

AdviceTech Research Report

2019 edition

Discover the technology
successful AdviceTech businesses
are using.



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Introduction

Financial advisers use a wide range of technology in the delivery of advice services and to underpin business operations. From prospecting to initial client meetings to setting and implementing strategy to monitoring and reviewing advice, and the all-important issues of managing compliance.

The 2019 Netwealth AdviceTech Report highlights the key benefits of adopting technology intelligently within an advice business, and the benefits for clients and advisers alike.

Beyond benchmarking over 26 technologies, like we have in past years, in this year's report we pay special consideration to regularly discussed questions amongst advice practices:

- 01.** What foundation technology should my business have already deployed, and what technology should we be considering in the future?
- 02.** What resources should I be dedicating to AdviceTech, both human and capital?
- 03.** What do the best businesses look like in terms of their AdviceTech adoption?

In relation to the last point, the best businesses:

- Focus on growth
- Boast improved efficiency
- Invest more in AdviceTech
- Turn technology investment intentions into action
- Take the time to learn about new technologies
- Focus on what they're good at, and increasingly outsource activities like social media management
- See the potential in artificial intelligence (AI) and robo-advice in client servicing and advice delivery

We hope you enjoy the third edition of the Netwealth AdviceTech report, and it supports the digitisation of your business.

Matt Heine, Netwealth
Joint Managing Director





With change comes your chance to realise new efficiencies.

In this rapidly changing financial advice industry, it's now more important than ever to embrace new technology and realise new business efficiencies. With this change comes your chance to use Netwealth's #1 ranked super and investment platform* with integrated managed accounts and automated ROAs.

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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 seven years in a row and rated number 1 by analysts as best overall platform in 2015, 2016, 2017 and 2018.



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.

ⁱRatings based on Investment Trends 2012-2018 Planner Technology Report and Investment Trends 2015-2018 Platform Benchmarking and Competitive Analysis report

Technology adoption of AdviceTech in 2019 and beyond

The third 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 24 months (%)	Potential adoption by 2021 (%)	Most used suppliers
 Cashflow, Budgeting and Account Aggregation Tool	37.2%	34.8%	72.0%	My Prosperity, Moneysoft, Microsoft Excel
 Client Portal Technology	65.2%	*	*	CRM/financial planning software, Super/investment platform
 Client Presentation Software	49.7%	27.1%	76.8%	Microsoft Powerpoint, Canva, Prezi
 Cloud-Hosted Document/File Storage and Sharing Technology	75.9%	12.5%	88.4%	Microsoft OneDrive, Dropbox, Xplan, Google drive
 Cloud-Hosted Email Or Internal Communication Service	76.5%	6.5%	83.0%	Microsoft Office 365, Skype, Google Suite (Gmail), Slack
 Commissions Management Software	56.0%	13.4%	69.3%	Commpay, Revex, PayLogic, Worksorted
 Customer Relationship Management (CRM) System	90.5%	6.0%	96.4%	Xplan, AdviserLogic, Midwinter, Coin
 Digital Signature Tool	34.8%	46.4%	81.3%	Docusign, Adobe, MyProsperity, Netwealth Integrated esignature
 Digital Transcription Service	19.3%	37.5%	56.8%	Dragon, Rev.com, Zoom
 Digital Workflow and Integration Tool	13.7%	40.2%	53.9%	Zapier, Xepko, Evernote
 Emails, Newsletters and Marketing Automation Technology	75.0%	16.4%	91.4%	Mailchimp, Xplan, MS Outlook
 Fact Find and Risk Profiling Tool	33.6%	44.6%	78.3%	Xplan, Astute Wheel, Finametrica
 Investment Research Technology For Investment Selection	72.6%	13.1%	85.7%	Morningstar, Lonsec, Broker research, Zenith
 Know Your Customer (KYC) Technology	6.0%	49.7%	55.7%	Simple KYC, GreenID, ZipID
 Managed Accounts (SMA)	43.5%	15.2%	47.6%	-
 Online Advertising	15.2%	22.0%	37.2%	Facebook paid advertising, Google paid search, Google display network
 Online Surveys, Reviews and Rating Tool	32.1%	42.0%	74.1%	Survey Monkey, Adviserratings.com.au, Google reviews
 Project, Activity and Task Management Tool	69.0%	20.8%	89.9%	My CRM/Planning software, Microsoft Excel
 Scaled Advice Technology	22.9%	47.3%	70.2%	Xplan Prime, Midwinter Advice OS, Astute Wheel, FinPal
 SMSF Administration Software	34.2%	9.2%	43.5%	Class Super, BGL, SuperConcept
 Social Media Platform	68.2%	*	*	Facebook, LinkedIn, Instagram
 Social Media Management Tool	17.6%	43.8%	61.3%	Hootsuite, Buffer
 Virtual Online Meeting Tool	51.2%	33.3%	84.5%	Zoom, Skype, GoToMeeting
 Website and/Or Blog Management Tool	32.4%	41.1%	73.5%	Wordpress, Wix, Weebly, Squarespace

* Data was not collected in survey

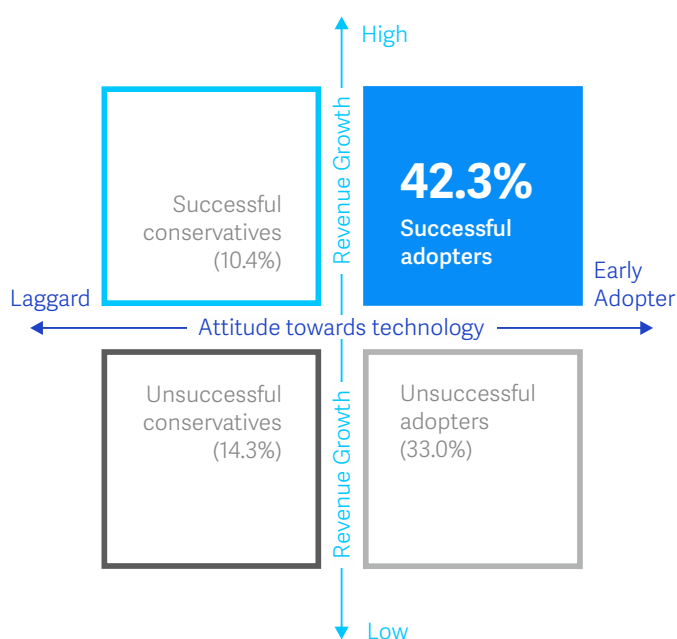
**Key
findings**



01. AdviceTech: helping businesses manage more money, serve more clients

The research highlighted two types of business decision-makers, those who are more likely to adopt and use AdviceTech, and those that were not. For those advice practices with decision-makers likely to use AdviceTech, a large percent (42.3%) run successful advice practices.

Revenue growth vs. Attitude towards making investment decisions in AdviceTech



In this report we have defined this group as “successful AdviceTech businesses” or SATBs. Most commonly they operate under their own Australian financial services licence (AFSL) (40.1% of SATBs), or under an external AFSL not owned by any of the major institutions (also 40.1%).

The majority (86.6%) of them are owned and/or managed by a Gen Y or a Gen X individual, with an average age of 43. These businesses have also been established recently, with 16.9% established in the last three years and a further 25.4% established for between three and seven years.

So what defines them as successful?

Successful AdviceTech businesses are 22% more likely than the industry average to have had revenue growth in the last 12 months.

SATBs are almost 27% more likely than the industry average to focus on growing their client base over the next 12 months. Around 80% (78.9%) of SATBs will focus on growing client numbers, compared to 62.2% of firms across the industry. SATBs are almost four times as likely to be focused on growing their client base as on retaining existing clients – only 21.1% of SATBs will focus on retention in the year ahead.

The majority have a client base with larger average portfolio balances – 51.8% of them have clients with a greater than \$500,000 and close to one in five (18.2%) a balance of more than \$1,000,000.

Was revenue higher, about the same or lower compared to the previous financial year (ended 30 June 2017)?



And what is driving AdviceTech adoption?

In terms of attitudes towards spending and investing in AdviceTech, 41.5% of all SATBs recognise that spending money and investing willingly in AdviceTech is a “critical part of their business’ success”.

This translates into increased investment in AdviceTech.

More than four in five (83.8%) of SATBs say they will invest more this financial year compared to last in client engagement tools, 88.7% will invest more in advice and financial planning tools and 84.5% will invest more in operations and workflow tools.

Another potential driver of AdviceTech adoption is the client base of these SATBs. They are the most likely to have a tech savvy client base (81.0% report having tech-savvy clients) and are most likely to see an increased demand for AdviceTech from their clients (69.0% of SATBs report increased demand).

For more information, turn to page 20

Are you going to spend and invest more on the following technologies in the financial year ending June 2019 (compared to the financial year ended June 2018)?

	Client engagement technologies			Advice and financial planning technologies			Operations and workflow technologies		
	Yes, definitely	Yes, possibly	No	Yes, definitely	Yes, possibly	No	Yes, definitely	Yes, possibly	No
SATBs	43.7%	40.1%	16.2%	47.9%	40.8%	11.3%	34.5%	50.0%	15.5%
Rest of the industry	30.4%	49.0%	20.6%	33.0%	49.0%	18.0%	26.3%	47.9%	25.8%

02. Building a successful AdviceTech stack

Financial planning software, a super and investment platform, a company website, a CRM system and the cloud (for office tools and document management) are “foundation” elements of the AdviceTech stack of all businesses.

- Financial planning software (100% of all businesses use this AdviceTech)
- Company website (100%)
- Super and investment platform (91.1%)
- A CRM system (90.5%)
- A cloud-hosted email or internal communication service (76.5%)
- A cloud-hosted online document/file storage and sharing service (75.9%)

Aside from these, other AdviceTech that should be considered, based on the size of the business (in terms of number of clients) are:

Small business (0 – 200 active clients)

- Investment research AdviceTech for investment selection (used by 70.9 % of small businesses)
- Project, activity and task-management tools (65.6%)
- Client portal AdviceTech (64.2%)

Medium business (201 – 500 active clients)

- Emails, newsletters and marketing automation AdviceTech (used by 81.1% of medium businesses)
- Client portal AdviceTech (67.8%)
- Investment research AdviceTech for investment selection (67.8%)

Large business (500+ active clients)

- Emails, newsletters and marketing automation AdviceTech (used by 85.9% of large businesses)
- Social media platform (80.4%)
- Project, activity and task-management tools (73.9%)

Getting ahead of the curve

For those businesses that are looking for an AdviceTech edge they should look for the lead provided by Successful AdviceTech Businesses (SATBs).

A range of specific AdviceTech tools are taken up more enthusiastically by SATBs than by the average advice firm, used to support the delivery of advice, business management, managing relationships with clients.

	SATB take-up (%)	Industry take-up (%)	Take-up gap (%)
Fact-find and risk profiling tool	47.2	33.6	13.6
Online surveys, reviews and rating tool	45.1	32.1	13.0
Virtual online meeting tool	63.4	51.2	12.2
Social media platform	79.6	68.2	11.4
Project, activity and task management tool	80.3	69.0	11.3
Client presentation software	59.9	49.7	10.2

For more information, turn to page 24

03. Setting up for AdviceTech success

The hallmarks of a successful AdviceTech business (SATB) include a willingness to draw-up an AdviceTech investment roadmap, stick to the route and invest willingly, not just to cover an immediate need or shortcoming in an existing AdviceTech stack.

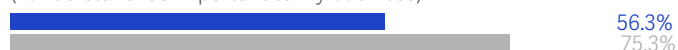
Only a quarter (25.3%) of advisers overall say they spend money and invest willingly in AdviceTech, in stark contrast to 41.5% of SATBs who spend willingly, recognising that it is a critical part of their business' success.

How would you describe your attitude towards spending and investing in AdviceTech?

I spend money and invest willingly (it is a critical part of my business's success)



I spend money and invest where I need to (I understand it's important to my business)



I spend money and invest reluctantly (I spend as little as I need to)



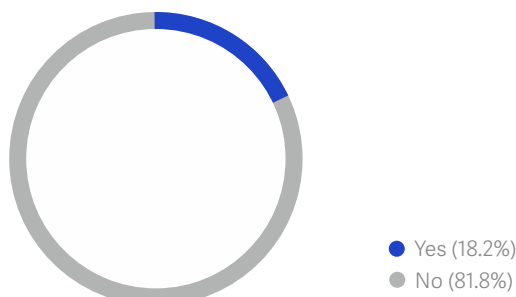
I spend money and invest grudgingly (it's an unnecessary expense and drain on profitability)



● Successful AdviceTech Businesses ● Rest of the industry

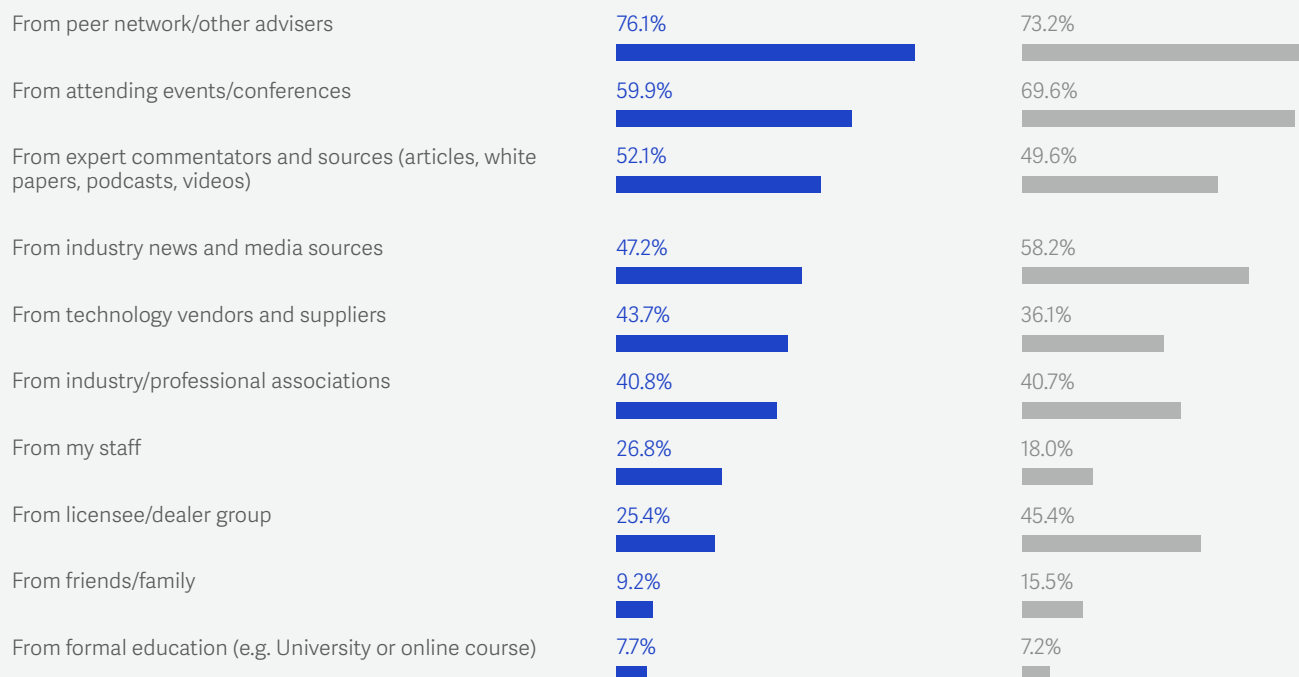
Less than one in five (18.2%) advice businesses have a dedicated in-house AdviceTech manager in their business. Successful adopters are the most likely to have a dedicated in-house AdviceTech manager (23.2%), although this still pertains to only a minority.

Does your business have a dedicated in-house AdviceTech manager?



Most advice firms, irrespective of their attitude towards or success in adopting AdviceTech, generally learn about new developments and opportunities from peer networks and other advisers. Events and conferences represent a significant source of information and insights (again, across all types of advice businesses), as do expert commentators and sources, including white papers. Interestingly, firms that are relatively unsuccessful adopters of AdviceTech tend to rely more than relatively successful businesses on industry publications and professional associations for insights on AdviceTech.

How do you typically learn about new technologies?

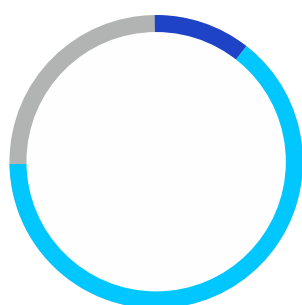


● Successful AdviceTech businesses ● Rest of the industry

04. Tech-savvy clients drive tech adoption and business success

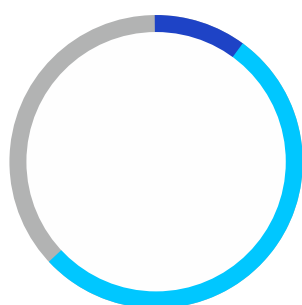
Three in four (75.0%) advisers think their clients are tech savvy. What is also interesting, is that more than three in five (63.4%) advice practices are seeing an increased demand for AdviceTech from their client base.

Do you think your client base is tech savvy?



● Yes, to a large extent (10.7%)
● Yes, to some extent (64.3%)
● No, not really (25.0%)

Are you seeing an increased demand for AdviceTech from your client base?



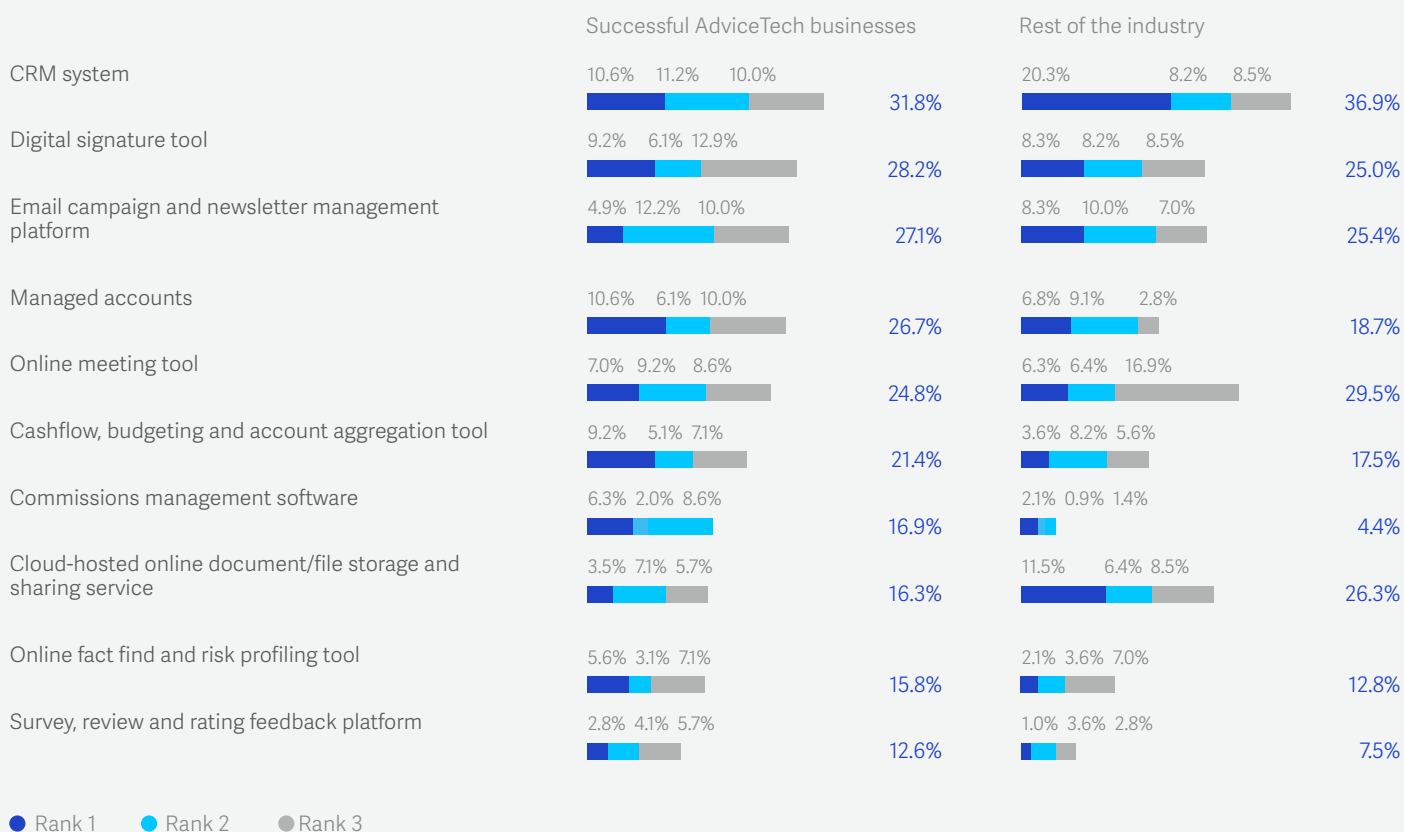
● Yes, to a large extent (10.4%)
● Yes, to some extent (53.0%)
● No, not really (36.6%)

05. AdviceTech that had the biggest business benefits in last 24 months and is set to deliver business benefits in next 12 months

The most commonly rolled-out AdviceTech in the past 24 months were a CRM system (30.8% of all advice practices rolled out a CRM), an email campaign and newsletter management platform (27.2%) and a digital signature tool (24.0%).

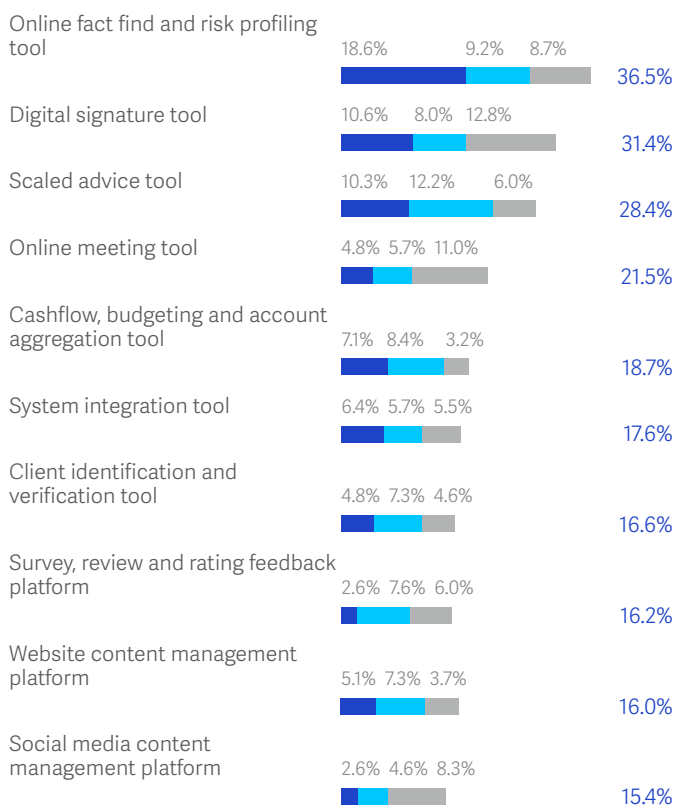
Among the **AdviceTech that has been rolled-out** in the past 24 months, a CRM system is cited by 35% of advice businesses as being one of the three that has had the greatest business benefits. This is followed by an online meeting tool (cited as being among the top three by 27.0% of practices), as well as a digital signature tool and an email campaign and newsletter management platform (both cited by 26.5%).

Which AdviceTech rolled-out in the past 24 months had the greatest business benefits? Select top three.



Of the **AdviceTech that is planned to be rolled out** in the next 24 months, online fact-find and risk profiling tools are considered to deliver the greatest business benefits, with 36.5% of advice businesses identifying them as being in their top three AdviceTech roll-out targets. Digital signature AdviceTech tools are also expected to deliver significant benefits (being in the top three roll-out targets of 31.4% of firms) and scaled advice tools (in the top three of 28.4% of firms).

Which AdviceTech to be used in the next 24 months will deliver the greatest business benefits? Select top three. (By businesses intending to adopt.)

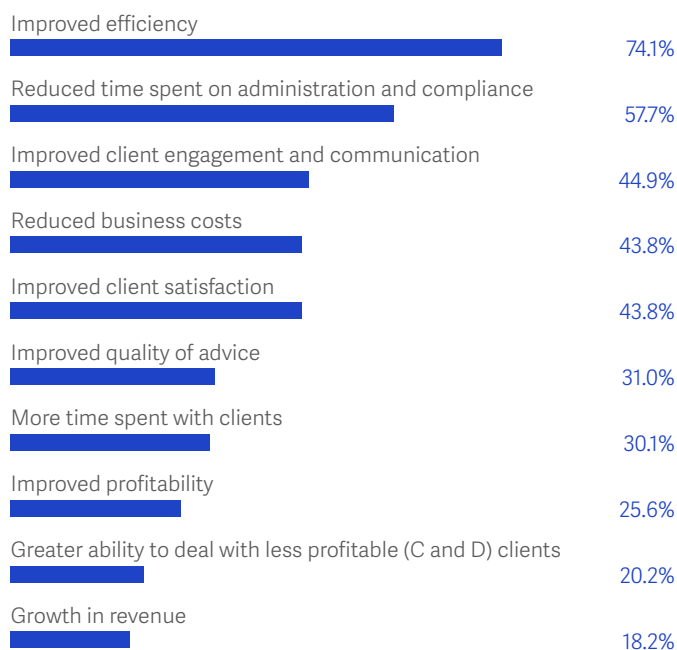


● Rank 1 ● Rank 2 ● Rank 3

06. Efficiency is a top driver of AdviceTech adoption

The most commonly cited business benefits of AdviceTech in financial year 2017/18 are improved efficiency (74.1% of all advice businesses) and reduced time spent on administration and compliance (57.7%). More than two in five have seen benefits on client relationships, including improved client engagement and communication and improved client satisfaction (44.9% and 43.8% respectively). More than two in five (43.8%) also cite reduced business costs.

In what ways did your business benefit from AdviceTech in the financial year ended June 2018?



* Multiple answers allowed. Top ten responses only

Successful AdviceTech businesses

SATBs see even greater benefits from AdviceTech compared to the industry average. They are:

- Almost 30% more likely to experience improved profitability (33.1% for SATBs versus 25.6% industry average)
- Around 17% more likely to deliver improved customer satisfaction (51.4% versus 43.8%)
- Almost 16% more likely to spend less time on administration and compliance (66.9% versus 57.7%)
- More than 14% more likely to have had a reduction in business costs (50.0% versus 43.8%)
- More than 8% more likely to enjoy improved efficiency (80.3% vs 74.1%)

07. Business barriers often stop intention translating into usage

The intention to adopt AdviceTech and the actual implementation of that AdviceTech is often stymied by a range of barriers.

The most commonly cited barrier in selecting and implementing AdviceTech is a lack of time to understand and explore options (42.9% of all businesses). This is followed by uncertainties around implementation (34.2%) and choice paralysis (32.4%). Close to three in 10 (29.2%) point to cost barriers, while more than one in four (26.5%) point to a lack of resources in the business.

What barriers exist in selecting and implementing AdviceTech in your business?

Don't have the time to understand and explore our options	42.9%
Not sure how to implement it into my practice	34.2%
Too many choices, don't know where to start	32.4%
Too expensive	29.2%
Don't have the right resources or people in place in our business	22.0%
Technology is not supported by my dealer group	16.1%
Client base is not suitable	11.3%
I'm not confident enough to make technology decision	10.4%
Don't see the value in new technology	3.6%
Don't have the interest to understand and explore our options	3.0%
None	3.9%

* Multiple answers allowed

08. A change is going to come

On average, advice firms use 12 different types of AdviceTech. Usage and intention to use are largely unchanged year-on-year across most types of AdviceTech. However, there is some AdviceTech for which usage and intention to use have increased.

Appetite for scaled advice tools is notably higher this year. Close to one in four (22.9%) advice firms use scaled advice tools for the provision of advice, up from 13.1% in 2018. Furthermore, close to half (47.3%) plan to use it in the next 24 months, up considerably from 22.3% in 2018. Importantly 34.2% of all people surveyed think scaled advice AdviceTech will have the greatest impact on financial advice firms in the next 5 years.

AdviceTech	Usage in 2019 (%)	Usage in 2018 (%)	Change (%)
Scaled advice tool	22.9	13.1	9.8
Virtual online meeting tool	51.2	48.2	3.0
Online surveys, reviews and rating tool	32.1	29.5	2.6
Cloud-hosted email or internal communication service	76.5	74.8	1.7
SMSF Administration software	34.2	33.1	1.1

The use of AdviceTech to connect or integrate disparate/different internal systems, as well as cashflow, budgeting and account aggregation tools for client advice is also set to rise in the short to medium term.

The use of tools and services to identify and verify clients as part of KYC is also set to rise in the short to medium term. While only a very small minority (6.0%) of firms currently use these tools, close to half (49.7%) plan to in the next 24 months, up notably from 27.2% in 2018. This is supported by the fact that 20.8% of all people surveyed think such tools will have the greatest impact on financial advice firms in the next 5 years.

AdviceTech	Usage in 2019 (%)	Intend to use in next 24 months (%)	Potential adoption by 2021 (%)
Scaled advice tool	22.9	47.3	70.2
Know Your Customer (KYC) Technology	6.0	49.7	55.7
Digital Workflow and Integration Tool	13.7	40.2	53.9
Cashflow, Budgeting and Account Aggregation Tool	37.2	34.8	72.0

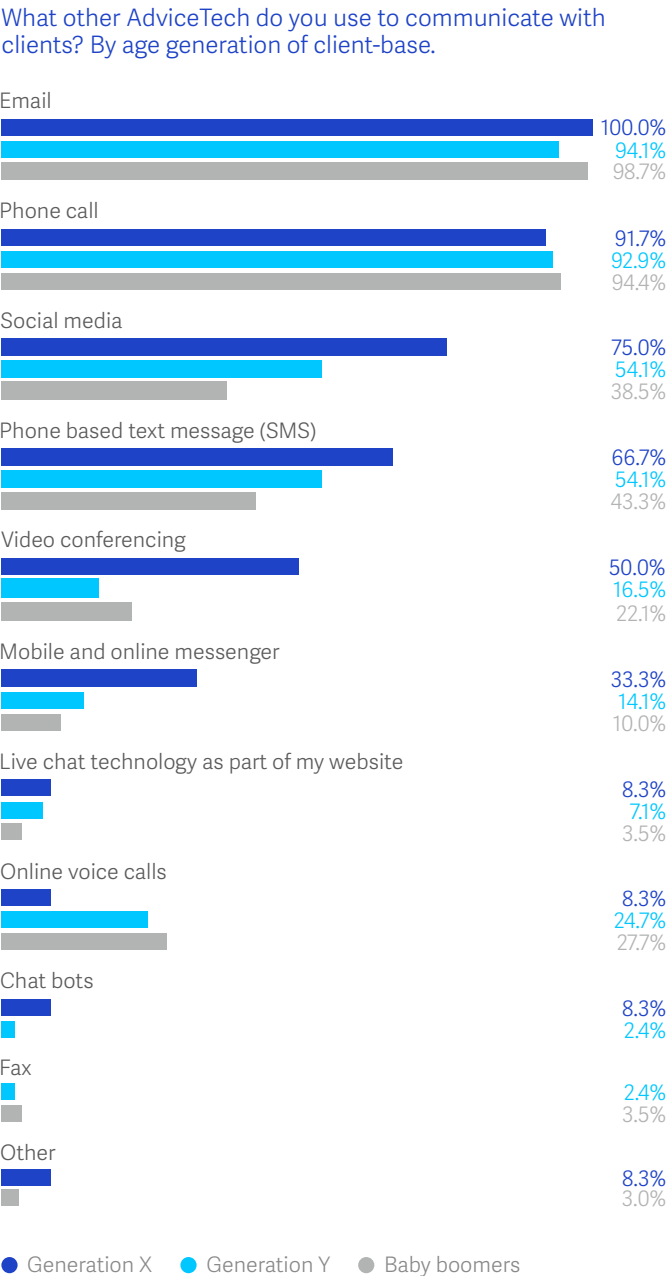
09. AdviceTech enhances engagement with prospects and clients

AdviceTech improved how firms engage with their clients and communicate with them, which in turn can lead to higher levels of client satisfaction. In fact, 53.6% of all people surveyed think that the Client communications and engagement process will be most impacted by AdviceTech in the next 5 years.

So it is not surprising that compared to last year, advice firms are more likely to use other channels than just email and phone to communicate with clients. Compared to twelve months ago, more advice practices use SMS (46.4% vs. 27.9%), online voice calls (25.9% vs. 17.4%) and video conferencing (21.1% vs. 8.2%).

In saying this, email and phone remain the most-used form of communication with clients across the board, irrespective of the age of clients.

Advice firms whose clients are predominantly Generation Y (aged 22 to 37) often communicate using social media (75.0% of firms communicate this way), by text message or SMS (66.7%), by video conferencing (50.0%); and a smaller proportion (33.3%) use mobile and online messenger services, such as WhatsApp. More than half (54.1%) of advice firms whose clients are predominantly Generation X (aged 38 to 52) communicate by text message or SMS; and an equal proportion (54.1%) communicate via social media.



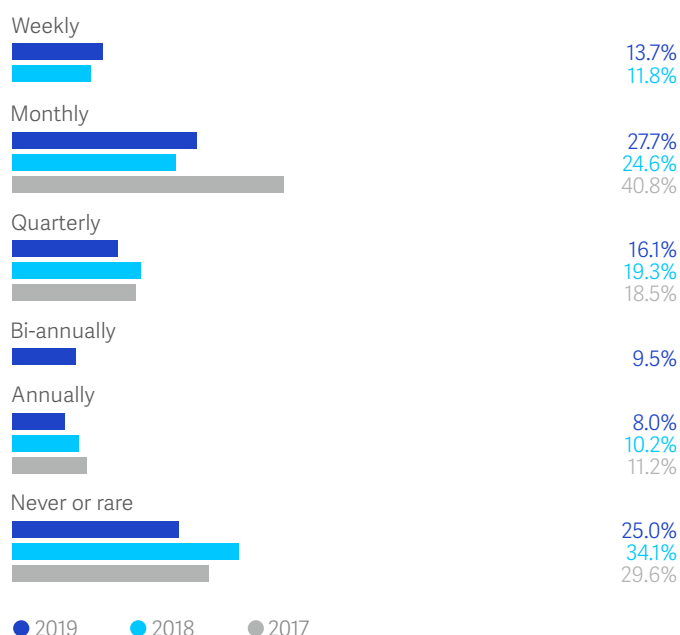
10. Your digital identity

In a world where our online digital identity is becoming more and more important, AdviceTech such as a website, client portal, social media and even when and how we advertise online is becoming an essential part of the AdviceTech stack.

Website management

More than two in five (41.4%) advice businesses add or modify content on their website at least monthly, up from 36.4% in 2018. One in six (16.1%) update their website quarterly, down slightly from 19.3% in 2018.

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

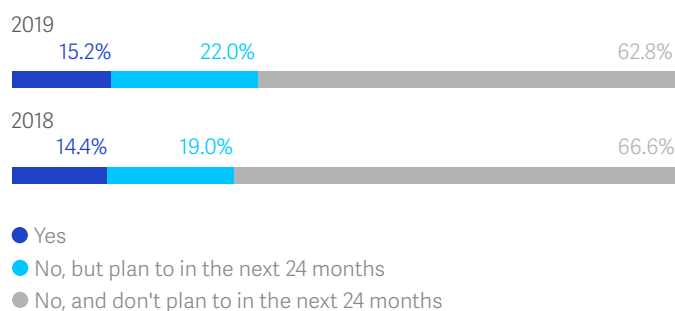


Close to one in three (32.4%) advice businesses use AdviceTech to manage this content on their business' website. More than two in five (41.1%) do not use such AdviceTech but plan to in the next 24 months.

Online advertising

One in seven (15.2%) advice businesses pay for online or mobile advertising, on par with 14.4% in 2018. More than one in five (22.0%) do not currently pay for online or mobile advertising but plan to in the next 24 months, up slightly from 19.0% in 2018.

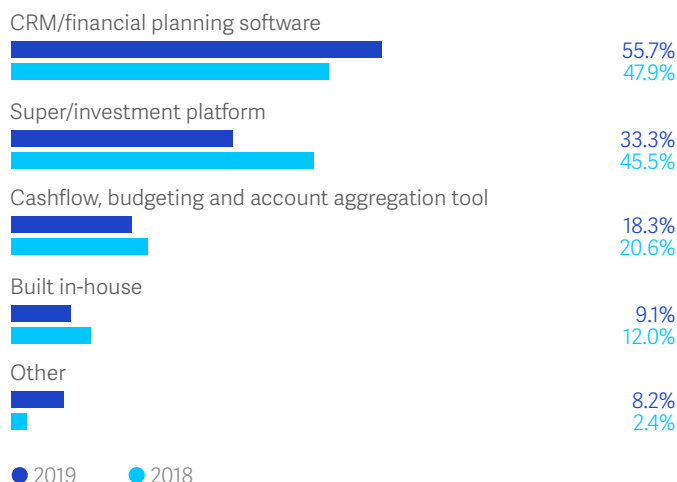
Does your business pay for online or mobile advertising?



Client portal

A client portal is most commonly provided to clients through CRM/financial planning software (55.7%), up from 47.9% in 2018. Fewer advisers are using their super/investment platform for their client portal (33.3% vs. 45.5%).

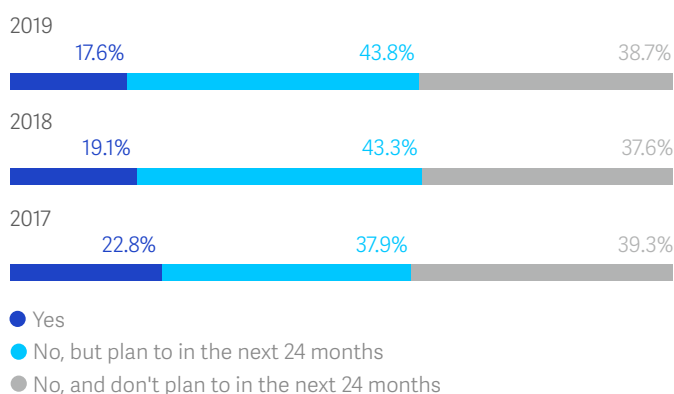
Which AdviceTech do you use for your client portal?



Social media management tools

Only one in six (17.6%) advice businesses use AdviceTech to manage the business's posts and activities on social media networks. More than two in five (43.8%) do not use such AdviceTech but plan to in the next 24 months. These proportions are largely in line with 2018 (19.1% and 43.3% respectively). However, a considerably higher proportion of businesses are now outsourcing the management of social media activities to an external agency (33.9% vs. 6.7%).

Does your business use AdviceTech to manage posts and activities on social media networks?



11. Better client investment solutions

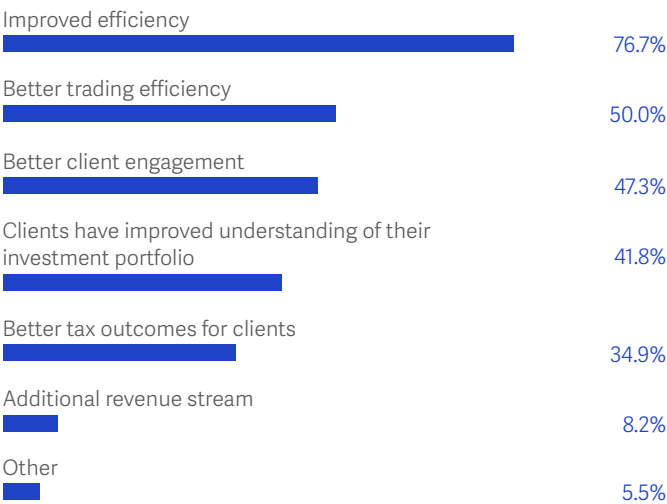
The use of managed accounts among advice firms is higher year-on-year (43.5% vs. 39.3%), with more than one in four (27.4%) users using managed accounts for more than half of their client base.

Furthermore, close to one in six (15.2%) advice firms plan to use managed accounts in the next 12 or 24 months. Looking further into the future, 28.6% of all people surveyed think managed accounts will have the greatest impact on financial advice firms in the next 5 years.

By far the most commonly cited business benefit from using managed accounts by those businesses who use them is improved efficiency (76.7%), followed by better trading efficiency (50.0%) and better client engagement (47.3%).

What business benefits do you receive from using managed accounts?

Advice firms who use a managed account (SMA) solution for at least some of their clients



* Multiple responses allowed

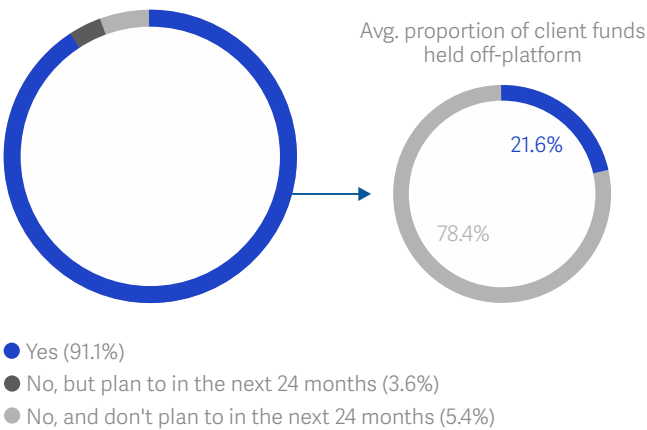
Source: Netwealth 2019 AdviceTech survey, n = 146

The uptake of managed accounts is also likely to be bolstered by the relative ease of implementation, with more than half (52.7%) of managed account users saying it took them less than three months to implement a managed account solution.

12. Platforms continue to be a dominant tool

The overwhelming majority (91.1%) of advice firms use a super/investment platform. Of those that use a super/investment platform, the average proportion of client funds held off-platform is 21.6%.

Does your business use a super/investment platform?

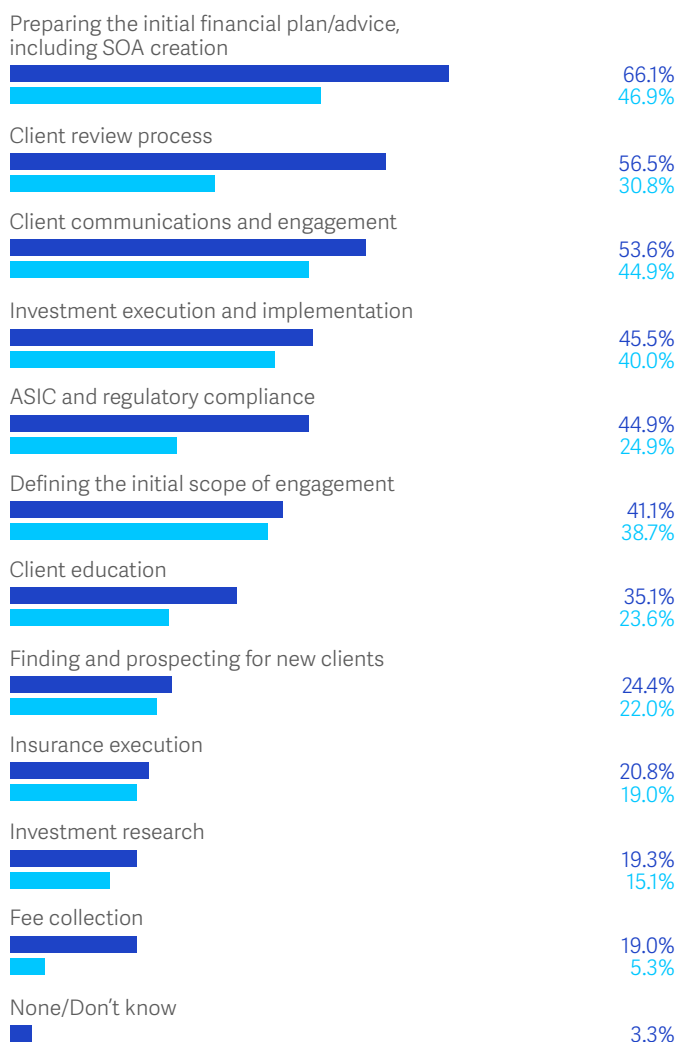


13. Technology is expected to have a greater impact on the advice process over the next 5 years

Compared to last year, advisers feel AdviceTech will impact all parts of the advice process more.

Two in three (66.1%) of advisers think advice preparation is the part of the advice process that will be impacted most by AdviceTech in the next five years, up from 46.9% in 2018. This is followed by the client review process (56.6%) and client communications and engagement (53.6%), compared to 30.8% and 44.9% respectively in 2018.

Which parts of the advice process will be impacted most by AdviceTech in the next 5 years?



● 2019 ● 2018

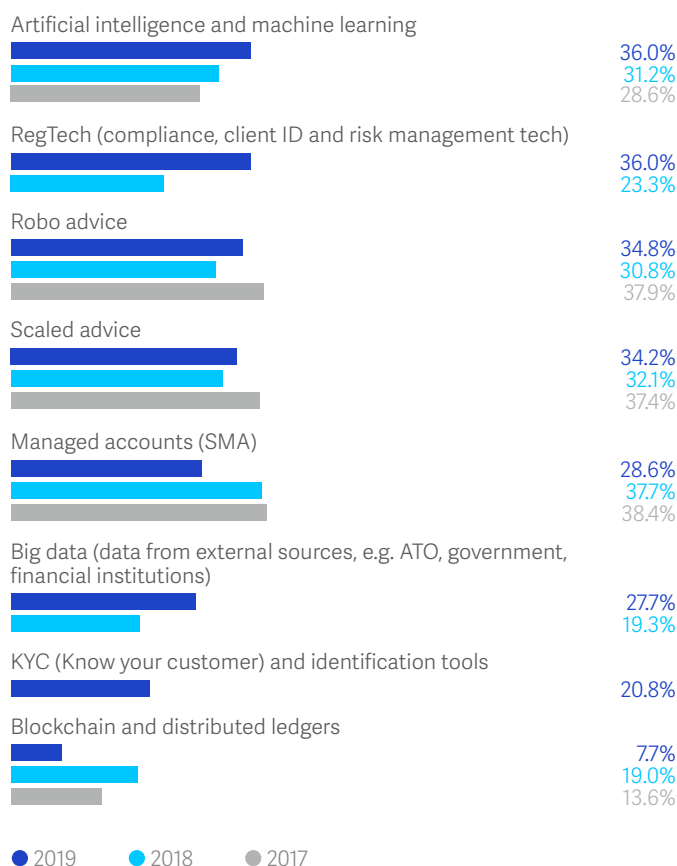
* Multiple responses allowed

Artificial intelligence (AI) and machine learning (36.0 % of all advisers), RegTech (36.0%), robo-advice (34.8%) and scaled advice (34.2%) are all set to have the greatest impact on advice practices in next 5 years.

Interestingly when you compare to last year, advisers are most bullish on RegTech (up 12.7%), big data from external sources, such as the ATO, government and financial institutions (up 7.9%); AI and machine learning (up 4.8%); and robo-advice (up 4.0%).

Those reaching maturity, such as managed accounts and those showing less potential, such as Blockchain and distributed ledgers have had decreases in expected impact compared to last year.

Which of the following AdviceTechs will have the greatest impact on financial advice practices in the next 5 years?



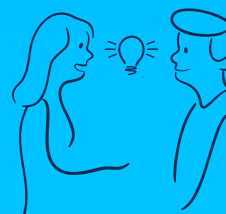
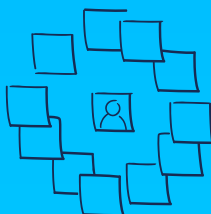
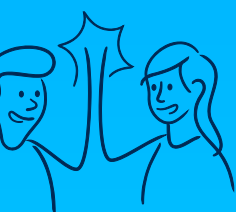
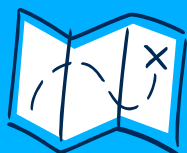
* Multiple responses allowed. Top 8 responses only

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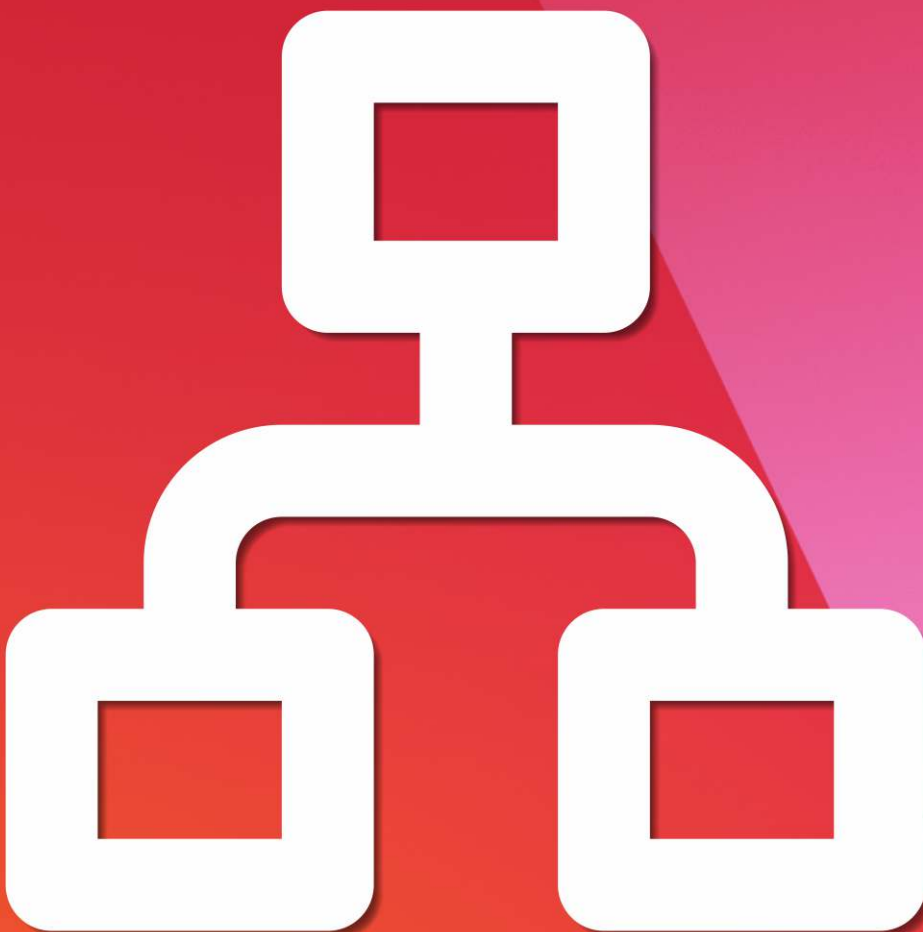
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The successful AdviceTech business



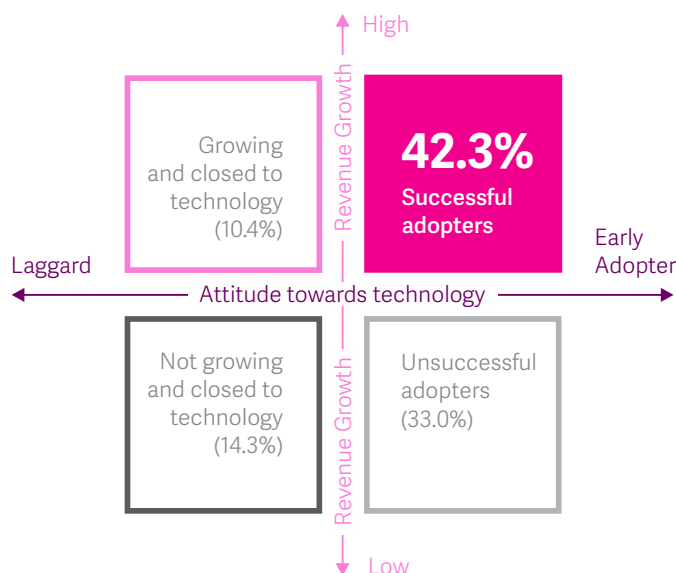
What does a successful AdviceTech business look like?

In this year's AdviceTech report we have examined different advice firms in terms of their attitudes to adopting and investing in technology and their overall business success, in terms of revenue growth.

In doing so, we have been able to classify advice practices into four, non-overlapping segments:

- 01. Successful (AdviceTech) adopters:** These advice practices businesses have revenue growth in FY2017/18 and have decision makers who are 'open to investing in technology' (i.e. they are early adopters or pragmatists when making a technology investment decision). More than four in 10 (42.3%) can be described as such a business.
- 02. Unsuccessful (AdviceTech) adopters:** No revenue growth in FY2017/18 but have decision makers who are 'open to investing in technology'. More than three in 10 (33.0%) can be described as such a business.
- 03. Successful conservatives:** Revenue growth in FY 2017/18 but have decision makers who are 'closed to investing in technology', i.e. are conservative or laggards when it comes to investing in technology. One in 10 (10.4%) can be described as such a business.
- 04. Unsuccessful conservatives:** No revenue growth in FY2017/18 and have decision makers who are 'closed to investing in technology'. More than one in 10 (14.3%) can be described as such a business.

Revenue growth vs. Attitude towards making investment decisions in AdviceTech



Definition of segments

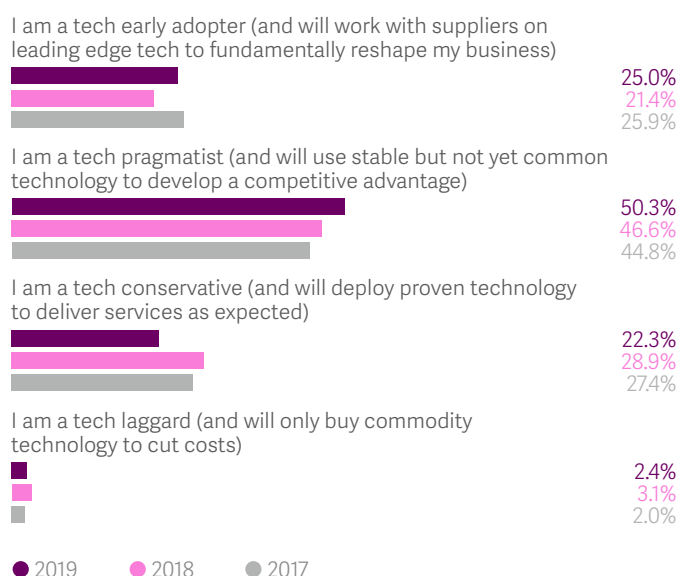
Technology early adopter: An adviser or advice business who will work with suppliers on leading edge technology to fundamentally reshape the business

Technology pragmatist: An adviser or advice business who will use stable but not yet common technology to develop a competitive advantage

Technology conservative: An adviser or advice business who will deploy proven technology to deliver services as expected

Technology laggard: An adviser or advice business who will only buy commodity technology to cut costs

How would you describe your attitude towards making investment decisions in AdviceTech?



Successful AdviceTech businesses (SATB) compared to the industry as a whole

- Are most likely to have their own AFSL
- Tend to be younger
- Tend to be in a newer business
- Tend to have had revenue growth
- Tend to have more active clients
- Service clients with larger portfolios
- Tend to employ more full-time staff
- Are more growth-oriented
- Tend to use more types of AdviceTech
- Tend to have more tech-savvy clients
- Are more likely to have in-house technology resources
 - including an in-house technology manager
- Are more likely to have a clear technology roadmap
- Are more likely to budget for AdviceTech
 - including being more likely to invest in client engagement tech
 - and more likely to invest in advice and planning tech
 - and more likely to invest in operations and workflow tech
- Most commonly learn about AdviceTech from peers

Let's have a look at this in more detail

15

The average number of technologies in a SATB's AdviceTech stack, compared to 12 for the rest of the industry.

78.9%

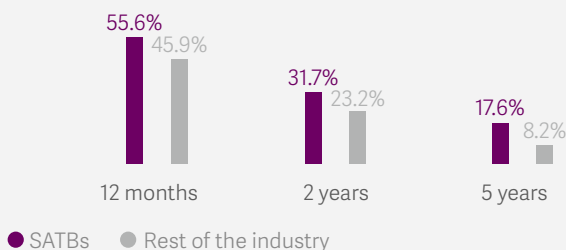
of SATBs are likely to focus on growing their client base over the next 12 months, compared to 62.2% of firms across the industry.

1/4

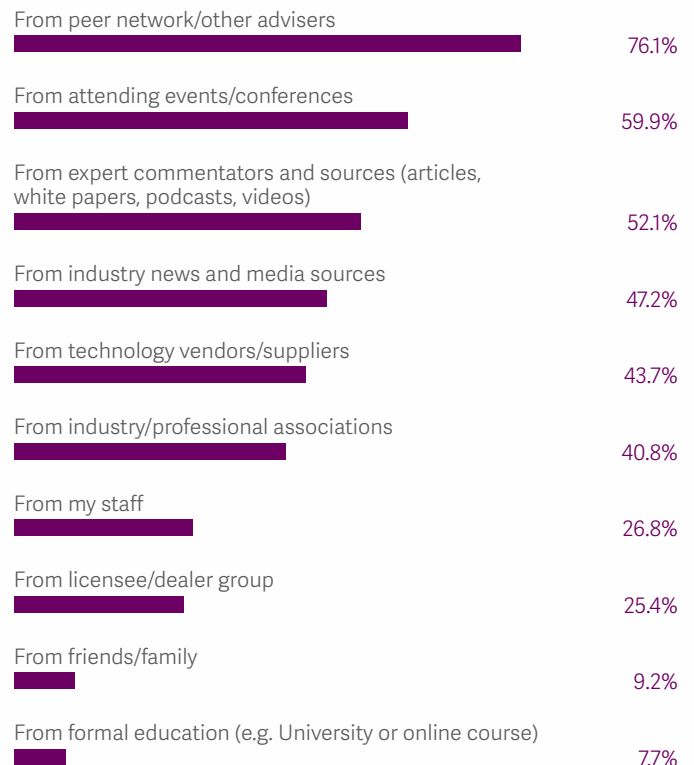
Almost 1 in 4 SATBs have a dedicated in-house AdviceTech specialist.

 SATBs are more likely to have a plan for their future technology adoption.

Does your business have a clearly defined AdviceTech roadmap/strategy for the next...?



SATBs learn about new technologies mainly from their peers



* Multiple answers allowed.

1.6x

How much more likely a SATB is to have an annual technology budget compared to the rest of the industry.

FY 19

SATBs are likely to invest more on AdviceTech in the financial year ending June 2019 (compared to the financial year ended June 2018) than the industry overall.

% of firms definitely or likely to invest more in FY19

AdviceTech	SATBs (%)	Industry average (%)	Gap (%)
Client engagement	92.3	81.2	11.1
Operations and workflow	84.5	78.6	5.9
Advice and financial planning	88.7	84.8	3.9

Designing your optimal AdviceTech stack

Based on successful AdviceTech businesses (SATBs) current and planned usage of AdviceTech, we have developed a framework that all advice firms can use to help optimise their own AdviceTech implementation and develop an effective AdviceTech investment roadmap.

In the tables below we have mapped a suggested AdviceTech stack roadmap, based on the following criteria:

- 01. Foundation AdviceTech** – these are must-have non-negotiable AdviceTechs that successful advice practice should have in running their business. This is AdviceTech adopted by 75% or more of successful AdviceTech businesses.
- 02. Optimising AdviceTech** – these optimise the client experience or back-office to deliver superior benefits when compared to other AdviceTech. They are the five top

AdviceTechs adopted in the past 24 months that have had the greatest impact on successful AdviceTech businesses, together with the five top AdviceTechs expected to be adopted in the next 24 months that will have the greatest expected impact on successful AdviceTech businesses.

- 03. Future-forward AdviceTech** – these have the potential to help you leap-frog your competitors and/or take your business into new territory. They are the top five AdviceTechs that successful AdviceTech businesses expect to adopt in the next five years.

Foundation AdviceTech	Optimising AdviceTech	Future-forward AdviceTech
<ul style="list-style-type: none"> Cloud-hosted document/file storage and sharing technology Cloud-hosted email or internal communication service Company website Customer relationship management (CRM) system Emails, newsletters and marketing automation technology Planning and advice software Project, activity and task management tool Social media platform Super and investment platform 	<ul style="list-style-type: none"> Cashflow, budgeting and account aggregation tool Client identification and verification tool Commissions management software Digital signature tool Digital workflow and integration tools Managed accounts Online fact-find and risk profiling tool Scaled advice Survey, review and rating feedback platform Virtual online meeting tools 	<ul style="list-style-type: none"> Artificial intelligence and machine learning Big data (data from external sources, e.g. ATO, government, financial institutions) Know-your-client (KYC) and identification tools Regtech (compliance, client ID and risk management tech) Robo advice

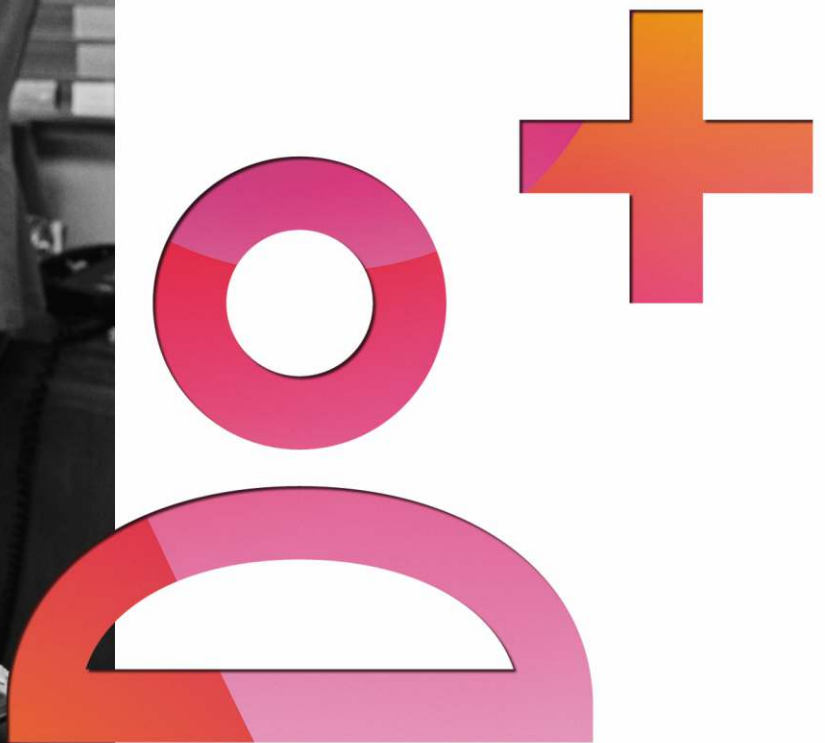
It is worth remembering that key characteristics of SATBs overall include an openness to investing in AdviceTech, a formalised budgeting process underpinning investment and development decisions, the dedication of internal resources to deploying AdviceTech in a considered and logical way, and a clear roadmap for implementation. In other words, variations in Foundation, Optimising and Future-forward AdviceTech stacks are likely to be

deliberate decisions made by the leaders of advice firms, and to reflect both the current and likely future needs of successful SATBs based on their size and the number of clients to whom they provide financial advice services.

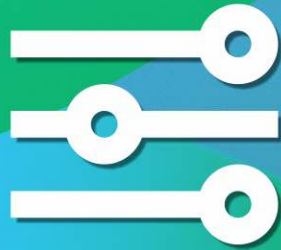


**The advance of technology
is based on making it fit in so
that you don't really even
notice it, it's part of
everyday life.**

– Bill Gates



AdviceTech in detail



Your guide to AdviceTech suppliers
across 26 categories.



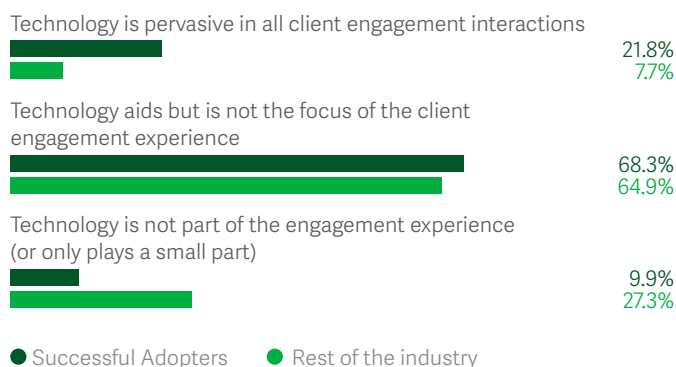
Customer engagement AdviceTech



Although there has been significant dialogue about the role of AdviceTech in the customer experience, and plenty of examples from other industries, almost one in five advice practices (19.9%) say AdviceTech is not part of or only a small part of the client engagement experience. Moreover, only 13.7% say AdviceTech is pervasive in all client engagement interactions.

Successful AdviceTech businesses are different, with 21.8% of them saying that AdviceTech is pervasive in all client engagement interactions.

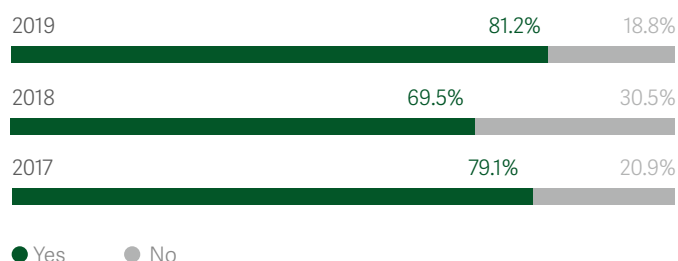
How would you describe the "AdviceTech experience" your business offers to clients?



What is pleasing however, is that eight in 10 (81.2%) advice firms plan to invest more on client engagement tools in the 2018-19 financial year than they invested in the previous financial year.

The intention to invest has risen, year on year. Twelve months ago, seven in 10 (69.5%) advice firms intended to invest more in the current financial year (then, FY 2017-18) than they had the year before.

Are you going to spend and invest more on the client engagement AdviceTech that we have discussed so far in the financial year ending June 2019 (compared to the financial year ended June 2018)?



Surprising stats

42%

More than two in five (42.0%) **plan to use client-feedback-capture tools** in the next 24 months

↑10%

Satisfaction with CRM providers is up almost 10 percent

7.8%

Only one in 10 (7.8%) advice businesses **spend more than \$10,000 on online advertising each month**

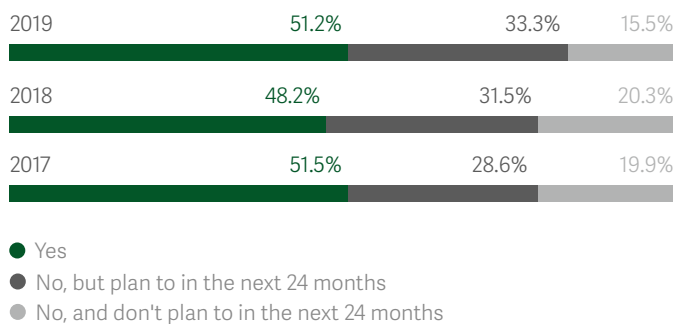
1/4

Most advice firms use **online client meeting tools** but only for one in four client meetings, or less

More than half of all advisers use online client meeting tools – but not every time

More than half (51.2%) of advice firms use online meeting tools for client meetings in their business, and a greater number this year than last plan to use online meeting tools in the next 24 months.

Does your business use online meeting tools for client meetings?



The majority (76.7%) of those who use online meeting tools only use them for up to one in four client meetings, on par with 78.2% in 2018.

Description

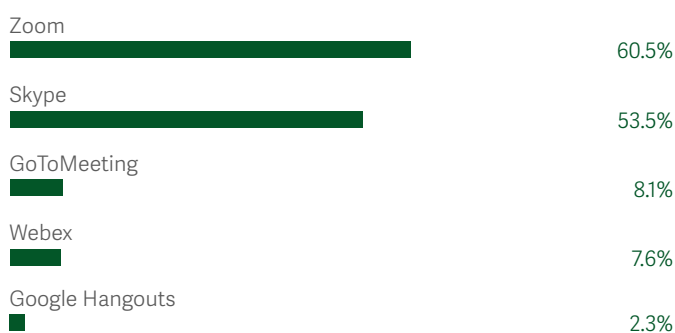
A solution that facilitates a virtual meeting between an adviser and their client via a computer or mobile device.

Benefits

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

Most popular suppliers

Advice businesses who use online meeting tools for client meetings



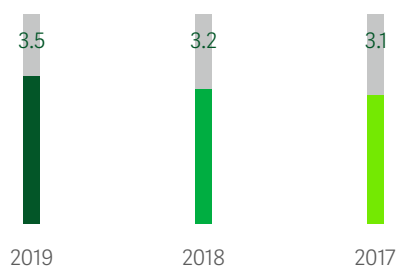
Source: Netwealth 2019 AdviceTech survey, n = 172

CRM technology have gained in importance

Nine in 10 (90.5%) firms use a CRM system to manage client information, with 30.8% of advice practices having rolled out this AdviceTech in past 24 months.

The average satisfaction rating with CRM providers in 2019 is 3.5 out of 5, up from 3.2 in 2018. And for those that rolled out CRMs in the past 24 months, 35% indicated it was in the top three AdviceTechs they deployed over that time period.

How satisfied are you with your CRM AdviceTech?



Source: Netwealth 2019 AdviceTech survey, n = 304

Description

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

Benefits

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

Most popular suppliers

Advice businesses who use a CRM system



Source: Netwealth 2019 AdviceTech survey, n = 304

Of note, AdviserLogic is more likely to have higher take-up among smaller size firms when compared to medium and larger firms.

A portal to the client

Overall, 65.2% of advice firms use a client portal. Client portals are most commonly provided through the CRM/financial planning software (55.7%), up from 47.9% in 2018, whilst fewer advisers are using their super/investment platform for their client portal (33.3% vs. 45.5%).

Description

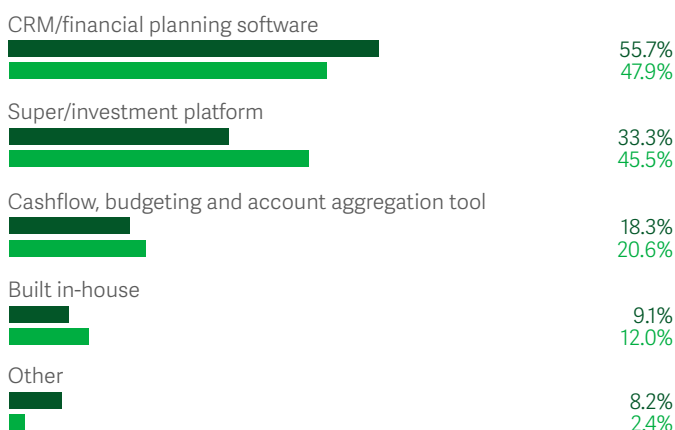
Secure online access for clients (or members) to engage and manage their super, investment and/or banking accounts via desktop or mobile.

Benefits

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

Which AdviceTech do you use for your client portal?

Advice businesses who use AdviceTech for client portal



● 2019 ● 2018

* Multiple responses allowed

Source: Netwealth 2019 AdviceTech survey, n = 219

Email, newsletters are automated, common, and frequent ...

Three in four (75.0%) advice firms use AdviceTech to create and send client email campaigns and educational or informational newsletters. Consistent with prior years, monthly is the most common frequency for such engagement.

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



● 2019 ● 2018

Source: Netwealth 2019 AdviceTech survey, n = 252

Description

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

Benefits

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

Most popular suppliers

Advice businesses who use AdviceTech to create and send email campaigns and newsletters



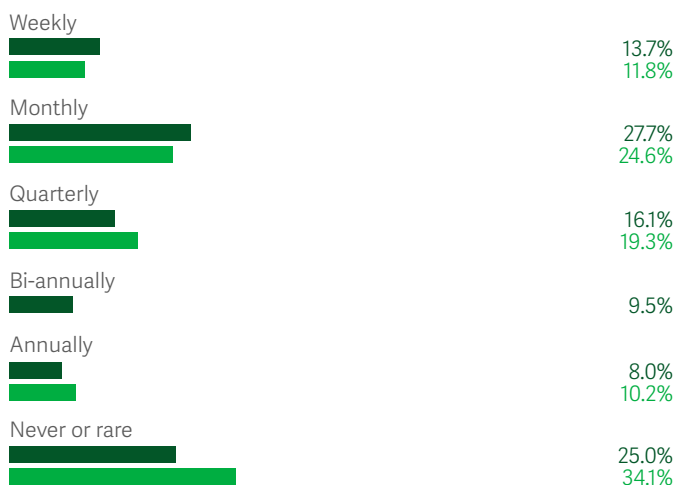
Source: Netwealth 2019 AdviceTech survey, n = 252

Successful adopters of AdviceTech tend to be relatively low users of Xplan and MS Outlook as their email, newsletter and marketing solutions, suggesting that successful adopters are less likely to use email systems that are not "marketing-automation-ready".

AdviceTech is driving more frequent website and blog updates

One in four (25.0%) advice practices never or rarely update their business website or blog (down from 34.1% last year), with a further 8.0% only updating them annually and 9.5% updating them bi-annually. The majority however do so more frequently, with 13.7% adding or modifying content on the website or blog weekly.

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



● 2019 ● 2018

About a third (32.4%) of those updating or modifying their website or blog are using AdviceTech to manage the content and another one in five (19.8%) rely on an outsource relationship with an external agency. Interestingly, successful AdviceTech firms are far more likely to outsource management of their websites than the average, with 30.4% of successful firms outsourcing.

Description

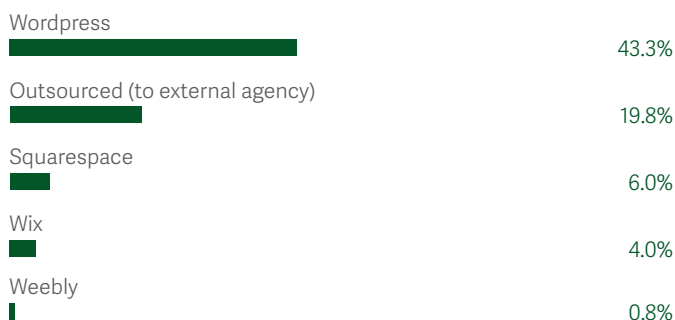
Tools to assist in the creation and modification of web pages, blogs or online stores.

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.

Most popular suppliers

Advice businesses who use website management and blog tools



Facebook dominates social media platforms...

Close to one in three (32.8%) advisers post to social media networks at least weekly, unchanged compared to 2018. Similar proportions post monthly or less frequently than monthly (15.5% and 17.0% respectively), compared to 19.2% and 17.2% respectively in 2018. However, close to one in three (31.8%) do not post to social media networks, up slightly from 29.2% in 2018.

How often does your business post to social media networks?



● 2019 ● 2018

Description

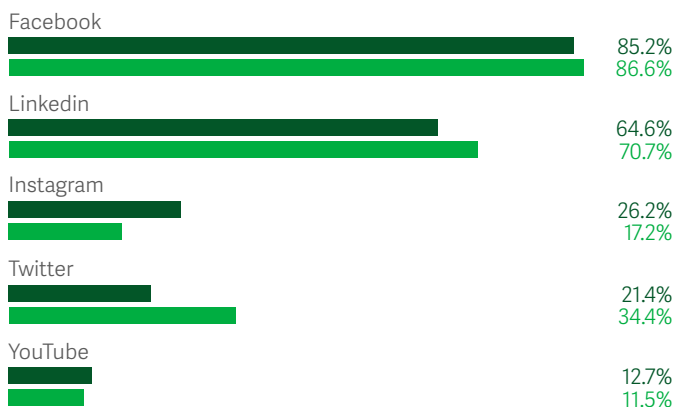
A platform enabling users to communicate, follow, create and share content with virtual communities and networks.

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.

Most popular suppliers

Advice businesses who post to social media networks



● 2019 ● 2018

* Multiple responses allowed

Source: Netwealth 2019 AdviceTech survey, n = 229

...and more are outsourcing management of social media

Although the use of social media platforms is widely adopted, only one in six (17.6%) firms use AdviceTech to manage posts and activities on social media networks. The use of these AdviceTechs helps firms to create efficiencies when looking to post across several social media networks.

Hootsuite is the most commonly used AdviceTech to manage social media activities (30.5%). However, its share of the category has fallen from 43.3%, as a considerably higher proportion are now outsourcing the management of social media activities to an external agency (33.9% vs. 6.7%).

Description

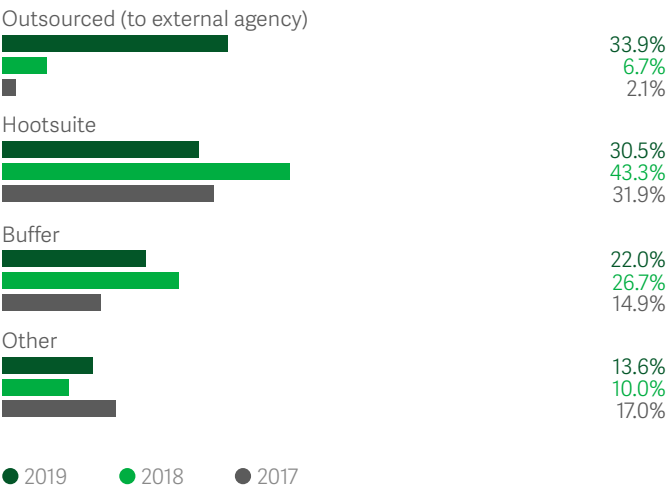
Platforms for managing social media, sharing content and growing a social media presence across platforms like Facebook, LinkedIn, Twitter, Instagram and YouTube.

Benefits

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

Which of the following AdviceTechs do you use to manage posts and activities on social media networks?

Advice businesses who use AdviceTech to manage posts and activities on social media networks



Source: Netwealth 2019 AdviceTech survey, n = 59

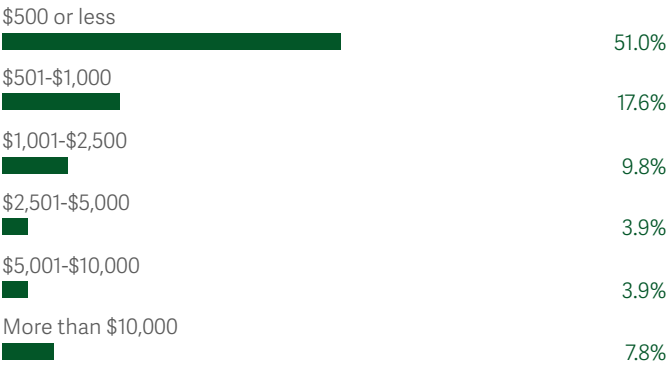
One in seven pay for online or mobile advertising; a quarter spend more than \$1000 a month

One in seven (15.2%) of advice firms pay for online or mobile advertising, on par with 14.4% in 2018.

Half (51.0%) of those who pay for online or mobile advertising spend \$500 or less per month. One in four (25.4%) spend more than \$1,000 per month, including 7.8% who spend more than \$10,000 per month. The majority are spending this on either Facebook advertising (62.7%) or Google paid search (51.0%).

How much do you typically spend per month on online or mobile advertising?

Advice businesses who pay for online and mobile advertising



Source: Netwealth 2019 AdviceTech survey, n = 51

Description

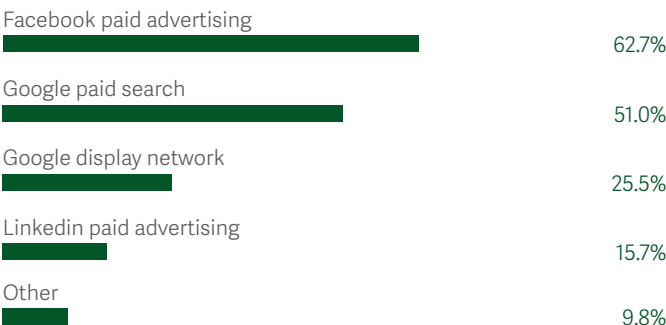
Advertising displayed on a website, mobile app or other digital medium containing brand and promotional marketing messaging, imagery and video. The tools commonly used include search engine marketing, social media marketing, web banner advertising, in-video advertising, email advertising, digital radio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

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.

Most popular suppliers

Advice businesses who pay for online and mobile advertising



Source: Netwealth 2019 AdviceTech survey, n = 51

Half use software to create client presentations

Half (49.7%) of advice practices use software to create presentations to clients, with the majority using Microsoft PowerPoint.

Description

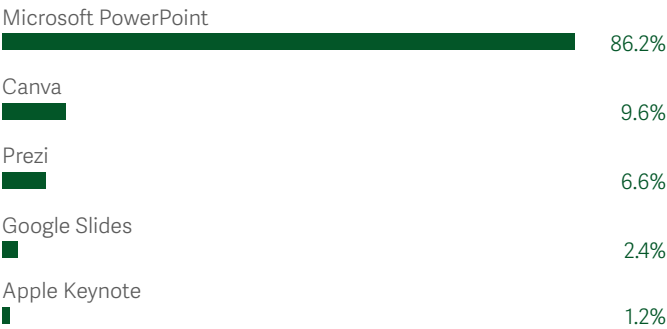
Tools to support the creation and customisation of client presentation slides.

Benefits

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

Most popular suppliers

Advice businesses who use client presentation software



Source: Netwealth 2019 AdviceTech survey, n = 166

More are using or plan to use tools to capture client feedback

Close to one in three (32.1%) advice firms use online survey, review and rating tools to capture client feedback.

Of those that use these tools, 58.3% use Survey Monkey to collect feedback directly from customers. Others use tools to collect and publicly display customer feedback, like Adviser Ratings (29.6%), Google reviews (18.5%) or Facebook ratings (10.2%).

Description

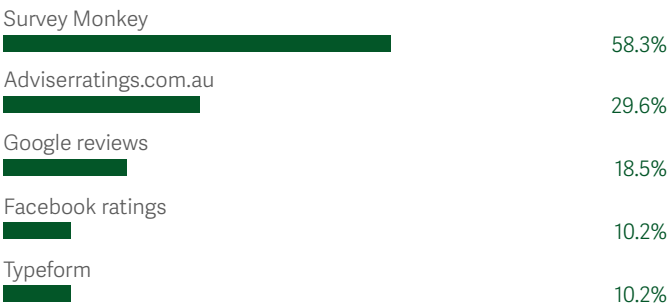
Tools to capture customer feedback through the development of surveys and feedback forms or via online websites where customers share their experiences and rate service with stars and descriptions.

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.

Most popular suppliers

Advice businesses who use online surveys, reviews and rating tools



Source: Netwealth 2019 AdviceTech survey, n = 108

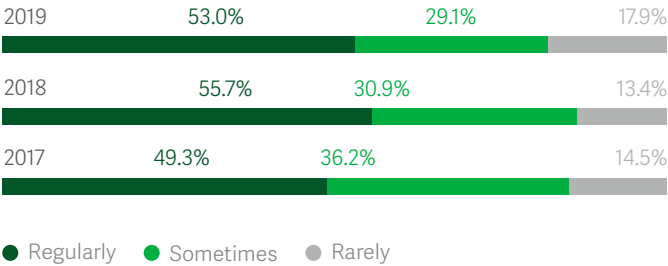
Only one in three use digital signature tools with clients, and most only "sometimes"

More than one in three (34.8%) advice practices use digital signature tools with clients, up slightly from 31.8% in 2018.

The vast majority (82.1%) of those who use digital signature tools use them with clients regularly or at least sometimes.

How frequently do you use digital signature tools with clients?

Advice businesses who use digital signature tools



Source: Netwealth 2019 AdviceTech survey, n = 117

Description

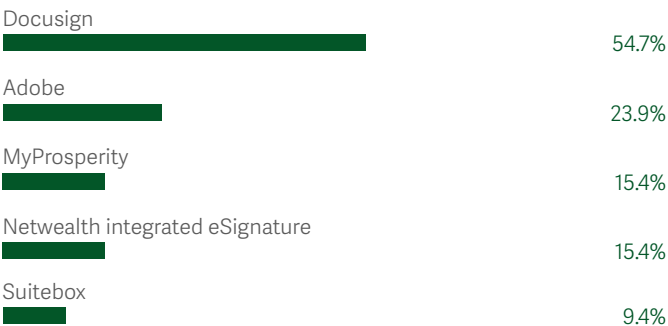
The ability to capture signatures online via a computer or mobile device to support the document signing process.

Benefits

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

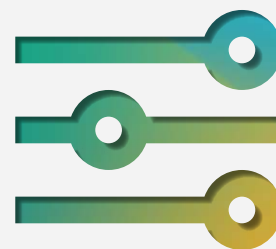
Most popular suppliers

Advice businesses who use digital signature tools



Source: Netwealth 2019 AdviceTech survey, n = 117

Advice and planning AdviceTech



More than eight in 10 (84.8%) advice firms plan to invest more on advice and financial planning AdviceTech in FY 2018/19 than in FY 2017/18.

The intention to invest in advice and planning AdviceTech is higher this year than it was last year. Then, only seven in 10 businesses planned to invest more in the current financial year (then, FY 2017-18) than they had invested the year before.

Are you going to spend and invest more on the advice and financial planning AdviceTech that we have discussed so far in the financial year ending June 2019 (compared to the financial year ended June 2018)?



● Yes ● No

Surprising stats

↑44.6%

Online tools to capture client information, including their risk profile is set to grow. Currently 33.6% use this AdviceTech with a further 44.6% of advice firms planning to use it in the next 24 months

47.3%

Almost half (47.3%) of all firms **plan to use scaled-advice technologies** in the next 24 months, on top of the 22.9% that already use

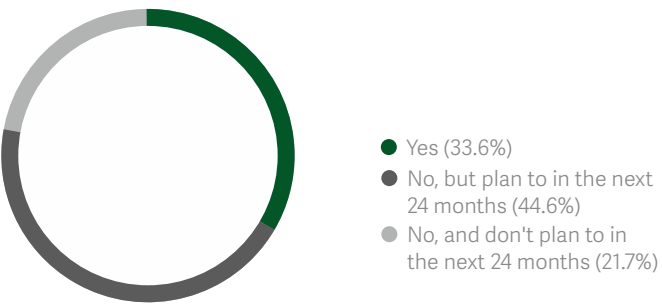
3 months

More than half (57.2%) of advice firms that use managed accounts say **implementing a managed account solution** took less than three months

Capturing client fact-find details is set to migrate online

One in three (33.6%) advisers use online self-service tools to capture client (or prospect) information. More than two in five (44.6%) plan to in the next 24 months.

Does your business use online self-service tools to capture client (or prospect) information, including their risk profile?



Of note, when looking at users of online fact-find tools, successful AdviceTech adopters (13.4% of them) and larger businesses (21.4% of them) are more inclined to build risk-profiling tools in-house than the average (9.7% of all businesses), possibly indicating that their relatively sophisticated needs cannot be met by the current suppliers.

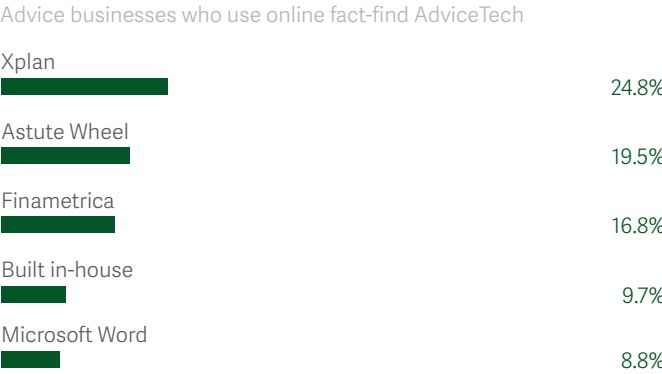
Description

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

Benefits

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

Most popular suppliers

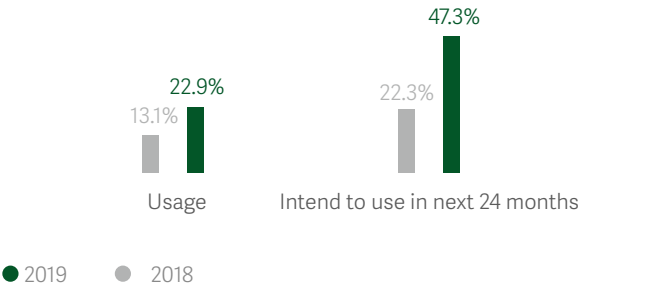


* Multiple answers allowed
Source: Netwealth 2019 AdviceTech survey, n = 113

Appetite for scaled advice tools is notably higher

Close to one in four (22.9 %) advice firms use scaled advice tools, up from 13.1% in 2018. Close to half (47.3 %) plan to in the next 24 months, up considerably from 22.3% in 2018.

Does your business use scaled advice tools or intend to in the next 24 months?



Of note, when looking at users of scaled advice, larger businesses (45.0% of them) are more inclined to use Midwinter as their scaled advice solution, while medium-sized businesses tend towards Xplan Prime (40.7%).

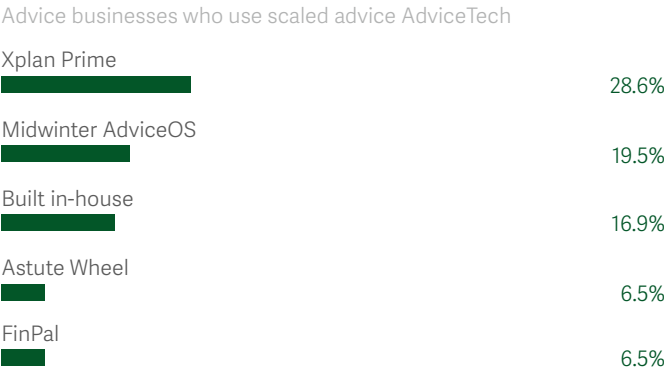
Description

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.

Benefits

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

Most popular suppliers

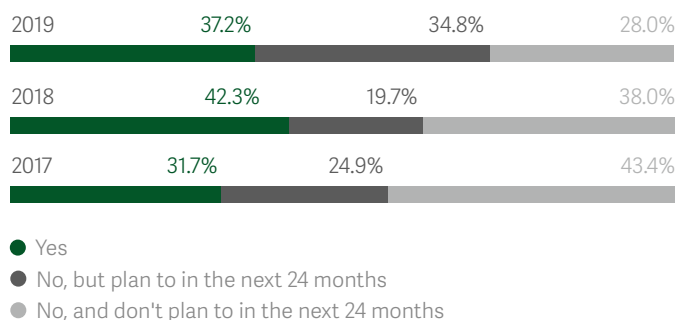


Source: Netwealth 2019 AdviceTech survey, n = 77

The use of cashflow and budgeting tools is set to rise

The use of cashflow, budgeting and account aggregation tools for client advice is set to rise in the short to medium term. Close to two in five (37.2%) advice practices use cashflow, budgeting and account aggregation tools for client advice and more than one in three (34.8%) plan to in the next 24 months, up from 19.7% in 2018.

Does your business use cashflow, budgeting and account aggregation tool for client advice?



Description

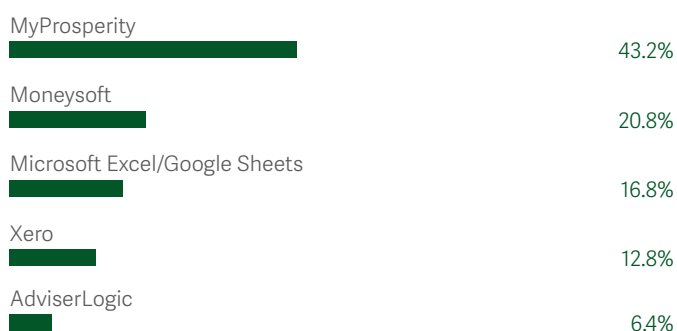
Amalgamates bank, super and investment accounts into a single online interface for tracking and managing money, investments, cash flow, budgeting and goal-savings.

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.

Most popular suppliers

Advice businesses who use cashflow, budgeting and account aggregation AdviceTech



Source: Netwealth 2019 AdviceTech survey, n = 125

Use of managed accounts is up; implementation is fast; other structures are challenging

The use of managed accounts among advisers is slightly higher year-on-year (43.5% vs. 39.3%).

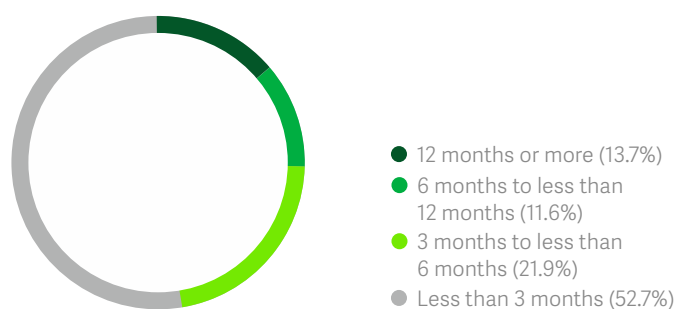
Furthermore, close to one in six (15.2%) advisers plan to use managed accounts in the next 12 or 24 months.

More than half (55.5%) of users use them for 25% or less of their client base, where one in four (27.4%) use them for more than half of their client base.

By far the most commonly cited business benefit from using managed accounts is improved efficiency (76.7% of users), followed by better trading efficiency (50.0%) and better client engagement (47.3%).

More than half (52.7%) of those who use managed accounts say it took them less than three months to implement managed accounts for their clients. However, one in four (25.3%) say it took them six months or more, including 13.7% who say it took them 12 months or more.

How long did it take you to implement managed accounts for your clients?



Those who are not currently using managed accounts most commonly cite being happy with managed funds and other structures as a reason for holding back from implementing managed accounts (44.7% of non-users). One in four (25.3%) non-users say they do not understand the benefits, while close to one in five (18.4%) non-users think they are expensive.

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.

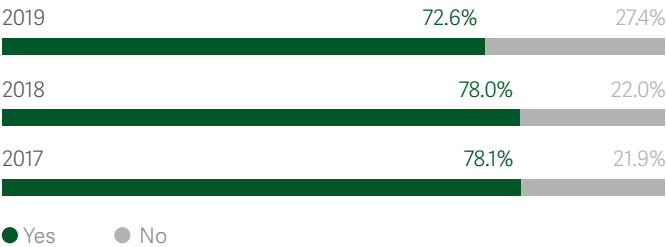
Benefits

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.

Fewer are using investment research tools

Although the large majority (72.6%) of advisers use investment research tools and AdviceTech for investment selection, this is down from 78.0% in 2018.

Does your business use investment research tools and AdviceTech for investment selection?



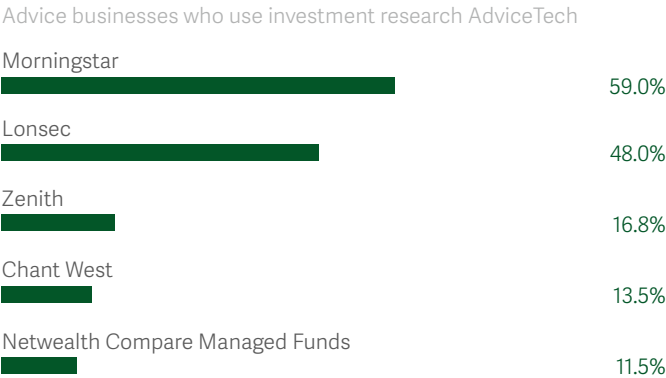
Description

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.

Benefits

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

Most popular suppliers



Source: Netwealth 2019 AdviceTech survey, n = 256

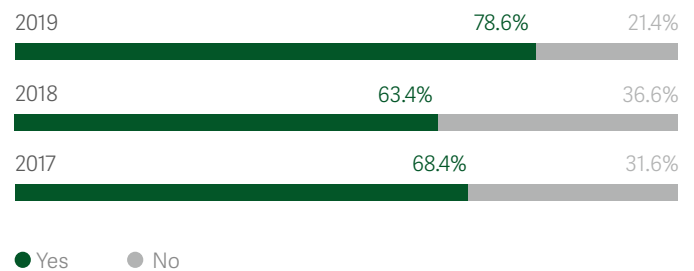
Operations and workflow AdviceTech



Almost eight in 10 (78.6%) advice firms plan to invest more on operations and workflow AdviceTech in FY 2018/19 than in FY 2017/18. Successful AdviceTech businesses are more likely than the average to invest more in FY 2018/19 than in FY 2017/18 (84.5% of them).

Advisers' intention to invest more in operations and workflow AdviceTech is higher this year than it was last year. Twelve months ago, just over six in 10 (63.4%) advice practices intended to investment more in the current financial year (then, FY 2017-18) than they had the year before.

Are you going to spend and invest more on the operations and workflow AdviceTech that we have discussed so far in the financial year ending June 2019 (compared to the financial year ended June 2018)?



Surprising stats



The use of AdviceTech to **connect or integrate disparate/different internal systems or databases is set to rise** in the short to medium term

50%

Almost half of all advice firms **plan to use KYC tools** in the next two years

3x

The **use of digital transcription tools could triple** in the next two years

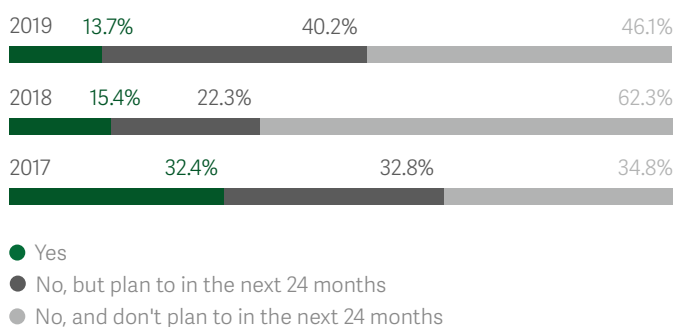
7/10

Close to seven in 10 advice firms **use digital tools to manage internal tasks, activities and/or projects**

Connecting and integrating internal systems is on the AdviceTech wishlist

The use of AdviceTech to connect or integrate disparate/different internal systems or databases is set to rise in the short to medium term. Only a small minority (13.7%) of advice firms use these tools, however, two in five (40.2%) plan to use them in the next 24 months, up from 22.3% in 2018.

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



For those who use this AdviceTech, a solution built in-house solution is the most preferred (32.6% of users). This dramatically increases for larger firms, where the majority (52.2%) of users build them in-house, possibly because of their relatively more sophisticated needs.

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.

Benefits

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

Which of the following AdviceTech do you use to connect or integrate disparate/different internal systems or databases?

Advice businesses who use AdviceTech to connect or integrate disparate/different internal systems or database



* Multiple responses allowed

Source: Netwealth 2019 AdviceTech survey, n = 46

The majority use tools to manage operations and workflow, usually a CRM

Close to seven in 10 (69.0%) advice firms use digital tools to manage internal tasks, activities and/or projects. One in five (20.8%) plan to in the next 24 months.

The CRM/planning software remains the most commonly used tool (60.3% of users) and one in three (32.8% of users) use Microsoft Excel.

Of note, when looking at users of this AdviceTech, large businesses (16.2%) and Successful AdviceTech adopters (12.3%) are more likely than the industry average (10.8%) to use Trello as an online project planning tool, suggesting their willingness to adopt newer and easier-to-use project tools.

Description

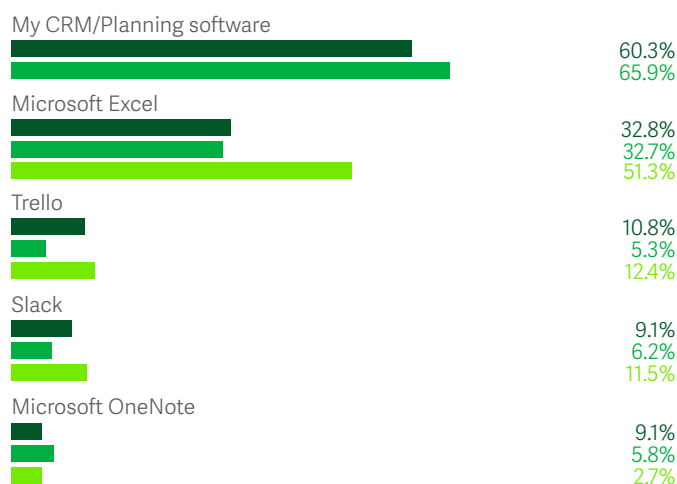
A tool which allows people to collaborate, communicate and coordinate projects by managing tasks, processes, and workflows.

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.

What digital tools do you and/or your staff use to manage internal tasks, activities and/or projects?

Advice businesses who use digital tools to manage internal tasks, activities and/or projects in their business



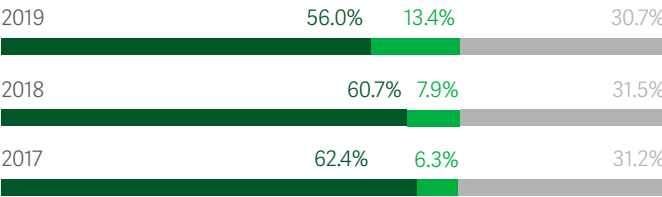
● 2019 ● 2018 ● 2017 * Multiple responses allowed

Source: Netwealth 2019 AdviceTech survey, n = 232

Most use a commissions management software

Consistent with previous years, close to three in five (56.0%) advice firms use commission-management software and almost the rest (30.7%) have no plans to use them in the next 24 months, perhaps demonstrating the maturity and little available growth in usage for this AdviceTech.

Does your business use a commissions management software?



- Yes
- No, but plan to in the next 24 months
- No, and don't plan to in the next 24 months

Description

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

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).

Most popular suppliers

Advice businesses who use commissions management software



Source: Netwealth 2019 AdviceTech survey, n = 188

More are looking to use tools to digitally transcribe conversations

The use of digital tools and services to transcribe conversations recorded in meetings and/or phone calls is set to rise in the short to medium term. Close to one in five (19.3%) advice firms use this AdviceTech today, on par with previous years, whilst two in five (37.5%) plan to in the next 24 months, up from 31.2% in 2018.

Description

Online services that convert audio and video recording to text.

Benefits

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

Most popular suppliers

Advice businesses who use digital transcription services



Source: Netwealth 2019 AdviceTech survey, n = 66

The use of KYC (know your customer) AdviceTech is set to rise

The use of digital tools and services to identify and verify clients as part of KYC (Know Your Customer) is set to rise notably in the short to medium term. Although a very small minority (6.0%) of advice firms use this AdviceTech, close to half (49.7%) plan to use these tools in the next 24 months, up notably from 27.2% in 2018.

Description

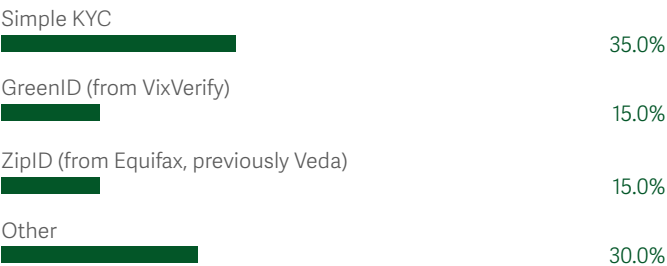
Helps identify and verify identity.

Benefits

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

Most popular suppliers

Advice businesses who use KYC AdviceTech



Source: Netwealth 2019 AdviceTech survey, n = 20

Cloud-hosted file storage and sharing is commonplace

More than three in four (75.9%) advice firms use cloud-hosted online document/file storage and sharing services, and a further 12.5% plan to in the next 24 months, having grown from 9.2% from 2018.

Description

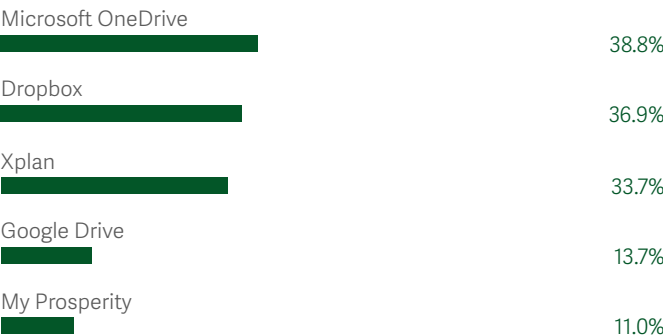
Cloud-based storage of documents, images, presentations and other formats which can be shared and accessed online or download to computers or mobile devices.

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.

Most popular suppliers

Advice businesses who use cloud-hosted online document/file storage and sharing services



Source: Netwealth 2019 AdviceTech survey, n = 255

More than three-quarters use cloud-hosted communication service

More than three in four (76.5%) advice businesses use cloud-hosted email or internal communication services, on par with 74.8% in 2018. Intention rates over the past 3 years has remained low and steady, indicating that this AdviceTech may have reached maturity and saturation.

Description

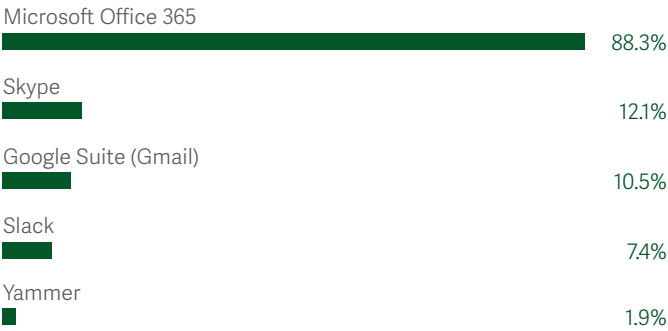
Online access to office emails and calendars.

Benefits

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

Most popular suppliers

Advice businesses who use cloud-hosted communication services



Source: Netwealth 2019 AdviceTech survey, n = 257

SMSF administration software used by a third

One in three (34.2%) advice practices use SMSF administration software for clients, on par with 33.1% in 2018. Close to one in 10 (9.2%) plan to in the next 24 months, on par with 10.8% in 2018. However, the majority of advice firms don't plan to use them in the next 24 months (56.5%) which is consistent with the last three years, perhaps indicating the market for this AdviceTech has plateaued.

Description

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

Benefits

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

Most popular suppliers

Advice businesses who use SMSF administration AdviceTech



Source: Netwealth 2019 AdviceTech survey, n = 115

About the research

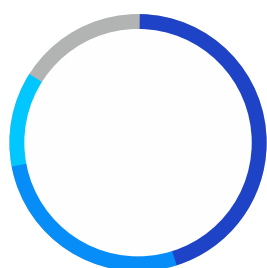
The research was conducted by CoreData on behalf of Netwealth and carried out via a quantitative online survey.

The survey was sent to Netwealth's database of financial advisers, as well as partner databases. Data was collected between 18 February 2019 and 15 March 2019. Cookies and internal data checking were used to reduce potential duplicate entries. There were 336 valid complete responses, which formed the basis of the analysis. Results have been compared to 2017 and 2018 results where applicable.

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

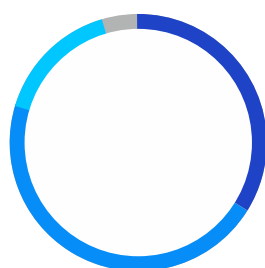
- The source of all data is Netwealth 2019 AdviceTech research survey.
- The size of the sample for each reported statistic is n=305, unless stated otherwise.
- Due to sample size, some segments were grouped together. For example, due to the limited number of Technology Laggards, they were joined with Technology Pragmatists. We appreciate that there are some differences in these segments, however for the purpose of this report it was deemed appropriate.

Profile of advisers and firms



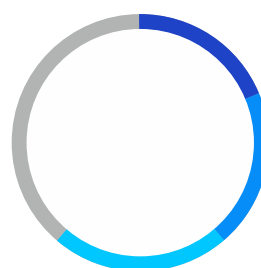
How many active clients does your business have?

- 200 or less (45.3%)
- 201-500 (27.0%)
- 501-1,000 (12.0%)
- More than 1,000 (15.6%)



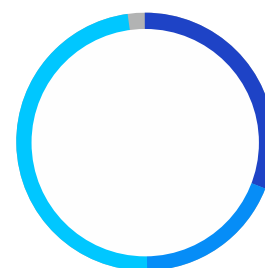
What is your role in your business' decision-making process in selecting and investing in technology?

- Sole decision maker (34.5%)
- Joint decision maker (46.1%)
- Influencer (15.8%)
- No role (3.6%)



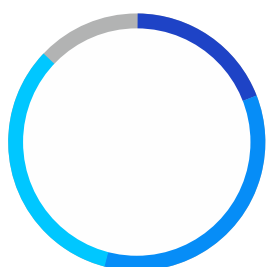
How much revenue did your business turn over in the last financial year (ended June 30 2018)?

- \$250,000 or less (19.2%)
- \$250,001 to \$500,000 (19.9%)
- \$500,001 to \$1,000,000 (22.5%)
- More than \$1,000,000 (38.4%)



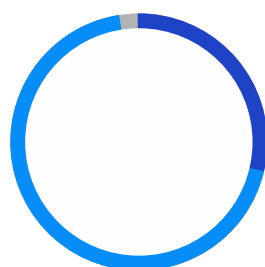
Which of the following best describes your business' licensing?

- We have our own AFSL (30.7%)
- We are authorised under an external AFSL (owned by NAB, CBA, ANZ, Westpac, AMP, IOOF) (19.0%)
- We are authorised under an external AFSL (not owned by NAB, CBA, ANZ, Westpac, AMP, IOOF) (47.9%)
- Other (2.4%)



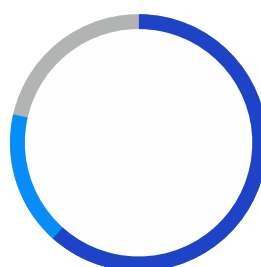
What is the average portfolio balance of your clients?

- \$250,000 or less (18.8%)
- \$250,001 - \$500,000 (35.1%)
- \$500,001 - \$1,000,000 (32.9%)
- More than \$1,000,000 (13.2%)



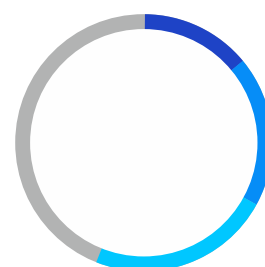
What generation do the majority of your clients belong to?

- Generation X and Y (28.9%)
- Baby boomers (68.8%)
- Silent generation (2.4%)



How many full-time staff does your business employ?

- 1-5 staff (61.6%)
- 6-10 staff (16.7%)
- More than 11 staff (21.7%)



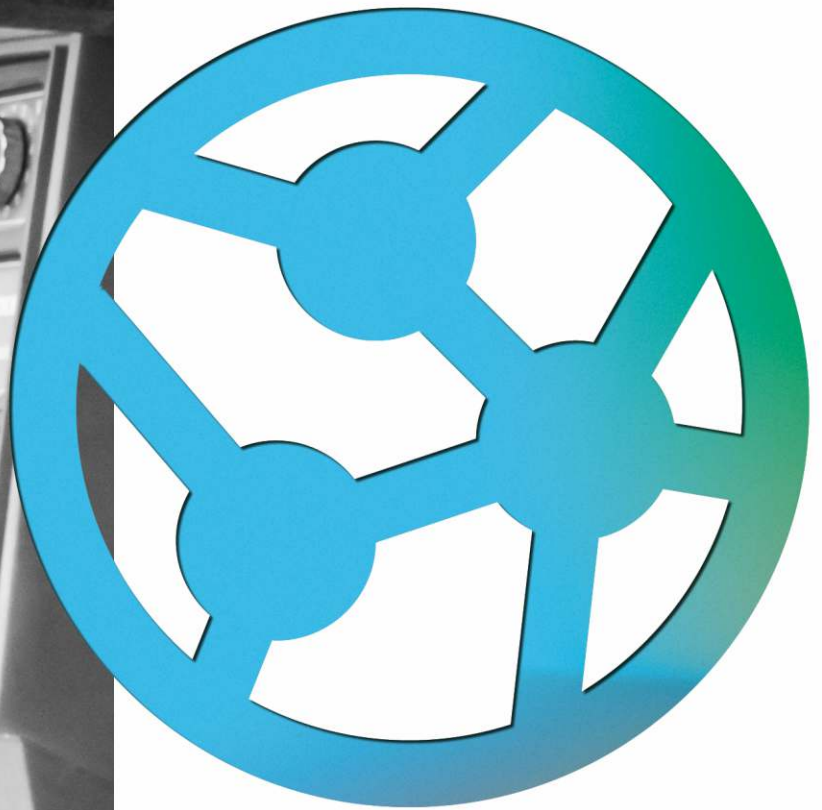
How long has your business been in the operation?

- Less than 3 years (14.3%)
- 4-7 years (19.3%)
- 8-15 years (23.2%)
- More than 15 years (43.2%)



**The technology you use
impresses no one. The
experience you create with
it is everything.**

– Sean Gerety



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