery, centralises project reporting.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 226

Robo-investment technologies

👤 Providers include

Raiz Invest (formerly Acorns), Clover, Sixpark, Ignition Direct, Quitegrowth, Stockspot

📊 Key statistics

Current usage: 3.61%
Intended uptake in the next 24 months: 21.64%
Potential uptake by 2020: 25.25%

📖 Description

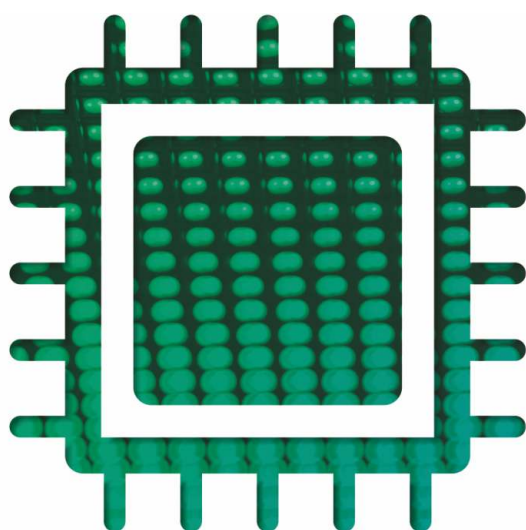
Tools that provide online portfolio investment recommendations using algorithms and, in some cases, artificial intelligence which is less reliant on human advice.

⚙️ Features

Online risk profiling, automatic rebalancing, automatic investing, client or adviser driven, low-cost options, white label for advisers.

⌚ Benefits

Improves back-office efficiency, expands client base by catering for different needs, including low balance clients.



Scaled advice technologies

👤 Providers include

XPLAN Prime, Astute Wheel, Midwinter AdviceOS, Decimal, SuperED

📊 Key statistics

Current usage: 13.11%
Intended uptake in the next 24 months: 22.30%
Potential uptake by 2020: 35.41%

📖 Description

Personal advice limited in scope or piece-by-piece advice rather than holistic or comprehensive advice, often provided over the phone or online at a fraction of the cost of holistic advice.

⚙️ Features

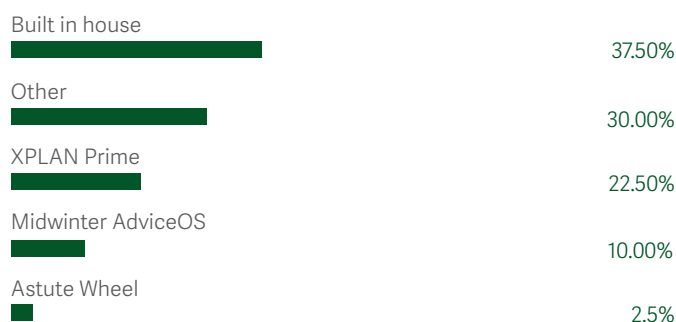
Guidance advice based on objectives or specific goals, provided in real time, supports face to face telephone and online channels, CRM, risk and advice modelling tools.

⌚ Benefits

May suit younger clients, can assist in expanding client base if willing to provide piece-by-piece advice at the client's request.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 40

SMSF administration software

Providers include

Class Super, BGL, eSuperfund

Key statistics

Current usage: 33.11%
Intended uptake in the next 24 months: 10.82%
Potential uptake by 2020: 43.93%

Description

Cloud-based self-managed super fund (SMSF) software to assist in the administration and compliance of SMSFs by trustees and their advisers.

Features

Bank, super and investment account data feeds, corporate action notification, reporting/dashboards on SMSF related items (e.g. contributions and pensions), integrations into some accounting packages and wrap platforms, journals and narrations, cloud-based.

Benefits

Effective SMSF compliance, streamlines SMSF administration, enhances reporting, improves speed of tax return completion.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 101

Social media platforms

Providers include

Twitter, Facebook, LinkedIn, Instagram, YouTube, Snapchat, Pinterest

Key statistic

48.79% post one or more times a week on social media

Description

A platform enabling users to communicate, follow, create and share content with virtual communities and networks.

Features

Content-sharing, instant messaging and other communication tools, paid advertising, analytics and reporting, company profiles, news and articles, notifications on latest updates, mobile app.

Benefits

Connect and communicate with your target audience in a widely used and accepted environment, reach new audiences via paid advertising initiatives and campaigns, use as a recruitment tool.

Which suppliers do you use?

By those who post to social networks daily, weekly or monthly.



Source: Netwealth 2018 AdviceTech survey n = 157

Social media management tools

Providers include

Hootsuite, Buffer, Sprout Social, Contentstudio.io, Missinglettr.com, Pablo, Postcron, SmarterQueue

Key statistics

Current usage: 9.84%
Intended uptake in the next 24 months: 19.34%
Potential uptake by 2020: 29.18%

Description

Platforms for managing social media, sharing content and growing a social media presence across platforms like Facebook, LinkedIn, Twitter, Instagram and YouTube.

Features

Write once and publish to multiple social networks, analytics and reporting, manage multiple social media accounts, supports edit/approval workflows, integration with CRM and email marketing system.

Benefits

Automation of repetitive tasks in the creation of social media posts, easier to analyse social media performance.

Which suppliers do you use?

By those who post to social networks daily, weekly or monthly.



Source: Netwealth 2018 AdviceTech survey n = 30

Tools to help model, develop and manage financial plans

Providers include

XPLAN, Microsoft Excel, AdviserLogic, Midwinter, Coin, Adviser Intelligence, Provisio, Ccube, Optimo Pathfinder

Key statistic

3.13 out of 5 average satisfaction rating with current supplier

Description

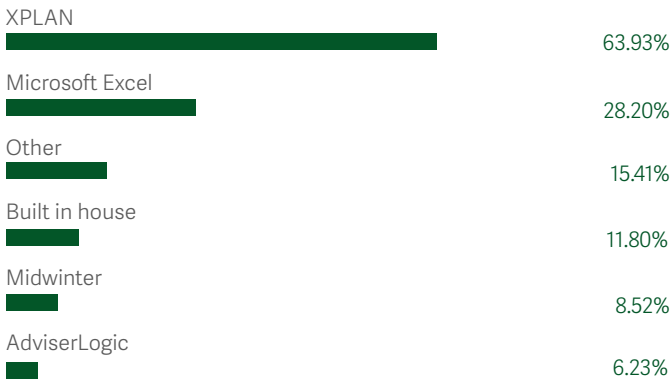
Scenario creation and strategy optimisation tools for clients.

Benefits

Improves planning process efficiency, improves engagement with clients, assists in meeting compliance obligations, integrations with website and CRM, client portal, workflows and apps.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 305

Services to conduct virtual online meetings

Providers include

Skype, Zoom, GoToMeeting, SuiteBox, Microsoft Office, Google Docs, Webex, Join.me, Voxer, Google Hangouts, Bonjoro, Zoom

Key statistics

Current usage: 48.20%
Intended uptake in the next 24 months: 31.48%
Potential uptake by 2020: 79.68%

Description

A solution that facilitates a virtual meeting between an adviser and their client via a computer or mobile device.

Features

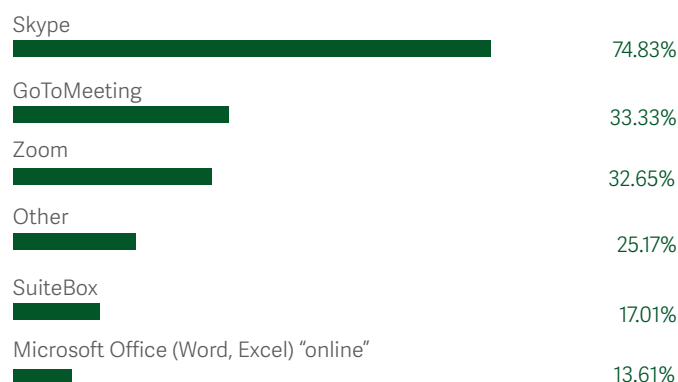
Instant messaging, live voice/video streaming, sharing of documents and files, recording of meetings.

Benefits

Supports timely meetings, appeals to younger generations and time-poor clients, meetings are easily stored for compliance.

Which suppliers do you use?

By those who use this technology.



Source: Netwealth 2018 AdviceTech survey n = 147

Website management and/or blog tools

Providers include

WordPress, Wix, My CMS, 1&1, Strikingly, Weebly, Squarespace, Sitecore

Key statistics

11.80% of advisers add or modify their website content weekly, 24.59% monthly, 19.34% quarterly, 10.16% annually and 34.10% rarely or never do.

Description

Tools to assist in the creation and modification of web pages, blogs or online stores.

Features

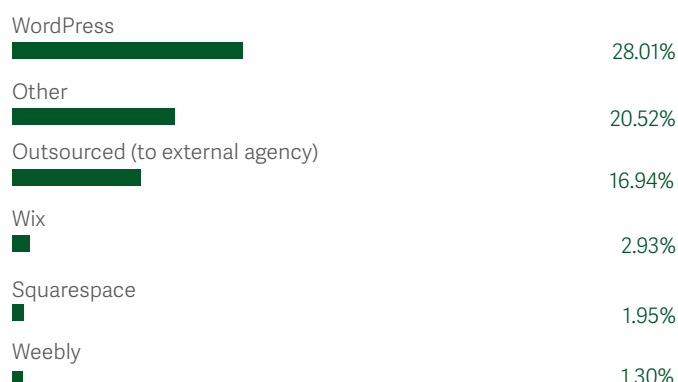
HTML templates, WYSIWYG (what you see is what you get) drag-and-drop content editing, online store management including ecommerce capabilities, web hosting and domain names, search engine optimisation (SEO) support, web tracking and reporting, creation/approval workflow, landing page personalisation.

Benefits

Keeps the website fresh to create the right impression with prospective clients, improves website performance and conversion, attracts more visitors to the website via improved SEO performance.

Which suppliers do you use?

By those who use this technology.



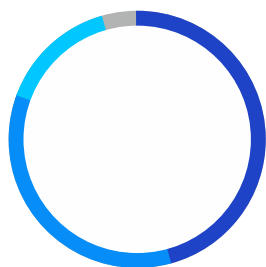
Source: Netwealth 2018 AdviceTech survey n = 305

About the research

The Netwealth AdviceTech Research Report 2018 is based on Netwealth's second annual AdviceTech survey conducted throughout March 2018, where we had 305 financial advisers and wealth professionals participate in an online survey.

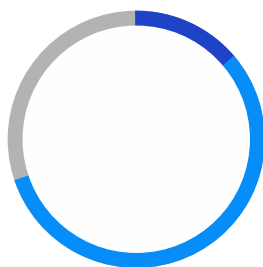
This survey covered 26 technology categories used by advisers in their practice, both front and back-office. Advice practices gave feedback on what products they used and their intentions over the next 12 and 24 months with that technology, as well as responding to general profiling questions about them and their practices.

The survey was largely completed by the technology decision makers of the advice business, with 81.64% of respondents either being the sole or joint decision maker. The makeup of the 305 respondent base can be described in the following charts:



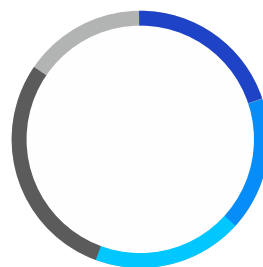
What is your role in your business' decision making process in selecting and investing in technology?

- Joint decision maker (46.56%)
- Sole decision maker (35.08%)
- Influencer (14.75%)
- No role (3.61%)



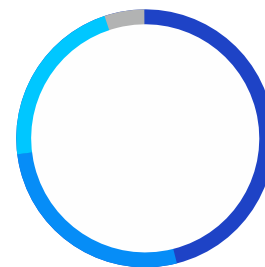
Which of the following best describes your business' licensing?

- We are authorised under an external AFSL, owned by NAB, CBA, ANZ, Westpac, AMP, IOOF (14.14%)
- We are authorised under an external AFSL, owned by Other (i.e. **not owned** by NAB, CBA, ANZ, Westpac, AMP, IOOF) (56.25%)
- We have our own AFSL (29.61%)



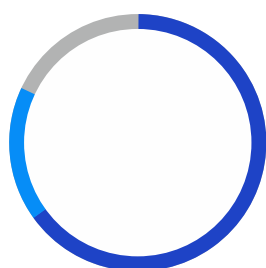
How much revenue did your business turnover last financial year (FY 2016/17)?

- \$1 - \$250,000 (20.33%)
- \$250,001 - \$500,000 (17.05%)
- \$500,001 - \$1 million (19.02%)
- \$1 million+ (28.52%)
- Prefer not to say (15.08%)



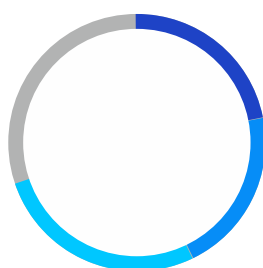
How many active clients does your business have?

- 0 - 200 (44.92%)
- 201 - 500 (27.54%)
- 501+ (22.30%)
- Prefer not to say (5.25%)



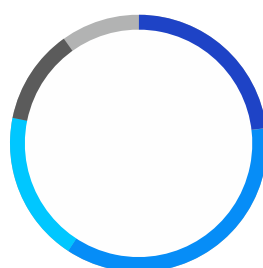
How many full time staff does your business employ?

- 1-5 Staff (65.57%)
- 6-10 Staff (16.72%)
- 11+ Staff (17.70%)



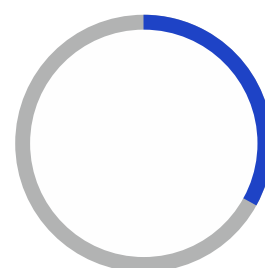
How long has your business been in operation?

- 0-4 years (21.97%)
- 5-9 years (21.64%)
- 10-19 years (26.89%)
- 20+ years (29.51%)



What is the average portfolio balance of your clients?

- \$1 - \$250,000 (22.95%)
- \$250,001 - \$500,000 (36.07%)
- \$500,001 - \$1 million (19.34%)
- \$1 million+ (12.46%)
- Prefer not to say (9.18%)



What generation do the majority of your clients belong to?

- Generations X and Y (33.41%)
- Baby Boomers and Silent Generation (64.59%)

Notes for interpreting the results

When interpreting the report, the following should be taken into consideration:

When reading this report, the source of all data is Netwealth 2018 AdviceTech Research survey.

The size of the sample for each reported statistic is $n = 305$, unless stated otherwise.

Due to sample size, some samples are grouped together. For example, due to the limited number of Generation Y clients, we grouped Generation X and Y together. We appreciate there are differences in these segments, however for the purpose of this Report, it was deemed appropriate.

References

- i Our awards include: Winner, award for 'Best Platform Overall', Investment Trends 2016 Platform Benchmarking Report (2017, 2016, 2015); Joint winner, award for 'Overall Satisfaction with Platform', Investment Trends 2017 Planner Technology Report; Winner, award for 'Overall Satisfaction with Platform', Investment Trends Planner Technology Report (2016, 2015, 2014, 2013).
- ii <http://www.news.com.au/finance/business/technology/acorns-microinvesting-app-is-about-more-than-getting-rich-quickly/news-story/4842f112908cf85954e0742070e25764>
- iii https://en.wikipedia.org/wiki/Crossing_the_Chasm
- iv https://en.wikipedia.org/wiki/Diffusions_of_innovations
- v <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/enduring-ideas-the-three-horizons-of-growth>

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