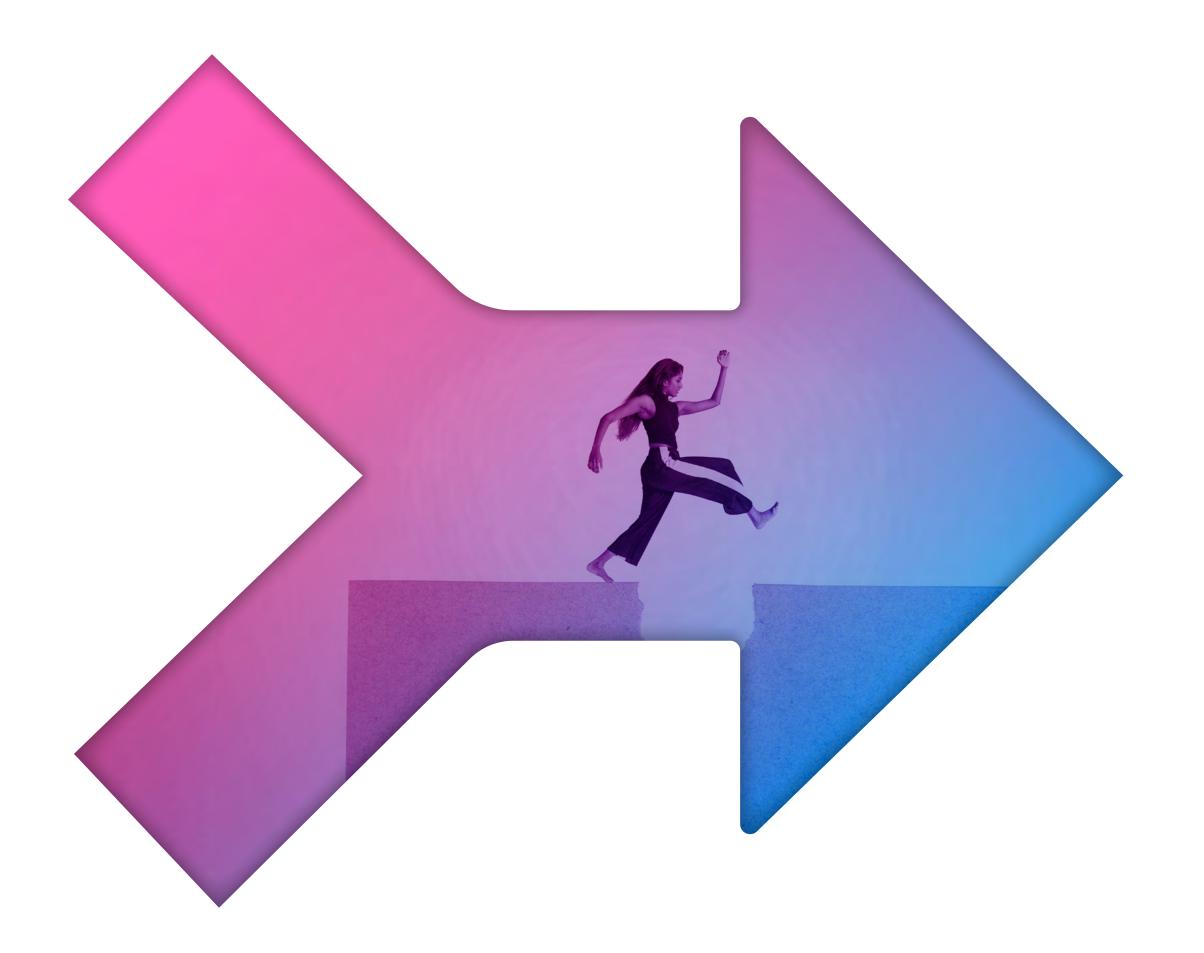
# AdviceTech AdviceTech AdviceTech





# With change comes your chance to use advanced technology

In our rapidly changing financial advice industry, it's now more important than ever to embrace new technology to digitise the client experience and realise new business efficiencies.

With change comes your chance to use Netwealth's platform, rated #1 by users\*, with its newly built mobile app for clients and integrated managed accounts facility.

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#### Part A 2021 AdviceTech Trends in Client Experience

This year Netwealth's AdviceTech Report dives deeper into the most important opportunities for advice firms with special consideration as to how AdviceTech plays a role in enhancing the client experience.

#### Part B 2021 AdviceTech Suppliers Guide

In this year's report we cover 29 "AdviceTech" technologies, and for the first time we investigate technologies used for content marketing, tools used for client education and off-platform asset management.

As in previous years, we have created a useful resource for advice firms which is located at the back of this report, and for each of the technologies we outline:

- an overview of their use and their benefits.
- the main technology suppliers adopted by advice firms. There are more than 126 suppliers mentioned by advice firms as being used across these categories.

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Methodology

Part A

## 2021 AdviceTech Trends

Why digitising the client experience has become a non-negotiable



#### Introduction

## Why digitising the client experience has become a non-negotiable

Since our last AdviceTech report we have seen financial advice embrace customer engagement AdviceTech at an unprecedented pace accelerated by the demands of remote working due to the global COVID-19 pandemic.

This combined with the fact that more advice firms are looking to service a younger generation of tech-savvy customers highlights how important digitising the adviser/client experience is.

### A digital client experience is critical, especially in a post-pandemic world

Businesses the world over face a shift in the operating landscape that has forever changed the way they interact with their customers and clients.

It's no different for financial advice firms. The COVID-19 pandemic has changed how many operate and elevated many digital technologies from being simply nice-to-have into almost a necessity. Even though advice remains a human-to-human business, relationships with clients are more than ever built on a solid digital foundation, where human-to-human interactions can be now via video conferencing, instant messaging, email, phone and of course face-to-face.

In one of the biggest changes we've seen this year, there has been a significant increase in the use of online meeting tools and digital signature tools. Usage has increased dramatically, with 75.0% of practices now using online meeting tools compared to 45.7% in 2020, and 55.5% using digital signature tools compared to 32.2% in 2020.

Advice firms have largely tried to replicate their existing customer interactions to online, but if we look to the disrupters for inspiration, replication may not be enough.

Digitisation of the client/adviser relationship will need to consider new channels, like client portals and online self-service tools.

### Millennials will not accept a sub-optimal digital experience

Additionally, an emerging younger millennial market, who have grown up with the internet, expect the same levels of digitisation from their financial adviser, as they receive from commonly used service providers.

According to Netwealth's 2021 Advisable Australian Report, seven in 10 (72.0%) believe a firm's digital/online capabilities play a critical or major role in delivering a positive customer experience to clients.

These millennials are future advice clients who like to be on mobile devices, regularly use social media and messaging apps, and who trust what online reviews have to say.

#### The customer benefits of AdviceTech are clear

Advice practices are using more and more AdviceTech. On average in 2021, advice firms used 14 technologies across client engagement, financial advice and the workflow and process areas of the firm.

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Even though more technology is being used, we're seeing spending remain stable across the industry. The average tech spend (as a percent of revenue) has shifted very slightly, from 7.9% in 2019 to 6.7% in 2020 and to 7.3% in 2021.

And despite a plateauing of spending, we're seeing more and more advice firms generating client benefits from AdviceTech, especially when compared to previous years.

#### A growing number of practices benefited from:

- Spending more time with clients (41.1% compared to 31.9% in 2020)
- Seeing improved affordability of advice (28.2% compared to 21.1% in 2020)
- Experiencing growth in client numbers (36.8% compared to 27.0% in 2020)
- Generating growth in revenue (35.1% compared to 27.6% in 2020)



## Why digitising the client experience has become a non-negotiable

#### AdviceTech Stars continue to lead the way

AdviceTech Stars continue to be leaders in the advice industry. Their successful use of technology and business success is something other advice businesses can strive towards. These are businesses who we believe are lead indicators of tech adoption for the industry.

We've seen in the past year that the proportion of AdviceTech Stars is increasing as more and more businesses take better advantage of the technologies they have deployed.

AdviceTech Stars are more likely than other advice firms to plan and map out their technology investment. They are more likely to have a dedicated in-house technology manager (33.3% vs 17.5% overall), a dedicated technology budget (31.1% vs 16.1% overall) and have a technology roadmap for the next 12 months (73.3% vs 55.5% overall).

But critically, we're seeing these practices creating better digital experiences for their clients. Online meeting and digital signature tools have been adopted across the industry but even more so by AdviceTech Stars. Almost nine out of 10 (88.9%) use online meeting tools (compared to 71.4% in 2020) and 75.6% use digital signature tools (compared to 39.9% in 2020).

AdviceTech Stars are also evolving their digital experiences in the education and content marketing space. We see them repositioning themselves where their clients are - fewer are posting to LinkedIn, while Facebook and Instagram's popularity increases.

Through better use of technology, AdviceTech Stars experience more benefits:

75.6%

of AdviceTech Stars have improved client engagement and communication (compared to 38.8% overall)

57.8%

of AdviceTech Stars have experienced growth in client numbers (compared to 36.8% overall)

62.2%

of AdviceTech Stars have a better ability to scale and grow their business (compared to 47.1% overall)

#### Introduction

## Why digitising the client experience has become a non-negotiable

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#### How to digitise your client experience with AdviceTech

The opportunities for advice firms as a result of what we have seen are many, but in this year's report we pay special attention to the following topics:



### 1. A digital experience is more than a Zoom meeting

Effective client engagement is more than just a digital version of the traditional interaction between adviser and client.

The client experience of the future should be digital-centric, challenge the status quo and look to digital disruptors for inspiration. Learn what AdviceTech you can use to bridge the gap between what clients expect and what advice firms offer.



### 2. Client data as the core of your AdviceTech stack

Data is constantly being generated, and often from multiple sources. Take advantage of that and learn how data can be brought together and leveraged to create new services and deliver improved client and business outcomes.



### 3. Portfolio construction at scale with managed accounts

Managed accounts allow advice firms to scale the investment processes. Traditionally they have been seen as a way to improve practice efficiency, but they may also provide your client's better outcomes. Learn how.



## 4. Don't let the finfluencers eat your lunch - educate clients with content marketing

Content marketing is a powerful digital tool to engage current clients and perhaps even more importantly assist in the acquisition of new ones. However, today there is a growing trend where financial influencers (finfluencers) who often aren't advisers are vying for the attention of your future clients. Understand how you can take advantage of this trend.



### 5. The Emerging Affluent – an important group of Millennials

The Emerging Affluent are a younger, well educated, digital first segment whose wealth is accumulating. They value financial advice but often don't know where to start. Learn how you can evolve your advice value proposition to appeal to this attractive future market.



## 6. AdviceTech Stars and their optimised client engagement tech stack

Becoming a leader in the industry through effective use of technology is not just about having the most technology. It's also about how to use it and how to get the very most out of it. Get the lowdown on how these firms build out their client engagement AdviceTech stack.

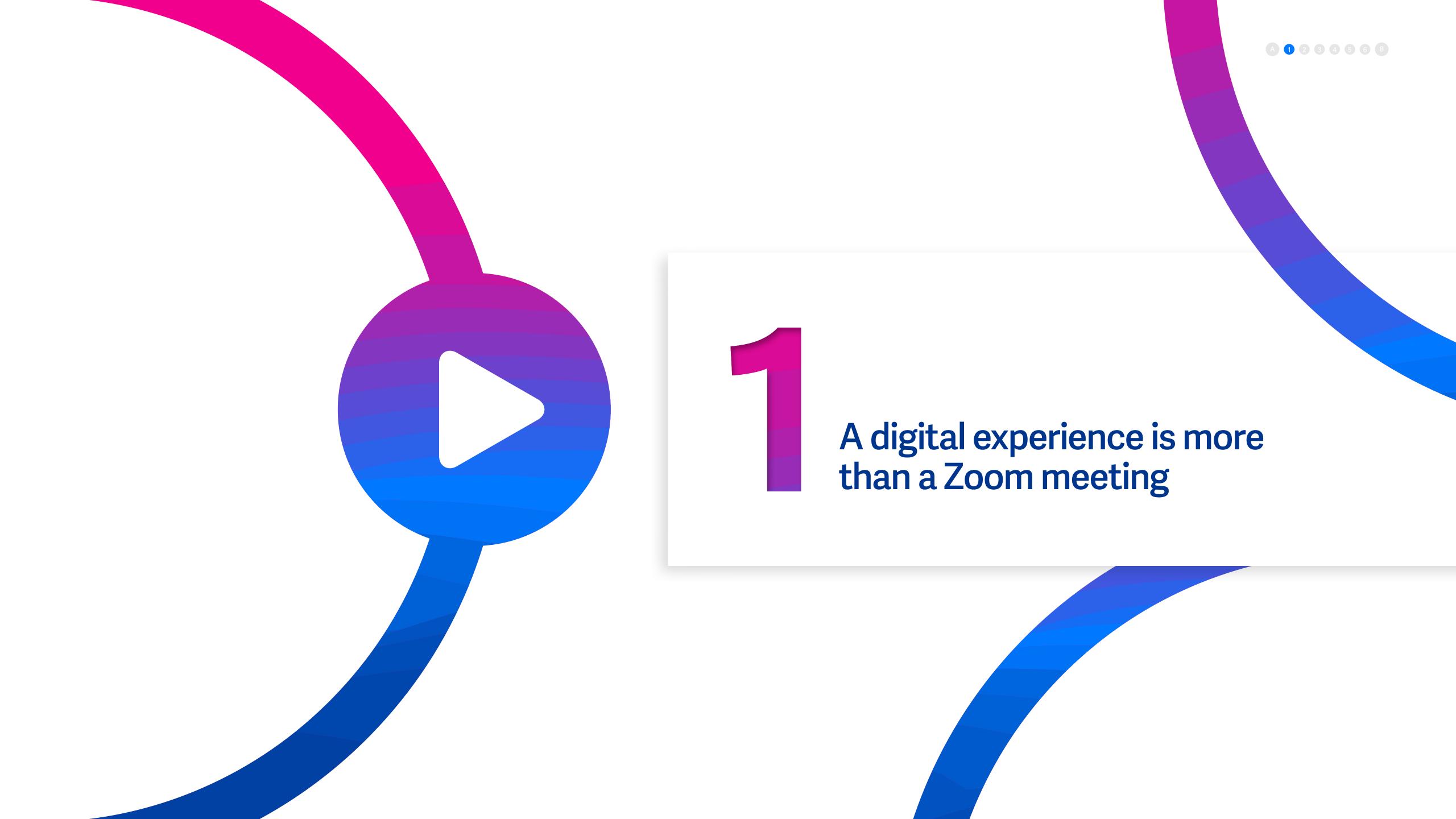
#### Introduction

### The AdviceTech landscape

Your guide to AdviceTech suppliers across 29 categories.

Find out more using our buyers guide to AdviceTech in Part B on page 43.

Technology	Currently use (%)	Plan to use within 24 months (%)	Total use or plan to use (%)	Most used suppliers
Accounting software	52.0%	2.9%	54.9%	Xero, MYOB, Reckon, Quickbooks
Business reporting/dashboard tool	27.6%	35.9%	63.5%	CRM reporting tools, Microsoft Excel, Power BI, Google Analytics
Cashflow, budgeting and account aggregation tool	30.7%	30.2%	60.9%	MyProsperity, Microsoft Excel/Google Sheets, Moneysoft
Client data reporting/dashboard tool	27.9%	37.4%	65.3%	CRM reporting tools, Microsoft Excel, Power BI, Google Analytics
Client portal technology	27.9%	35.1%	63.0%	CRM/financial planning software, Dedicated client portal software, Super/investment platform
Cloud-hosted email service	83.3%	4.9%	88.2%	Microsoft Office 365, Zoom, Google Suite (Gmail)
Cloud-hosted online document/file storage and sharing service	78.7%	8.6%	87.3%	Microsoft OneDrive, Xplan, Dropbox, Sharepoint, Google Drive
Commissions management software	54.9%	12.1%	67.0%	Commpay, Worksorted, Revex, Paylogic, Microsoft Excel
Content marketing tools	63.2%	-	63.2%	-
CRM system	90.2%	6.6%	96.8%	Xplan, Worksorted, AdviserLogic, Midwinter, Salesforce
Data/system integration tool	17.8%	29.9%	47.7%	Xeppo, Microsoft Excel, Zapier
Digital signature tool	55.5%	33.3%	88.8%	DocuSign, Adobe, MyProsperity, Netwealth Integrated eSignature
Email campaign and newsletter management platform	71.3%	17.0%	88.3%	Mailchimp, Xplan, MS Outlook, Worksorted, Adviser Logic
Investment research tool	71.8%	10.1%	81.9%	Morningstar, Lonsec, Zenith, Mercer, Chant West
Managed accounts	42.5%	13.8%	56.3%	-
Off-platform asset management	25.4%	-	25.4%	CRM System, Online broking/trading platform, Microsoft Excel/Google Sheets, Netwealth Xwrap
Online fact find and risk profiling tool	31.9%	40.2%	72.1%	Astute Wheel, Xplan, Finametrica, MyProsperity, AdviserLogic
Online meeting tool	75.0%	13.5%	88.5%	Zoom, Microsoft Teams, Skype, GoToMeeting, Webex
Online/mobile advertising	12.6%	16.1%	28.7%	Facebook paid advertising, Google paid search, Google display network
Presentation software	43.1%	27.9%	71.0%	Microsoft Powerpoint, Canva, Prezi, Google slides
Scaled advice tool	26.4%	38.5%	64.9%	Xplan Prime, Astute Wheel, Midwinter AdviceOS, Plutosoft
SMSF administration software	29.6%	8.3%	37.9%	BGL, Class Super, SuperConcepts
Social media networks	60.6%	-	60.6%	Facebook, LinkedIn, Instagram, Twitter, Youtube
Social media content management platform	14.9%	28.7%	43.6%	Buffer, Hootsuite, Zoho
Super/investment platform	92.8%	2.3%	95.1%	Colonial First State, Netwealth, BT, Macquarie
Survey and client feedback tool	27.0%	33.3%	60.3%	Survey Monkey, Adviserratings.com.au, Google reviews
Task, activity and project management technology	68.7%	16.7%	85.4%	My CRM/Planning software, Microsoft Outlook, Microsoft Excel
Tools and calculators to demonstrate strategies	64.9%	22.1%	87.0%	Xplan, Built in-house, Astute Wheel
Website content management platform	34.5%	31.3%	65.8%	Wordpress, Wix, Squarespace



## A digital experience is more than a Zoom meeting



There is a group of people who already use or are more likely than the general Australian population to seek financial advice, which we refer to them as the Advisable Australian.

Most of them use a banking app or portal at least weekly (85.9%) and most use money transfer services like PayPal (72.1%). Almost one in three (32.9%) Advisable Australians manage their super online at least monthly, use digital wallets (31.7%) like Apple Pay and use buy-now-pay-later services (29.2%) like Afterpay.

These individuals are already extremely comfortable with digital wealth services. In fact, they're comfortable with digital services in many areas of their lives. For many of these people, almost one in three (27.9%), say digital capability is in their top three reasons for choosing an advice firm.

Fast forward five or so years and your clients may be millennials, (some are already 40 years old), who are more digitally capable and have grown up with the internet. These people are more likely to demand digital financial services and put greater emphasis on the digital capabilities of an advice firm.

Whether this younger group is managing their wealth online, ordering a pizza from Domino's or streaming a movie on Netflix, as customers they expect every experience, including that with their financial adviser, to be digitally led.

For millennial Advisable Australians, almost half (47.3%), say digital capability is in their top three reasons for choosing an advice firm.

Today, there appears to be a mismatch in what clients are demanding and the digital experience advice firms are offering. Only 8.9% of advice firms say technology is pervasive in all client interactions, whilst the majority (64.1%) say technology aids but is not the focus of the client engagement experience.

Over the coming decade
Australia will experience the largest
inter-generational wealth transfer
in history, largely to individuals who
are digital natives and have high
technology literacy.

Advisable Australians use of digital wealth services

27.9% Overall

VS

Say digital capability is in their top three reasons

47.3%

**Millennials** 

32.9%

38.2%

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Overall

Millennials

View and manage their superannuation using a website or app at least monthly

85.9%

**Overall** 

for choosing an advice firm

a website or app at least weekly

Have used money transfer services

VS

91.8% 31.7%

Millennials

Overall

51.4%

Millennials

Have used a digital wallet (such as Apple Pay and Google Pay)

72.1%

Overall

**Overall** 

VS

View and manage their banking accounts using

81.09

**Millennials** 

29.2%

VS

VS

49.2%

Overall

Millennials

Have used buy-now-pay-later services (such as Afterpay and Zip)

39.6%

(such as PayPal)

VS

47.8%

Millennials (

Read business, investment, or financial news on a website or app at least weekly

19.8%

VS

31.7%

Overall

Millennials

10

Manage their investments using an online broking service at least monthly

## A digital experience is more than a Zoom meeting

## The benefits of getting the tech experience for your clients right are significant.

With the growing punctuation of our lives by the internet and our always-available mobile devices, getting your digital experience right is becoming a non-negotiable.

Today a great customer digital experience requires a close examination of every adviser-client interaction to reveal how it can be improved or reshaped by technology. It requires a digital reinvention, ranging from how a client is onboarded, how they are educated or kept informed by the adviser, the self-service tools provided to them, and so on. Advice firms have an opportunity to reinvent the customer experience with technology-led innovation.

To deliver a satisfactory digital experience, your business will need to evolve to offer a customer-first, digital-first and mobile-first experience.

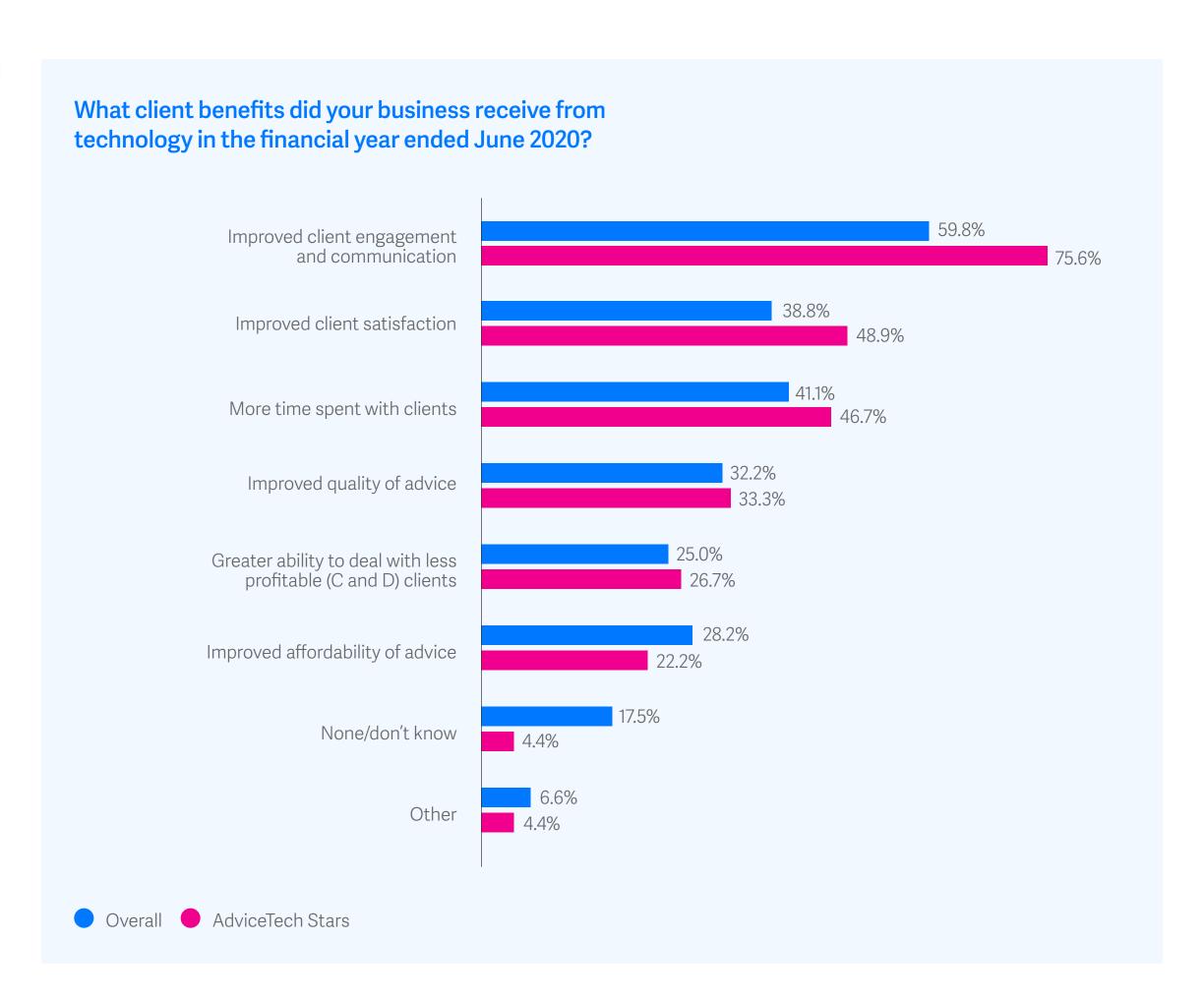
Many businesses understand this, especially the AdviceTech Stars who are superior users of technology in their business. Three-quarters (75.6%) of AdviceTech Stars improved client engagement and communication as a result of getting their technology and client experience approach right.

A further half of AdviceTech Stars reported improved client satisfaction and the ability to spend more time with clients (48.9% and 46.7% respectively) as benefits of technology.

Quality and affordability of advice was also considered a client benefit of technology, with one in 3 (33.3%) saying AdviceTech improved the quality of advice, more than one-quarter (26.7%) indicating it helped deal with less profitable clients almost one-quarter (22.2%) saying that improved the affordability of advice.

As IBM's senior vice president of global markets, Bridget van Kralingen, has said:

"The last best experience that anyone has anywhere becomes the minimum expectation for the experience they want everywhere."



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## It is important to recognise that a truly effective digital customer experience is a lot more than just a Zoom meeting.

With the impact of COVID-19 and a shift to remote working in the past 18 months, it's not surprising that the largest increases in AdviceTech usage include online meeting platforms and digital signature tools.

- Online meetings usage jumped from 45.7% to 75.0% (March 2020 to March 2021)
- Digital signatures jumped from 32.2% to 55.5% (March 2020 to March 2021)
- Cloud hosted email or other cloud-hosted communication services increased from 76.0% to 83.3% (March 2020 to March 2021)

The combination of these technologies has digitised face-to-face meetings and much of the advice experiences, at least on the surface.

In addition, advice firms have also adopted other supporting technologies to enhance the digital experience. They have websites that are responsive to mobile phones (81.9% up from 77.6% in 2021), they send educational email newsletters to clients (71.3%), post to social media (60.6%) and use tools and calculators (such as retirement calculators) to demonstrate strategies to clients (64.9%).

AdviceTech has done an adequate job of replicating and replacing current client-adviser interactions with more modern-day approaches. But there is an opportunity to do more. Crafting a true digital client experience is not just about using technology to replace what has always been done, but rather, how technologies can be used to innovate and evolve the customer experience going forward.

#### There are two things that you can consider doing:

- **01.** Communicate with clients on "their terms", it shouldn't always be digital, face-to-face still has its place.
- **02.** Digitise the advice experience with client portals to give clients a greater capacity to control and/ or influence the advice process.



75.0%
Use online meetings, wi

Use online meetings, with Microsoft Teams and Zoom being the most popular



55.5%

Use digital signature technology relying mostly on DocuSign and Adobe signature

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24.7%

Post to social media networks at least weekly (42.0% at least monthly)



81.9%

Mobile compatibility is more important than ever as firms who implement mobile compatible websites/blogs increase from 77.6% in 2020 to 81.9% this year



71.3%

Use technology to create and send email campaigns and newsletters of an educational or informational nature to clients (that is, not personal correspondence)



62.9%

Use or plan to use a client portal within the next 24 months

## A digital experience is more than a Zoom meeting

Knowing how potential clients prefer to communicate is important. Technology has become convenient enough that often people like to swap seamlessly between devices and modes of communication.

However, it's important to remember that even though technologies are available, for important interactions people often still prefer to speak to a human.

Technology is being used by more advice firms but often not in the right way, or it's being used ineffectively. For example, there is still a demand for face-to-face contact (COVID-19 lockdown issues aside) in certain situations, where human interaction cannot be coded.

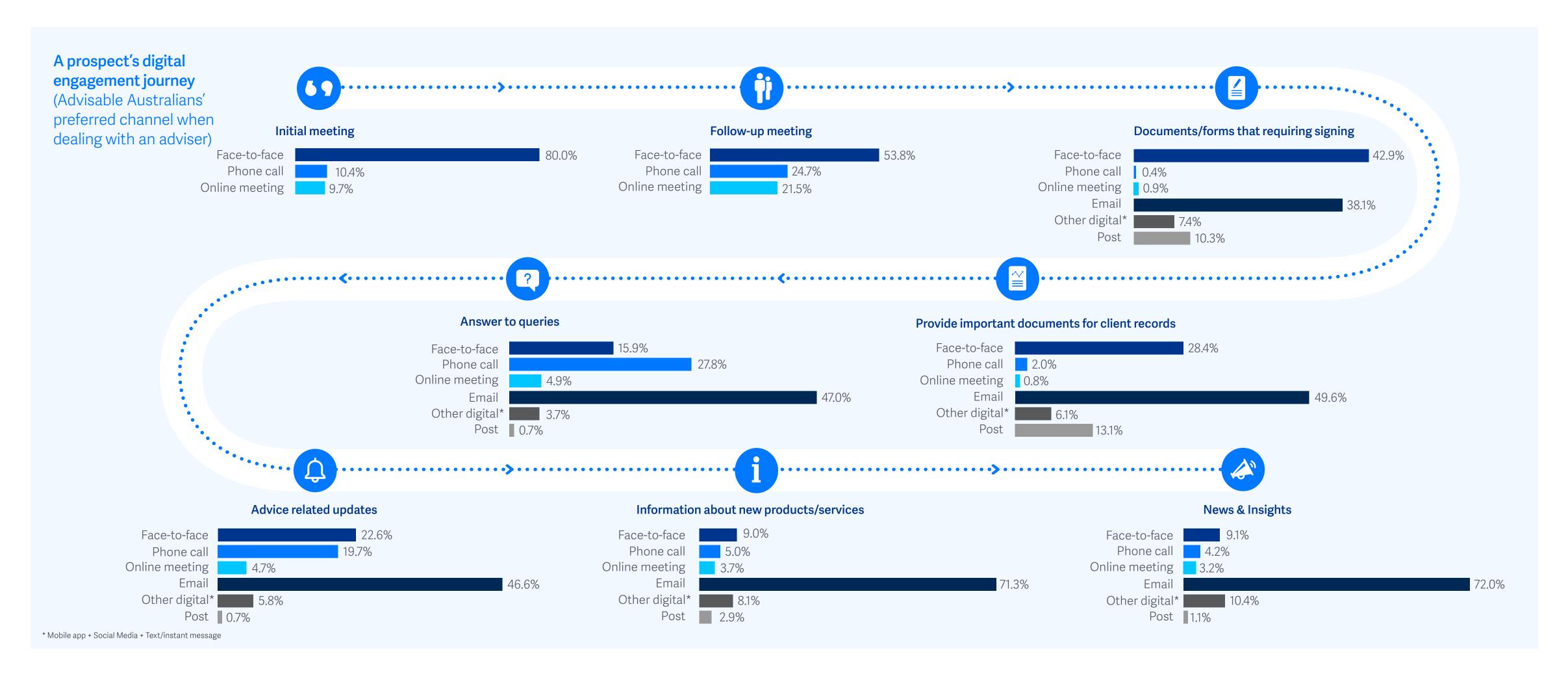
Also in many situations, potential clients would prefer human-to-human interactions facilitated by physical or online meetings or via the phone. Yet there are a growing number of situations where digital interactions, such as via email, are preferred.

Activity		Firms could be doing more of				Firms could be doing less of			
			Firms are doing		Advisable Australians prefer		Firms are doing		Advisable Australians prefer
		Phone calls	7.5%	VS	10.4%	Face to face	86.5%	VS	80.0%
<b>(1)</b>	Initial meeting	Online meetings	4.9%	VS	9.7%				
	Follow-up or subsequent meetings with the client on	Phone calls	12.6%	VS	24.7%	Face to face	71.6%	VS	53.8%
	important advice related matters	Online meetings	10.6%	VS	21.5%				
	Providing answers to	Face to face	17.5%	VS	42.9%	Emails	61.2%	VS	47.0%
?	client queries					Phone calls	35.9%	VS	27.8%
	Provide documents that require signing	Face to face	1.4%	VS	15.9%	Email	59.8%	VS	38.1%
	Provide important documents for client records	Face to face	15.5%	VS	28.4%	Email	62.1%	VS	49.6%
	Provide other updates on important advice related matters	Face to face	11.5%	VS	22.6%	Emails	69.3%	VS	46.6%
<b>(</b>		Phone calls	13.2%	VS	19.7%				
<b>f</b>	Provide information about new products and services	Mobile app	1.4%	VS	4.9%	Face to face	15.8%	VS	9.0%

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#### A 1 2 3 4 5 6 B

## A digital experience is more than a Zoom meeting



## A digital experience is more than a Zoom meeting

## Client portals are the next big step in client engagement and experience.

At Netwealth, based on overseas trends, our research and what customers are telling us we believe client portals represent the next frontier, and a very real path for advice firms to reinvent their client experience to rival many disruptive digital first wealth business.

Many advisers agree. Today almost one in 3 (27.9% from 22.0% in 2020) advice firms have a client portal with another one in 3 (35.1%) planning to get one in the next 24 months.

Client portals evolve the client-adviser relationship beyond in-person interactions. They provide an always-available and omni-present reminder of the adviser, evolving the relationship from physical to truly digital. In the past, client portals have delivered online reports via a desktop monitor and digital versions of standard paper-based documents. But next-gen client portals aim to provide a dynamic, intuitive experience that is user- and mobile-first.

For firms that do currently use a client portal, they are seeing the benefits. Two in five firms that use a client portal report that the portal has made client engagement better (42.3%) and ultimately delivered a higher level of client satisfaction (39.2%). But the benefits do not end there. Based on the feedback from advice businesses that use client portals today, there are a range of real benefits to clients, such as improved transparency (39.2%), better communication (37.1%) and improved collaboration (35.1%).

The time to be launching or updating your client portal is now, because Advisable Australians are clearly comfortable with digital platforms and services offered by other financial services providers. It's also an investment in the future, as you expand your client base to younger digital-savvy millennials.

There is also the risk that newer digital wealth services may encroach on more traditional wealth services and disrupt the industry forever. It's important to not be left behind as the industry evolves.

#### The benefits of client portals

39.2%

### Improved transparency between adviser and client

Features like the ability to view total household balance sheet (banking, superannuation, property and other assets and liabilities), access to performance reports on investments, and the ability to track spending aid this.

35.1%

#### Improved client collaboration

Using features like the ability for clients to approve or sign financial documents (such as insurance renewals and investment advice) on the go and securely store and access financial documents (such as Wills, property and insurance documents) in the cloud may help this.

37.1%

#### **Better client communication**

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Using features like the ability to chat/meet with their financial planner via the client portal to deliver on this.

22.7%

#### Improved client education

Offering features like online calculators, access to financial news, insights and research and podcasts to achieve this.



### Overall better client engagement and satisfaction

Overall, the range of benefits that client portals have on offer leads to better client engagement (42.3%) and ultimately greater client satisfaction (39.2%).



## A digital experience is more than a Zoom meeting

### What key features of a portal do clients and advice firms look for?

Client portals offer a range of features that appeal to different clients. Some features are driven by age while others are driven by wealth.

We see that the younger groups are more interested in tracking spending and budgets (82.0% Gen Y and 74.1% Gen X) while the wealthier high net worth (HNW) group prefer convenience features like access to their performance reports (83.3%).

However, we find that HNWs, Gen X and especially Gen Y, have a higher demand for almost every client portal feature.

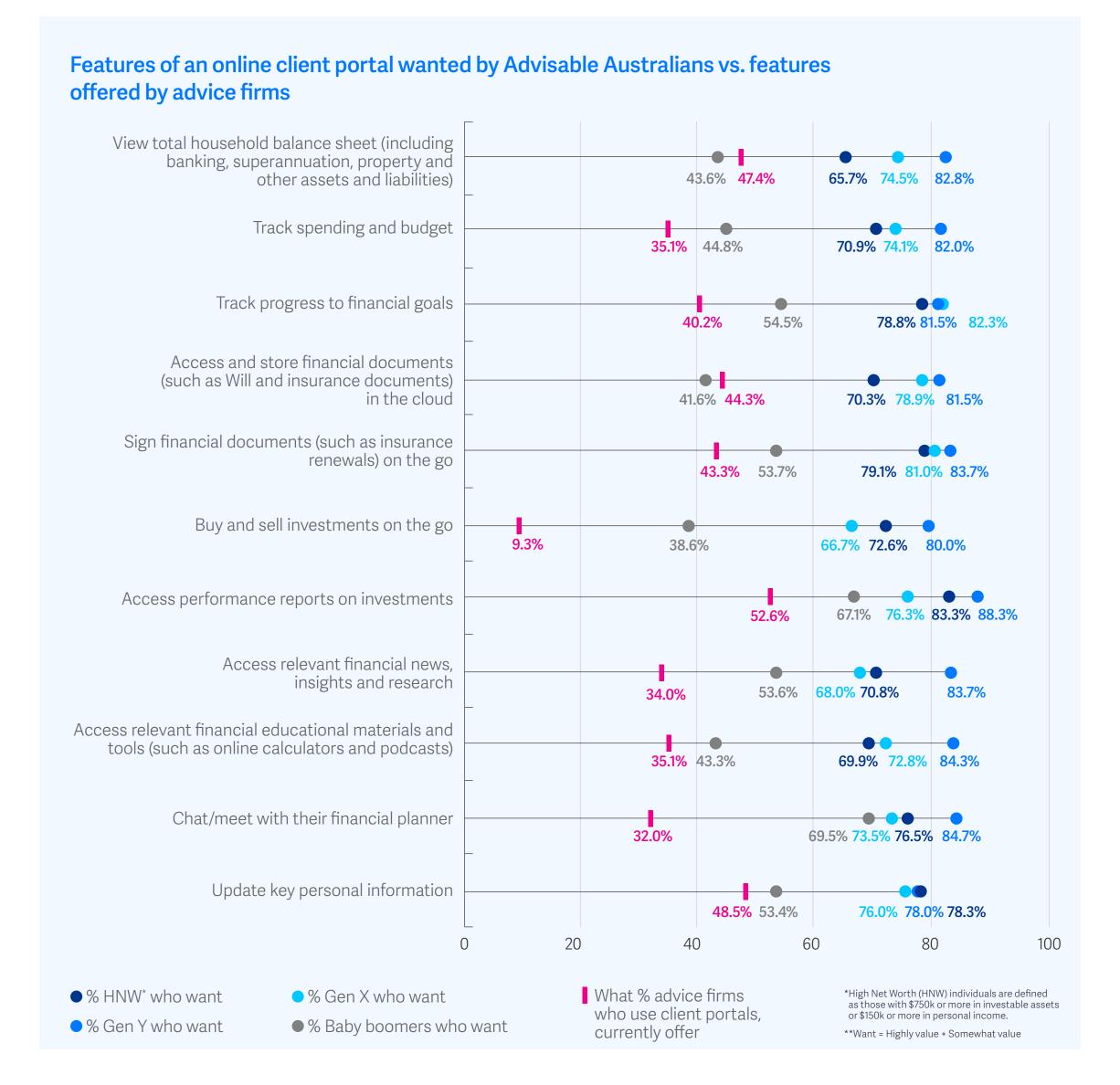
For Gen X, the most in demand features include tracking financial goals (82.3%), signing financial documents (81.0%) and accessing performance reports on investments (76.3%).

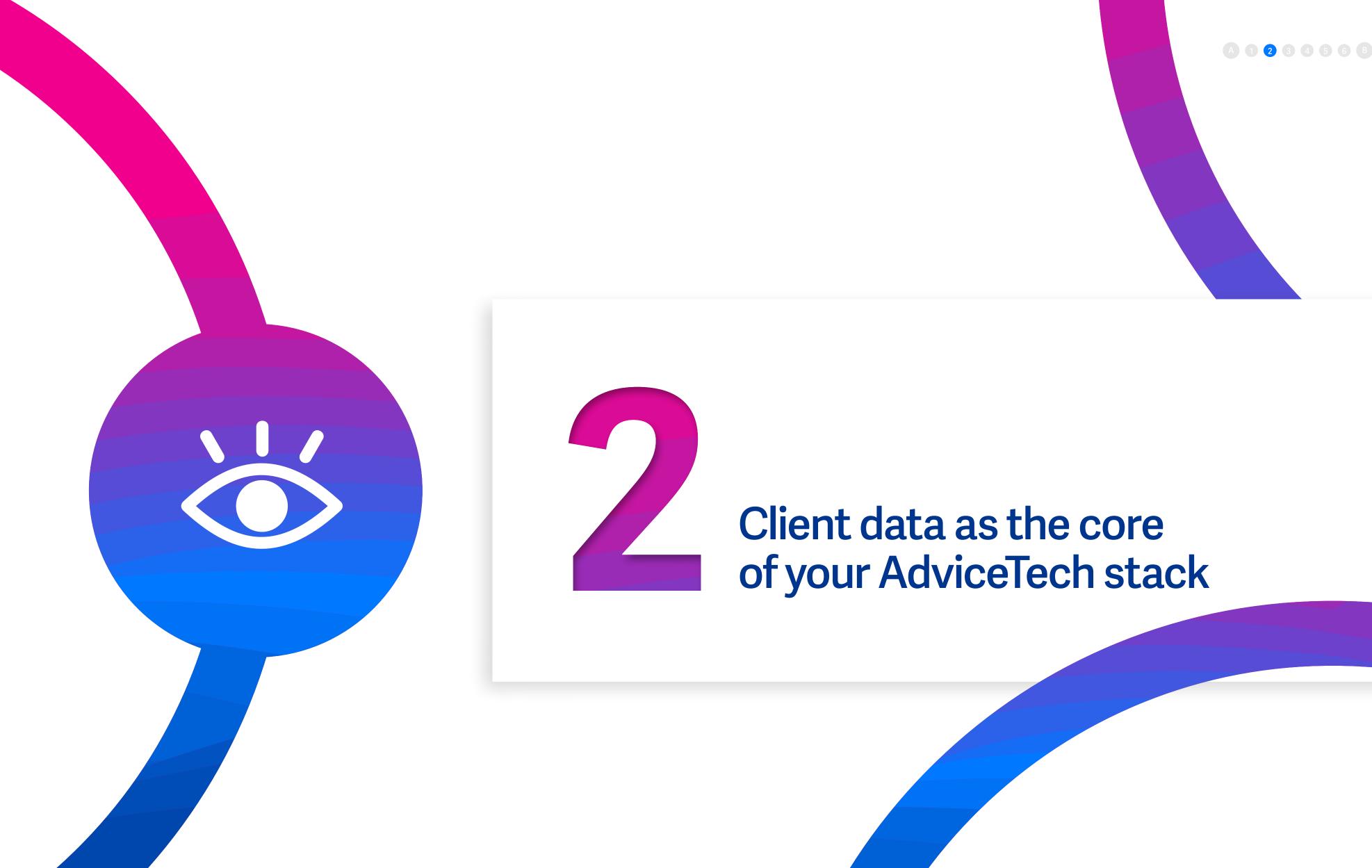
Advice firms that provide client portals offer features such as the ability to view their total household balance sheet (47.4% offer this), access to performance reports and charting (52.6%), the ability to track their spending (35.1%) and goals (40.2%).

In addition, advice firms enable clients to approve or to sign financial transactions and documents (43.3% offer this) and securely store financial documents (44.3%) (such as SoAs, wills and insurance documents).

However, there are areas where advisers are missing the mark entirely. There is clearly demand in features like buying and selling investments on the go from all types of clients but only 9.3% of firms are currently offering this service. For HNW individuals, chatting with their financial planner, access to financial insights are two features also being underserved.







## Client data as the core of your AdviceTech stack

## Leveraging client data can greatly benefit your service proposition.

How many pieces of software have you used today – both personally and at work? Chances are, it will be a lot. Today, we switch seamlessly between software and between devices, often without consciously registering that we're doing so.

So, it shouldn't surprise you that the average number of AdviceTech tools used in an advice firm is 14, and almost one in four (38.8%) use more than 15. This figure has risen from 24.3% of firms last year. The proportion balloons to 62.2% of AdviceTech Stars that use 15 or more solutions, so the average number of technologies used by Stars is 17.

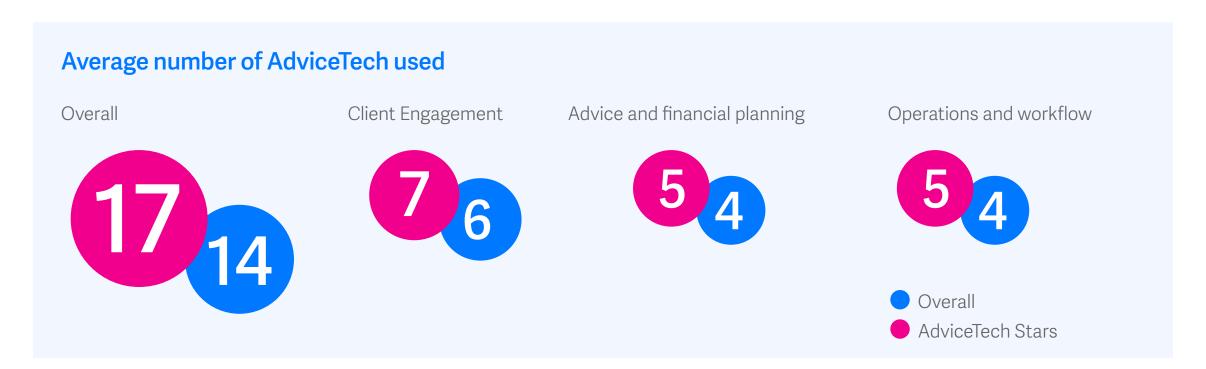
These systems gather and store vast amounts of data about your clients, from personal details to account balances, from insurance details to the fees they paid. They also track their interactions with you (such as whether they visit your website, or the open rates of the emails you send them).

If you add the availability of external third-party wealth data sets, such as client bank feeds or off-platform asset information, we find ourselves in a very rich client data environment.

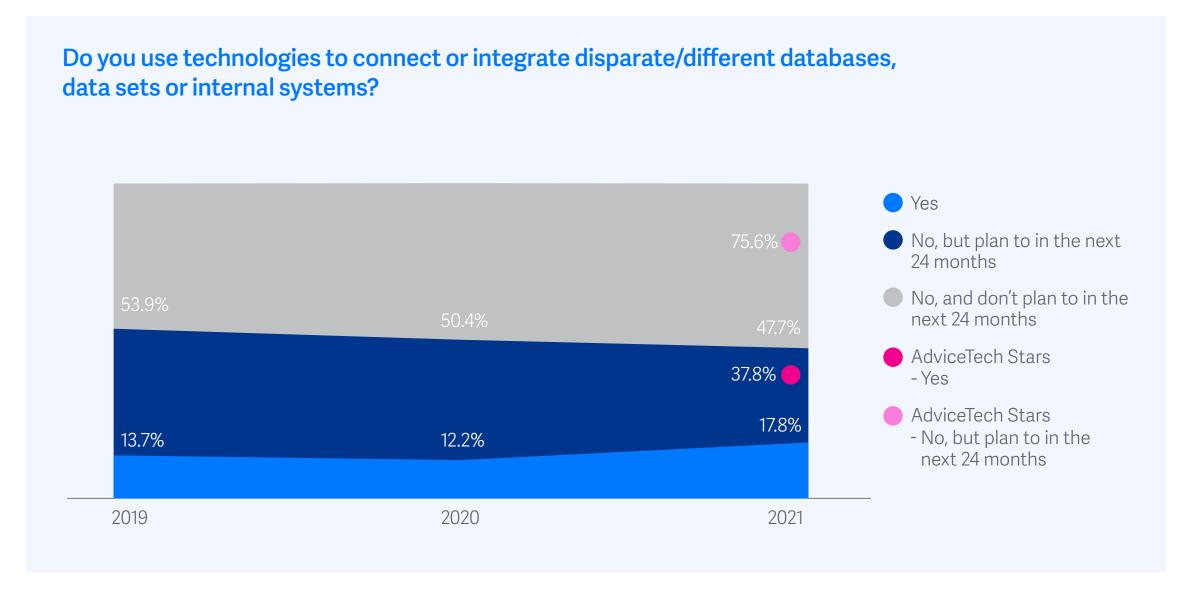
From this, several opportunities arise for connecting and integrating client data to improve the experience of your clients. These include:

- **01.** Whole of wealth reporting and analysis (refer next page).
- O2. Proactive advice using next best action systems
  Developments in predictive analytics and AI means in future this data will be the foundation for a lot more. The client experience will be improved by insights based on data, which the advice firm can control.
- **03.** Client analytics to get a clearer picture of and deeper insights into your clients to build and optimise the client experience.

This may include looking at online behaviour (such as website usage - including number of visits, frequency, and time spent - and email activity - including open rates and click-through rates), fees, revenue per client, profitability, which segments they fall into, product penetration, training program effectiveness, compliance risk and so on.



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## Client data as the core of your AdviceTech stack

#### Whole of wealth reporting and analysis

Imagine either your back-office system or a client portal being able to pull through the balances and transactions from super and investment accounts, off-platform assets held, bank accounts and share trading accounts.

Today you have an opportunity to integrate your AdviceTech stack so to aggregate client data and deliver a 'whole of wealth' picture.

With this 'whole of wealth' picture, you and your clients can have greater clarity over asset allocation, investment performance, income and expenses plus be in a better position to track progress towards goals.

As well as providing greater transparency and potential education benefits for clients, the additional benefit for advisers is that they could be better prepared to give holistic investment advice for the individual, and for the entire family.

And clients want this. Almost two-thirds (63.7%) of Advisable Australians say they must or would highly appreciate being able to view their total household balance sheet (including banking, superannuation, property and other assets and liabilities) online or via a mobile app.

Advice businesses also recognise the importance of this, with almost one in five (17.8%, up from 12.2% in 2020) firms and almost four in 10 (37.8%, up from 21.4% in 2020) AdviceTech Stars using technologies to connect or integrate disparate/different databases, data sets or internal systems.

Advice firms also appreciate there is other client data to collect and aggregate beyond account balances and transactions. This includes things like client fees, advice service agreements and SoAs, client related tasks and actions plus behavioural data like client portal, website and email usage.

### What client data are you trying to or would like to connect/integrate across different systems or databases?

		Overall	AdviceTech Stars
Whole of wealth	Insurance information	58.9%	66.7%
	On-platform assets/portfolio holdings and transactions	52.3%	68.9%
	Super/SMSF information	50.0%	64.4%
	Banking and other financial institution balances and transactions, including loans	49.1%	64.4%
/hole	Off-platform assets/portfolio holdings and transactions	44.8%	60.0%
>	Tax information	43.7%	57.8%
	Mortgages and loan information	43.4%	53.3%
ur n	Client portal usage and activity (e.g. visits, frequency, time spent)	36.8%	44.4%
Client behaviour	Email activity (e.g. open rates, click through rates)	34.8%	44.4%
	Website usage and visits (e.g. visits, frequency, time spent)	23.3%	28.9%
lient	Client details	69.5%	80.0%
ਹ	Fee and revenue information	66.7%	77.8%
	Advice service agreement	56.6%	64.4%
Other	Statement of Advice	53.4%	48.9%
	Client related tasks and actions	47.4%	60.0%
	None/don't know	11.5%	6.7%



## Client data as the core of your AdviceTech stack

## Deep dive: Collecting and managing off-platform investment data as a new service offering.

Today, on average, 19.0% (23.3% for AdviceTech Stars) of an advice firm's clients' super and investments are held "off-platform" – for example property, private equity or a direct share portfolio.

Whilst more than one quarter (25.4%) of advice firms (34.1% of AdviceTech Stars) manage greater than 25% of their clients' investments "off-platform".

This approach to data management allows these advice firms to advance their 'whole of wealth' reporting and advice offering. This ultimately allows them to provide better reporting and thus have a better understanding of client portfolio performance and asset allocation.

Advice firms collect off-platform data using a variety of technologies, including their CRM (48.1% of those that manage off-platform asset data), an online broking/trading platform (26.7%), traditional spreadsheet software (15.6%), accounting/tax software (11.5%) or their super/investment platform (8.9%).

The majority of advice firms (84.4% vs 82.5% of AdviceTech Stars) enter data into these technology systems (i.e. data management and administration) themselves, while only a few of them outsource this function.

Managing off-platform data creates a host of challenges for advice firms, which AdviceTech, such as Netwealth's XWrap service looks to solve.

They include finding the time to collate information for reporting (80.0% who use off-platform assets), managing the increased hassle of co-ordinating multiple systems (48.9%), additional time to run the service (48.9%), a greater risk of errors in data entry (34.1%), decreased frequency in reporting to clients (32.6%), and an increase in cost of running the service (24.8%).

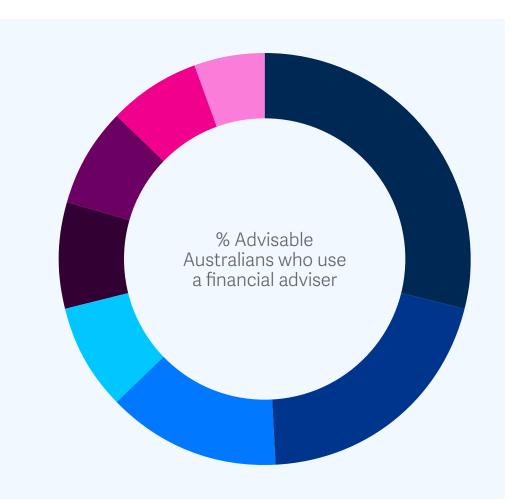
With that said, advisers continue to offer this service, often for a fee, and it's largely because demand for it is underpinned by the fact certain assets are unavailable and cannot be held on a super or investment platform like Netwealth (43.0% of advice firms who use off-platform assets cite this reason).

For example, 25.7% of Advisable Australians that use an adviser currently invest off-platform in residential property, 11.8% invest in collectibles, 9.1% in commodities, 7.3% in private equity and 4.8% in private debt.

And in some cases, demand for off-platform administration is supported by clients who simply want to retain control of their assets (37.4% of advice firms cite this reason).

#### Off-platform assets invested in by Advisable Australians

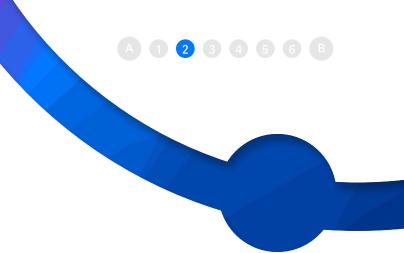
Residential property (excluding the home you live in)	25.7%
Property/real estate investment trusts	17.9%
Collectibles	11.8%
Personal/small business assets	7.5%
Private equity	7.3%
Infrastructure	6.9%
Commercial property	6.3%
Private debt	4.8%



43.0%

of advice firms who manage off-platform assets do it because certain client assets are unavailable and cannot be held on a super or investment platform, like Netwealth.

### Client data as the core of your AdviceTech stack





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#### implementation strategy

There are some clear benefits to having a client data strategy, but it's not always an easy process to start. Four in 10 (40.5%) advice firms say not having the time to understand and explore their options is a barrier to better managing and using client data, whilst and why. one in three (30.2%) say they don't have the processes, the right resources or the right people in their

At Netwealth, we suggest the following approach to getting your client strategy off the ground.

business.

Implementing a cohesive

data strategy requires a

considered approach

## 01. Develop a clear

There are many different client data points that you can collect, and you probably cannot access them all (at least at the beginning), so it is important to have a clear strategy as to what client data is important to your business,



#### **02.** Choose the right data management technology

Sometimes it is better to choose purpose-built technology solutions, like Netwealth's XWrap service (which can also minimise the effort required to administer off-platform data), than building it yourself or using technology that somewhat delivers. However, in using fit-forpurpose software, the downside is that you often will need to integrate it into other existing data sets and software platforms. Make sure you consider the short and long-term trade-offs.



#### 03. Centralise and integrate data and technology systems

Create a central store of as much client data as possible by integrating disparate software systems together and synchronising these data sets for use across these systems. Use integration technologies, like Xeppo, to achieve this.



#### **04.** Visualise the data collected

Provide staff with shared access to the data using visualisation tools, like PowerBI, so they can easily view, monitor and analyse aggregated client data through dashboards and reports.



#### 05. Create a good client experience

Provide clients access to the aggregated data sets through intuitive and mobile-first client portals.



#### 06. Plan a robust cybersecurity strategy

Build a cyber-security strategy that protects client data and which balances data security with customer convenience.

## Client data as the core of your AdviceTech stack

### A discussion: Your clients are concerned about cybersecurity.

Almost a third (30.5%) of Advisable Australians are very concerned with the risk of online fraud, identity theft or a scam that could result in financial losses. A further 52.4% are somewhat concerned. And 23.7% of Advisable Australians cite cyber-security (the risk of online fraud, identity theft or scam) as a concern to being able to grow and manage their wealth.

Similarly, two in five (40.2%) advice firms and more than a half (51.1%) of AdviceTech Stars are very concerned with the risk of online fraud, identity theft or scam that could result in the loss of sensitive client information.

Advice firms are most concerned with the threat of organised cyber gangs (71.6%). However, 47.1% of advice firms (60.0% of AdviceTech Stars) are concerned with employees unwittingly compromising client data as a cybersecurity threat.

### Advice firms are formalising procedures to better address cybersecurity threats

Almost half (49.1%) of advice firms (60.0% of AdviceTech Stars) have formalised cybersecurity policies and procedures that are regularly updated and followed consistently.

It's an encouraging figure. But at the other end of the spectrum there are still almost one in three (29.3%) advice firms that have no formalised cybersecurity policies and procedures.

### Policies aren't everything: staff compliance and education is critical

Sound cybersecurity isn't just about formalised and documented policies and procedures.

Advisers and staff also need to be educated.

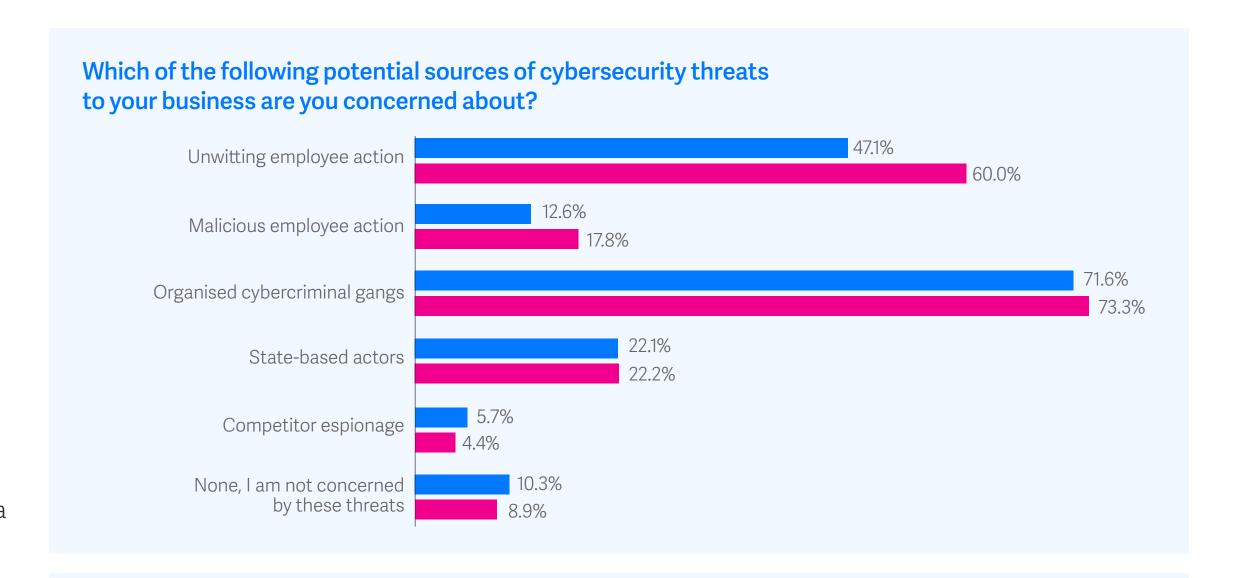
The threat of unwitting employee actions is something that can be mitigated with the right education and compliance measures.

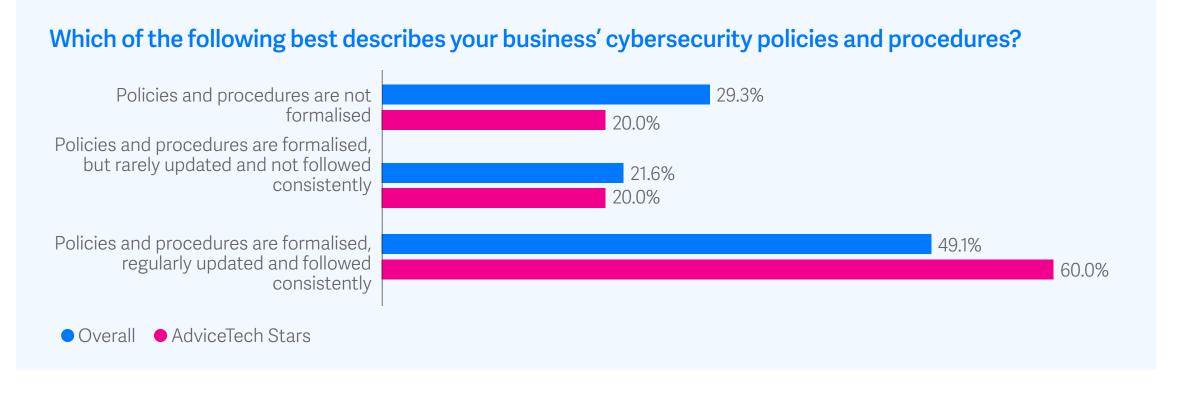
#### Cybersecurity needs to be handled correctly

Advice firms need strong cybersecurity controls. Data must not be misused. With advice practices using a greater number of technologies, they're generating much more data about clients. This can be used to improve the business and client outcomes, but it also introduces more potential points of failure in maintaining cyber security controls.

It should be obvious that data must be handled properly to avoid heavy-handed regulatory responses and severe penalties. But when handled correctly, strong cybersecurity measures can also make your clients feel more at ease and confident about sharing information during the advice process.











Portfolio construction at scale with managed accounts

## Portfolio construction at scale with managed accounts



More than four in 10 (42.5%) advice firms use managed accounts today. And of these firms, three in 10 (30.4%) use them for more than half of their client base.

AdviceTech Stars are high-performing, tech-adopting businesses that are more likely to use managed accounts and to use them for a greater proportion of their clients. More than half (51.1%) of AdviceTech Stars currently use managed accounts, which is up from 46.4% in 2020.

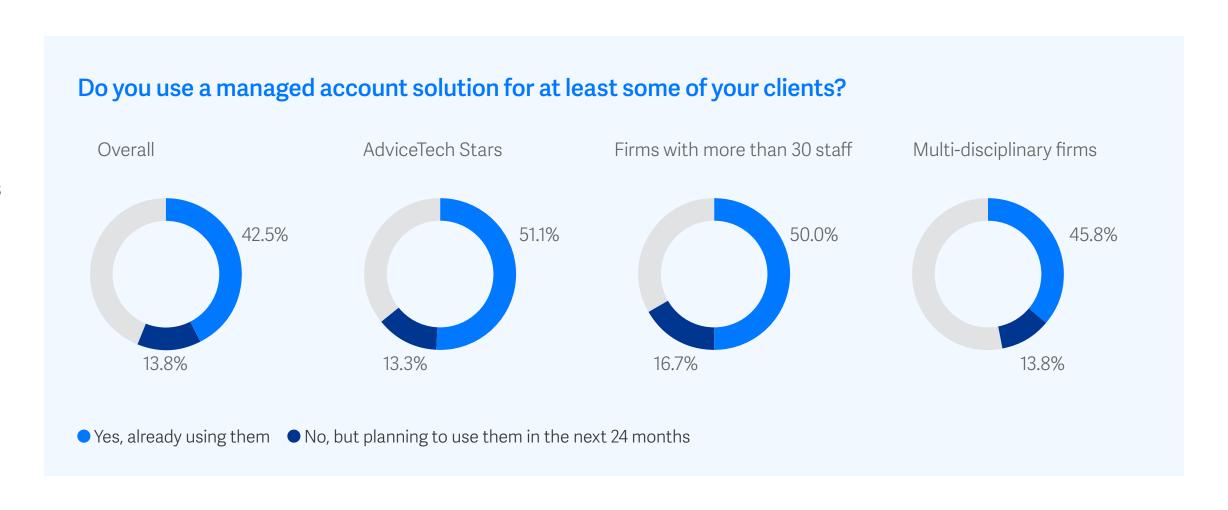
And of these firms, almost one in three (26.1%) use managed accounts for more than 75% of their client base (compared to 16.2% of advice firms overall).

Interestingly, firms with more employees and multi-disciplinary advice firms are more likely to use managed accounts, recognising the scale benefits that they bring to their practices. Half of firms with 30 or more staff already use managed accounts today, with almost half (45.8%) of multi-disciplinary firms using them too.

## Managed accounts can lead to improved business efficiency and better client outcomes through trading efficiency

For many advice firms the benefits of managed accounts have largely evolved around improvements in back-office efficiency and access to specialist managers and consultants. However, there is a growing consensus that managed accounts improve the customer experience as well.

The benefits of managed accounts fall into two buckets. The first is improved back-office efficiency (75.7% of advice firms cite this benefit); and the second is better client outcomes, through better trading efficiency (65.5%), better client engagement (41.9%), improved tax outcomes for clients (37.2%) and providing clients an improved understanding of what they are investing in (35.8%).



What business and client benefits do you receive from using managed accounts (of those that use them)?

Business benefits

75.7%

Improved efficiency

6.8%

Additional revenue stream

Client benefits

65.5%

Better trading efficiency

41.9%

Better client engagement

37.2%

Better tax outcomes for clients

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35.8%

Clients have improved understanding of their investment portfolio

24



## Portfolio construction at scale with managed accounts

### In focus: The client benefits of managed accounts.

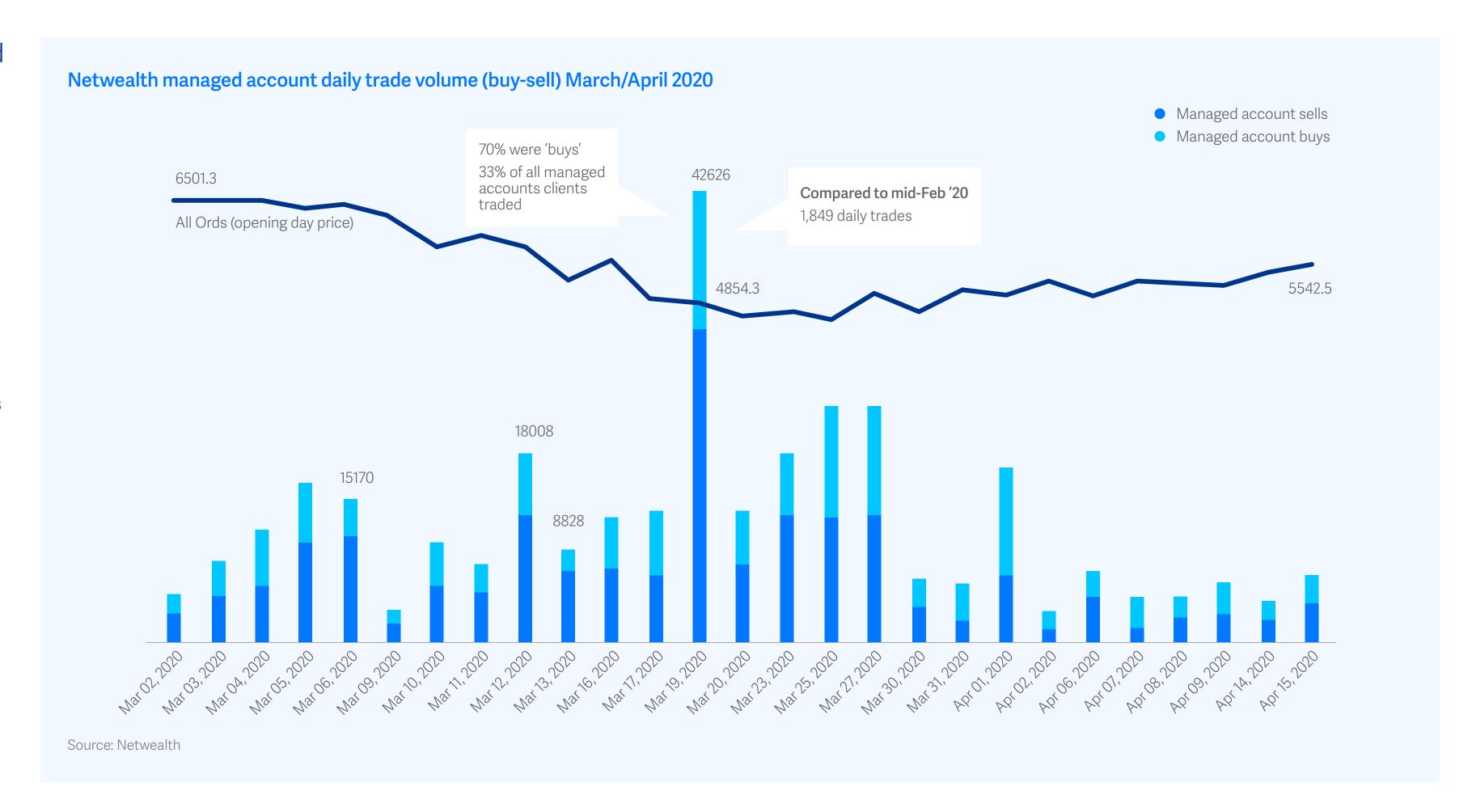
Almost seven in 10 advice firms who use managed accounts identify better trading efficiency as a benefit to clients. In essence, with managed accounts, all clients are treated equally and consistently from an investment perspective, irrespective of their wealth. Managed accounts democratise investing for all clients delivering a better client experience to all.

This was best highlighted at the beginning of the pandemic in 2020.

On March 19, 2020, when the S&P/ASX All Ordinaries Index dropped under 5,000 points, Netwealth saw a 20-fold increase in managed account trade volumes from the previous month (1,849 compared to 42,626). Of these, 70% were buy orders, as managers of model portfolios sought to take advantage of opportunities.

On March 19, trades were undertaken on behalf of one in three Netwealth account holders who had managed accounts.

In a volatile market, where investment decisions and execution need to be implemented rapidly, managed accounts allowed advice firms to make investment decisions at scale, which can potentially benefit many of their clients, not just a few.





## Portfolio construction at scale with managed accounts

### Asset class and investment options explode within managed accounts.

The evolution of managed accounts technology over the past five years has also allowed for an explosion in the types of asset classes and investment options that can be used to construct a managed account model portfolios. From what began as largely ASX-listed securities models, managed account models are now more akin to institutional-style multi-asset-class portfolios.

For example, managed account model managers use ETFs, adopt ESG tilts, sometimes use fewer liquid assets and use managed funds to gain different exposures.

This delivers on another significant client benefit, that is, managed accounts now offer greater richness in asset options.

### They can be personalised to fit the needs of the client.

Finally, most managed account technology providers allow for personalisation at scale with the ability to swap out individual investments for others.

For example, some clients may have strong environmental, social and governance (ESG) beliefs. For them, it is possible to add or remove specific assets in their managed account to help them achieve their goals.

Another scenario, which occurs quite frequently, is where a director of a listed company cannot trade in the stock of their own company. A managed account can exclude certain holdings to ensure these individuals continue to meet their obligations as directors.

Managed accounts are not, of course, a solution for all advice and investment situations, However, they are an attractive option as they not only can drive better operational efficiency, but may deliver superior client outcomes.



The demand for ESG investing is real, with almost one in three (31.6%) Advisable Australians actively considering environmental, social and governance (ESG) factors when making investment decisions.





## Don't let the finfluencers eat your lunch – educate clients with content marketing

## Social media influencers are educating the market in unexpected ways.

Social media has changed the way a generation receives news, entertainment and even their financial information.

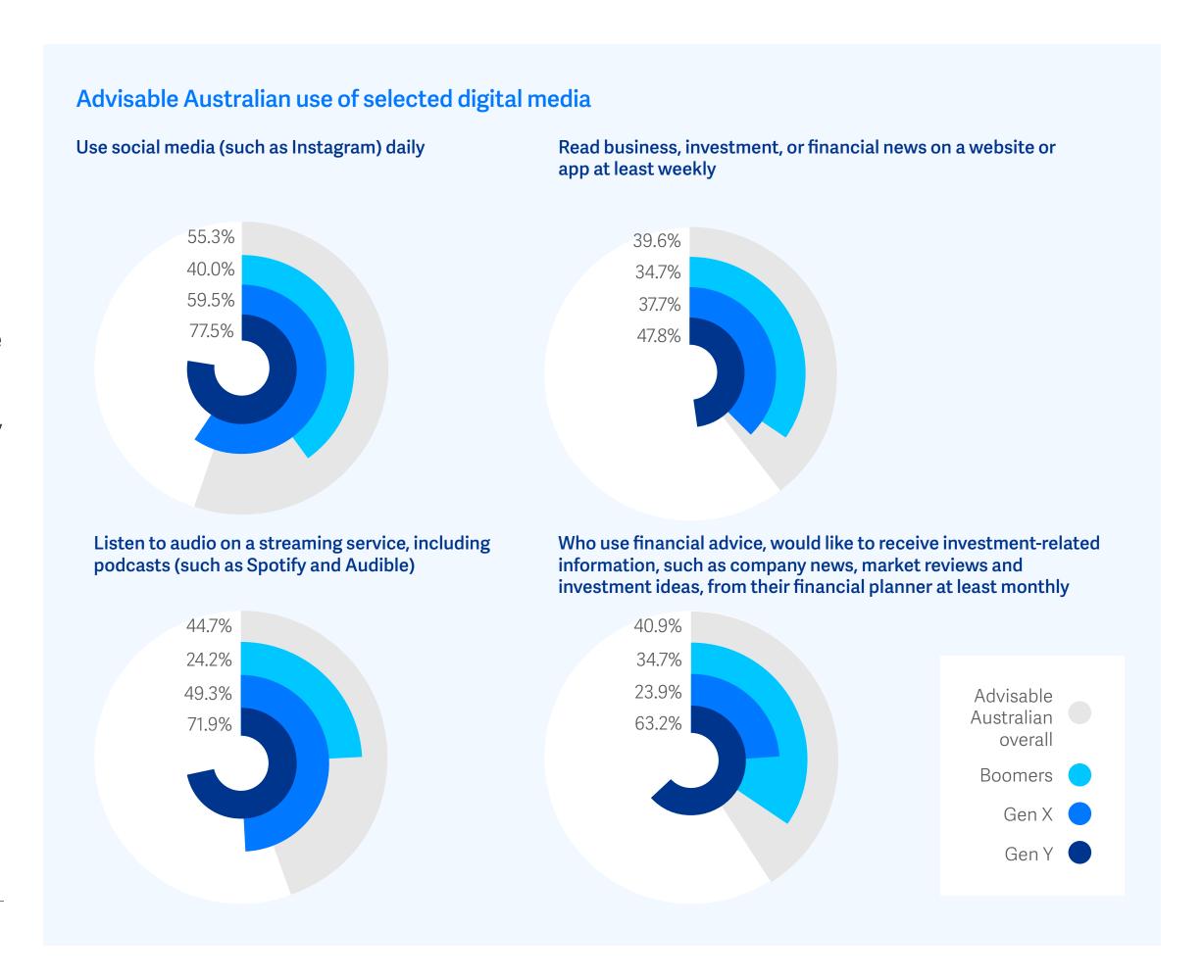
In a world where Elon Musk is peddling Bitcoin and cryptos, Reddit followers are speculating on US securities and finfluencers like @investwithqueenie (The Gen Z Queenie Tan) are providing financial "advice" on Instagram, it's critical that financial advisers continue to have a voice.

This is just the beginning of a wave of bite-size financial information that is becoming more available and more digested by Australian consumers, especially younger ones.

Some of these social "finfluencers" illustrate starkly the dangers of misinformation masquerading as "advice" that is not regulated and is sometimes questionable in intent.<sup>1</sup> But perhaps the rise of these "finfluencers" highlight the latent demand for financial information and education, potentially fueled as Australians' interest in investing and investment-related information spikes, especially younger generations.

According to our research, almost one in 4 (39.6%) Advisable Australians (and 47.8% of millennials) read business, investment, or financial news on a website or app at least weekly – and 18.2% (19.2%) on a daily basis. More than half (55.3%, 77.5% of millennials) use social media (such as Instagram) daily.

And for those Advisable Australians receiving advice, 40.9% (63.2%) want to receive investment-related information, such as company news, market reviews and investment ideas, from their financial planner at least monthly.



<sup>1</sup> https://www.news.com.au/finance/money/investing/financial-influencers-could-be-fined-133000-for-dud-tips-regulator-warns/news-story/9bbfbdb4851a740dd72b465ddeef42ee



## Don't let the finfluencers eat your lunch – educate clients with content marketing

## There are numerous options and benefits in creating educational content.

Fortunately, properly qualified advisers are also moving into this space.

They are picking up on current trends and using podcasts, YouTube channels and even eBooks to deliver sound information and advice to address this gap.

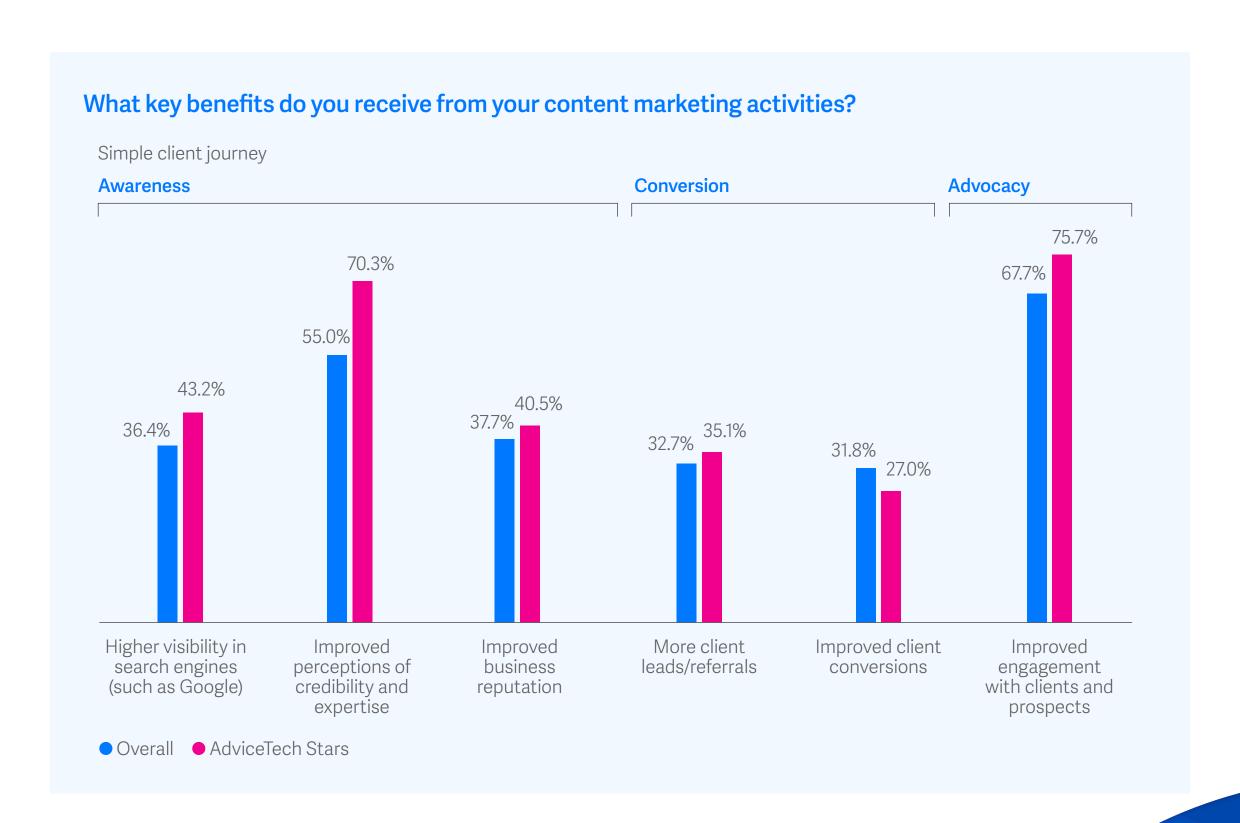
These savvy advice firms are creating educational content as a marketing tactic to drive new business and better engage with their existing clients.

For example, almost half (49.7%) of advice firms (66.7% of AdviceTech Stars) create articles for their clients. One in five (20.1%) of firms (35.6% of AdviceTech Stars) create videos, 13.2% (20.0%) run webinars for their clients, 10.1% (22.2%) publish whitepapers and 7.8% (13.3%) stream podcasts.

### Capitalising on the latent need for advice with content marketing

Most advice firms that use content marketing tactics indicate that it's a powerful tool in improving perceptions of credibility and expertise (55.0% of firms and 70.3% of AdviceTech Stars) and many say it helps improve their reputation (37.7% and 40.5%). Ultimately for more than one in three, this leads to higher visibility in search engines (31.8% and 27.0%) and more client leads/referrals (32.7% and 35.1%).

Content marketing can also build client advocacy by virtue of the perception of increased adviser/ client engagement, with the majority of advice firms (67.7% and 75.7% of AdviceTech Stars) indicating this as a benefit.





## Don't let the finfluencers eat your lunch – educate clients with content marketing

## Creating content is the first step, getting people to consume it is the second.

It's important to put your content where your clients are. Advice firms, like most businesses, use a mix of tactics to distribute and promote content to clients and prospects.

### Content marketers often refer to the methods of distribution via:

#### 01. Owned media

(for example, via their blog or email database)

#### 02. Earned media

(for example, via mentions on social media or in the press), and

#### 03. Paid media

(for example, via advertising on Facebook).

#### 01. Owned media

A very high majority (95.5% of firms and 94.6% of AdviceTech Stars that use content marketing tactics) distribute content via email to their own database. It's important to maintain regular contact with clients, but not to the point of annoying them by sending too many emails. The majority of practices (53.6% compared to 61.1% of AdviceTech Stars) send emails of an educational nature at least monthly.

Imagine the great impression a prospect can get when visiting your website for the first time and being presented with a range of insightful pieces of content.

Almost half of advice firms that use content marketing (49.1% compared to 59.5% of AdviceTech Stars) house content on their company website or blog. It's being updated with fresh content on a weekly basis by 14.1% of content marketing advice firms (22.2% of AdviceTech Stars) and at least monthly by 41.4% of firms (60.0% Stars).

#### 02. Earned media

Social media is "earned" because people like, share and perhaps follow your content as a result of being engaged with it. Almost half (46.8% vs 54.1% of AdviceTech Stars) use social media to distribute their content.

Again, it's important not to annoy your followers by over-posting.

For AdviceTech Stars, there's been a near-doubling (from a low base) in the number of them that post daily, from 3.6% in 2020 to 6.7% this year. And more than two in five (42.2%) post to social media at least weekly, proving there is value in communicating regularly.

Contrary to this, advice firms in general are posting less with the frequency in daily or weekly social posting having declined slowly but steadily over the past four years, from 34.4% in 2018 to 24.7% in 2021.

Social media platform trends have shifted as well. Facebook was and still is the most popular (88.6% use), but LinkedIn usage has fallen (to 59.2% from 65.4% in 2020) as has Twitter usage (to 13.7% from 21.6% in 2020).

Instagram has grown in popularity among firms, steadily increasing in the past four years. Usage was 26.5% in 2020 compared to 32.7% this year.

AdviceTech Stars are also moving away from using LinkedIn (from 90.9% last year to 74.3% this year) and Twitter (22.7% last year compared to 14.3% this year) and shifting to Facebook (68.2% used it in 2020 compared to 88.6% this year) and Instagram (up from 40.9% to 45.7% this year).

For those interested in podcasting, syndication through services such as Spotify or Apple iTunes is important (used by 16.2% of AdviceTech Stars and 6.4% overall).

#### 03. Paid media

Paid advertising (such as Google and Facebook advertising) is another tactic used by content marketing AdviceTech Stars (16.2% usage versus 9.5% usage by firms overall).

The most popular methods of paid online and mobile advertising are Facebook advertising (used by 68.2% of advice firms who advertise online), Google paid search (50.0%), Google display network (20.5%) and LinkedIn paid advertising (15.9%).

Typically, firms that advertise online spend \$500 or less per month (45.5%), whilst a quarter (25.0%) spend between \$500 and \$1,000 per month, and a further 11.4% spend up to \$5,000 per month. Obviously not all of this is spent on distributing content, but it can be a valuable guide.

#### Reporting on success

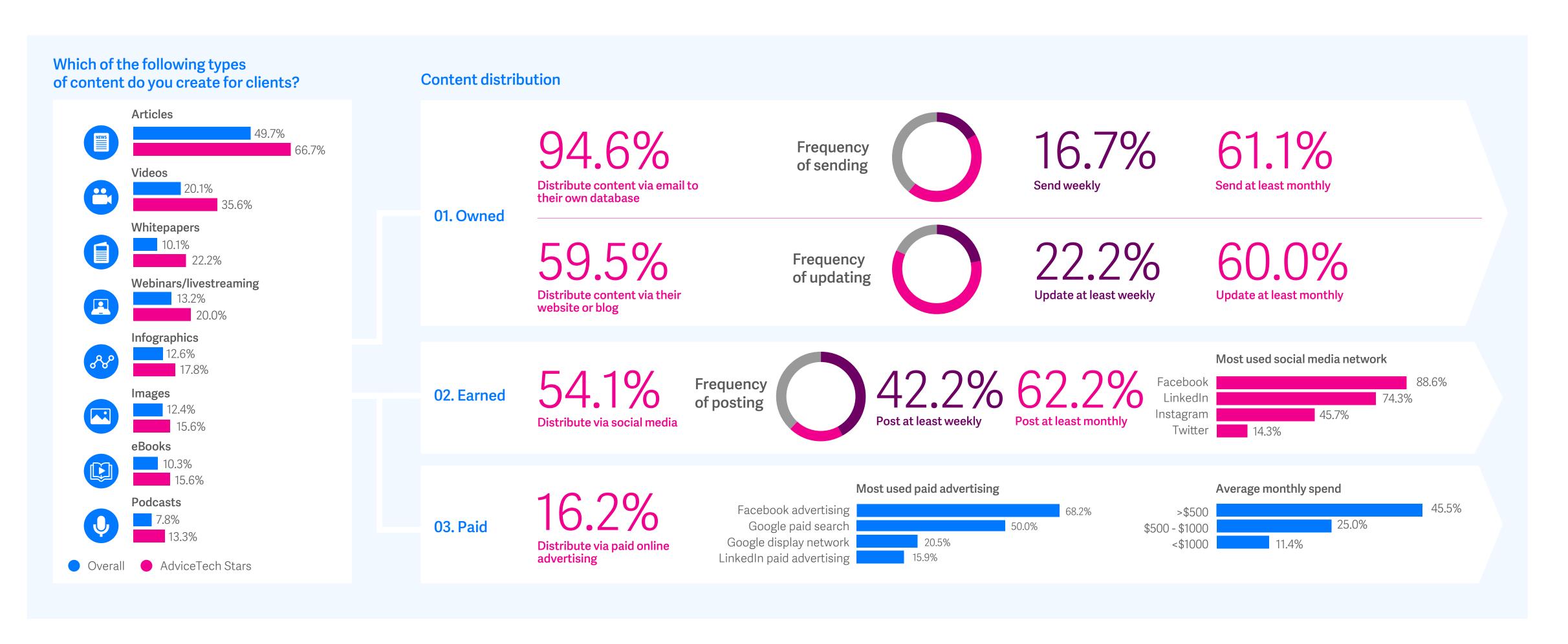
Most marketers love to test and learn, because it is very hard to always predict what content will resonate with an audience.

Almost one in five (17.0%) firms overall and 28.9% of AdviceTech Stars use technology to regularly track the success of their content marketing activities. A further 18.1% of firms overall and 22.2% of AdviceTech Stars sometimes use tech to track these efforts.

This is crucial for fine-tuning and improving effectiveness of content marketing campaigns.



## Don't let the finfluencers eat your lunch – educate clients with content marketing







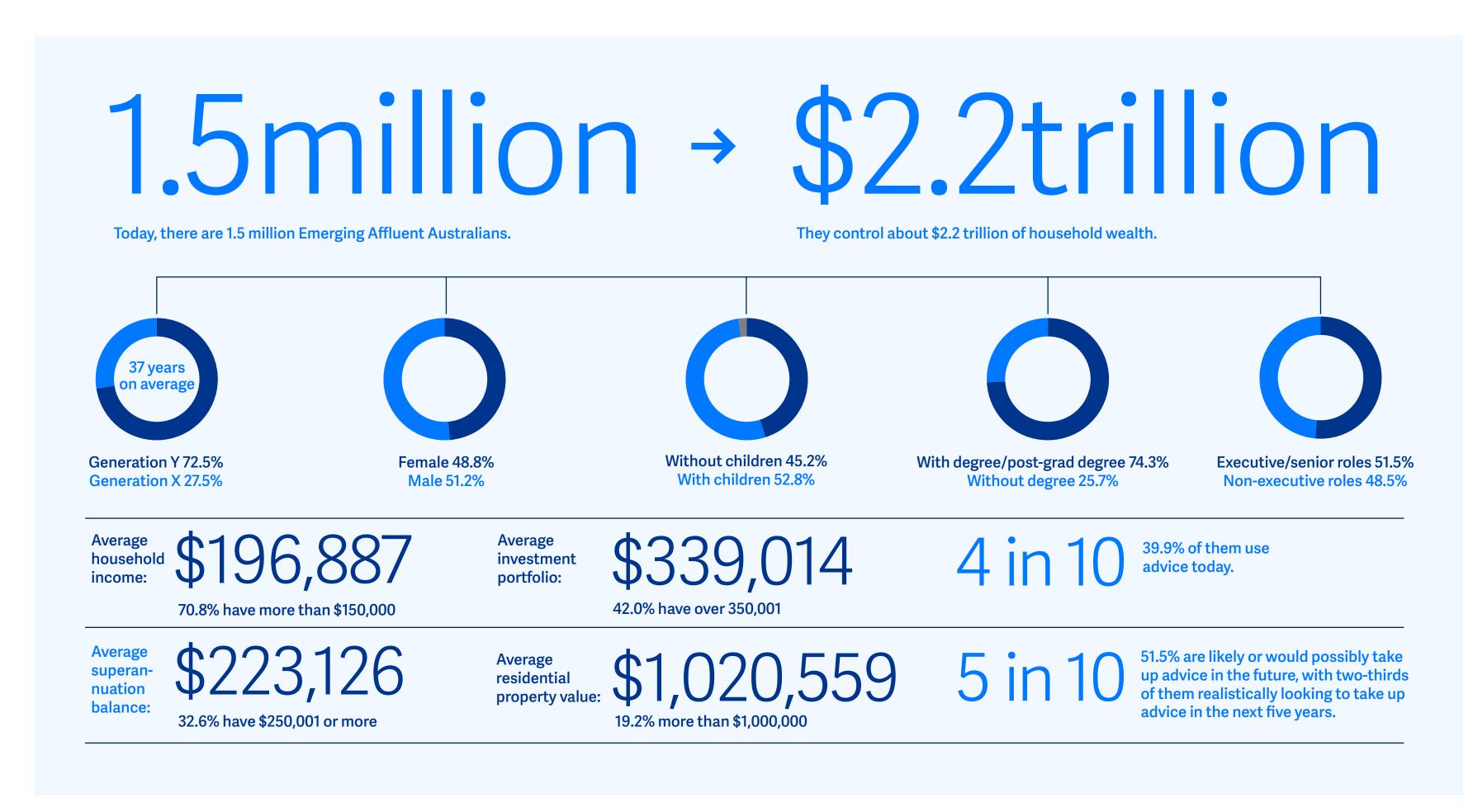
## The Emerging Affluent – an important group of Millennials

The Emerging Affluent are a segment of Advisable Australians with higher-than-average incomes and a strong appetite for investing, who can make ideal clients for financial advisers.

Netwealth's The Emerging Affluent: Fight for Future Market report outlined an interesting and critical new client segment we call The Emerging Affluent.

Unlike Baby Boomers, the Emerging Affluent are younger, typically Gen Y individuals with an average of 37 years. They are digital natives with higher-than-average incomes, household wealth that is growing, a solid understanding of financial concepts and a strong appetite for investing. They are also the group set to inherit significant wealth from their Baby Boomer parents.

Today, there are 1.5 million Emerging Affluent Australians, controlling about \$2.2 trillion of household wealth.





## The Emerging Affluent – an important group of Millennials

## They are digital natives with high digital service expectations.

Given the Emerging Affluent are mostly Gen Y and have grown up as digital natives, they value and have very high usage of internet, mobile and digital services.

Eight in 10 (84.7%) say they are extremely or very confident using technology and digital services.

They are also more likely to access the internet on mobile devices for non-work activities, with almost half (45.8%) using their mobile phone exclusively for this purpose.

### It's not surprising that we see the Emerging Affluent:

- Utilise internet searches the most (86.3% daily)
- Use social media regularly (73.9% daily)
- Frequently access online messaging apps or websites (73.4% daily).

## But the biggest variance in digital behaviours can be seen through the following communication channels:

- Almost half (46.5%) look at their banking app or portal daily
- More than half read business, investment, or financial news on a website or app at least weekly (61.2%)
- Half view and manage their superannuation using a website or app at least monthly (50.5%)
- Nearly half (43.1%) manage their investments using an online broking service at least monthly
- More than three-quarters (76.5%) use streaming services like podcasts weekly
- More than three-quarters (76.6%) use video meeting apps or websites weekly.



Eight in 10 (84.7%) say they are extremely or very confident using technology and digital services.





## The Emerging Affluent – an important group of Millennials



## The Emerging Affluent – an important group of Millennials



Whether the Emerging Affluent is managing their wealth online, ordering a pizza from Domino's or streaming a movie on Netflix, as customers they expect every experience, including that with their financial adviser, to be digitally led.

For this group, you should consider doubling-down on your digital endeavors as the Emerging Affluent might be your potential future clients.

### There are two areas to focus your digital efforts for the Emerging Affluent:

- **01.** The method of marketing, building trust and acquiring them.
- **02.** The way you engage, deliver advice and nurture your ongoing relationship.

#### 01. Marketing to the Emerging Affluent

Online reviews and ratings go a long way to winning the confidence of an Emerging Affluent client, with 38.5% of them placing it in the three most important things when choosing a financial planning practice.

But more importantly, around half (49.7%) of the Emerging Affluent rank a firm's digital offering in the three most important things when selecting a financial planning firm.

### Emerging Affluents say a firm's digital offering should be demonstrated via:

- A good app or client portal (16.9% want this)
- A good website (13.9%)
- A good social media presence (9.9%)
- Articles, podcasts, videos or other online content (9.0%).

#### 02. Delivering advice digitally to the Emerging Affluent

The digital delivery of advice to the Emerging Affluent will be a key part of their service expectations.

Technology plays an important role in facilitating contact to the Emerging Affluent when and where they need it.

For initial meetings, the Emerging Affluent are like any other client, they prefer an initial meeting to be face-to-face (79.1%). However, once that relationship is established, we see a shift. For subsequent meetings where important advice matters are discussed, online meetings (34.6%) are almost as popular face-to-face meetings (40.9%).

They are also looking for their advice firm to provide them self-service tools, via a client portal – most likely through a mobile app.

### They highly or somewhat value the convenience of using their client portal or mobile app to:

• Access performance on their investments (92.7%)

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- Track progress to their financial goals (87.9%)
- Approve or sign financial documents (86.1%)
- Chat/meet with their financial planner (85.5%)
- View total household balance sheet (84.9%)
- Securely store and access financial documents (82.6%)
- Access relevant financial educational materials and tools (81.6%)
- Track spending and budget (81.1%).



#### **Opportunity #6**

# How to become an AdviceTech Star, through rationalisation and optimisation

# AdviceTech Stars are role model firms that are worth aspiring to.

In the 2020 Netwealth AdviceTech Research Report we took a deep dive into the AdviceTech Stars and how these firms operate. Based on our established methodology for identifying AdviceTech Stars we have done the same this year and found that the number of AdviceTech Stars is growing.

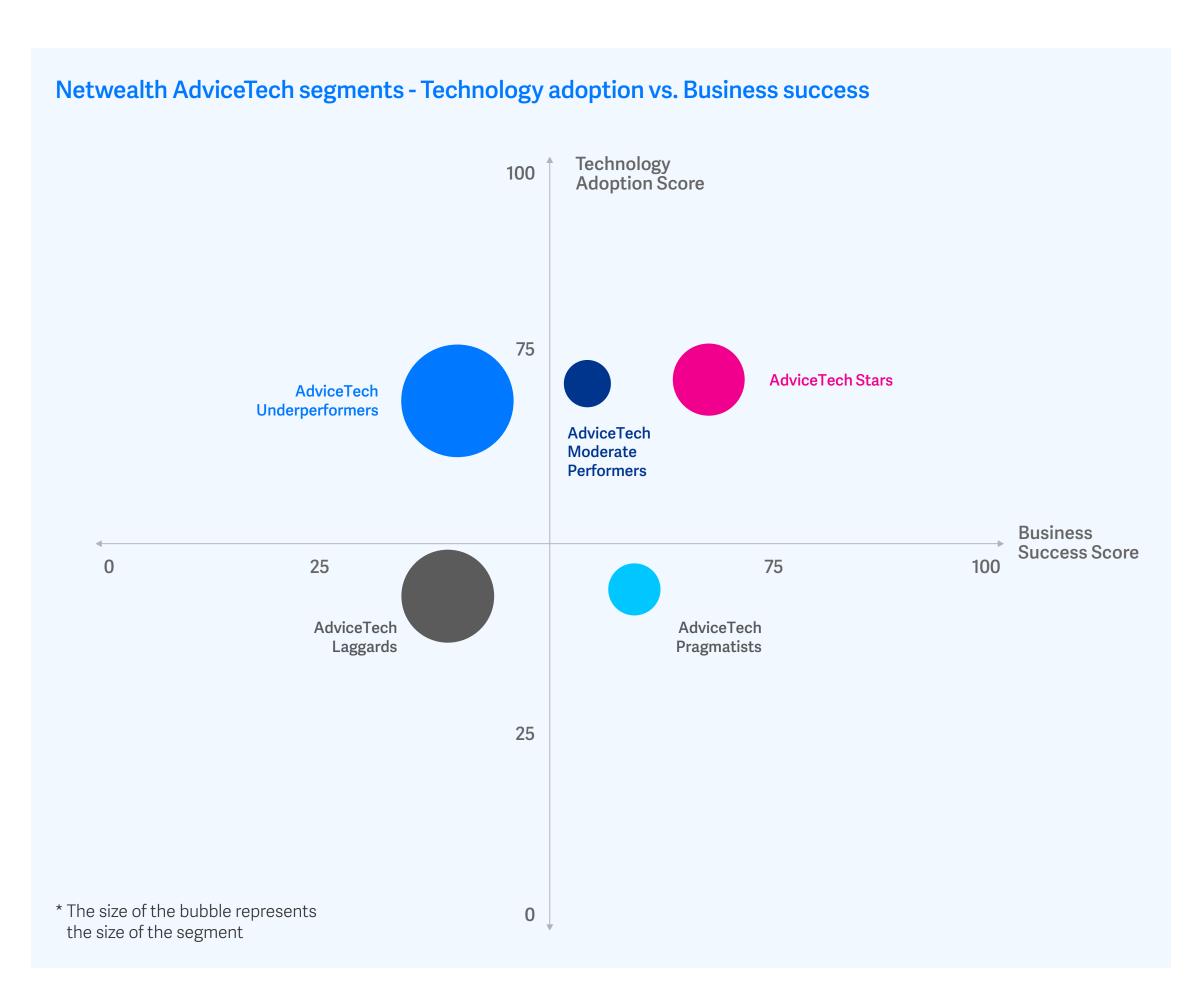
More and more practices are extensively embracing technologies and implementing them in ways that bring business benefits to their practice.

On average AdviceTech Stars score 73.0 out of 100 (compared to 61.6 overall) when we calculate their technology adoption score. This score reflects the number of technologies a practice uses, what they are considering implementing in the short term and how they manage and invest in technology.

When we calculate their business success score, AdviceTech Stars on average achieve 67.9 out of 100 (compared to 46.9 for advice practices overall). This score reflects a practice's funds under advice (FUA) and revenue growth or decline from the previous year, a ratio of FUA to active clients and to length of business operation.

The proportion of advice practice we describe as AdviceTech Stars has increased from 12.1% of all practices in 2020 to 16.5% in 2021 as an increasing number of practices take advantage of the technologies deployed.

But at the same time, there has been an increase in the practices we describe as AdviceTech Underperformers, from about a third (33.8%) of all practices in 2020 to 40.2% in 2021. For these practices it seems clear that adopting technology has not been as rewarding or successful. They may not be selecting the right technology for the job in the first place, or they may not have had the time (or lack the expertise) to implement it properly. Either way, the proportion of underperformers in the industry has increased since last year.



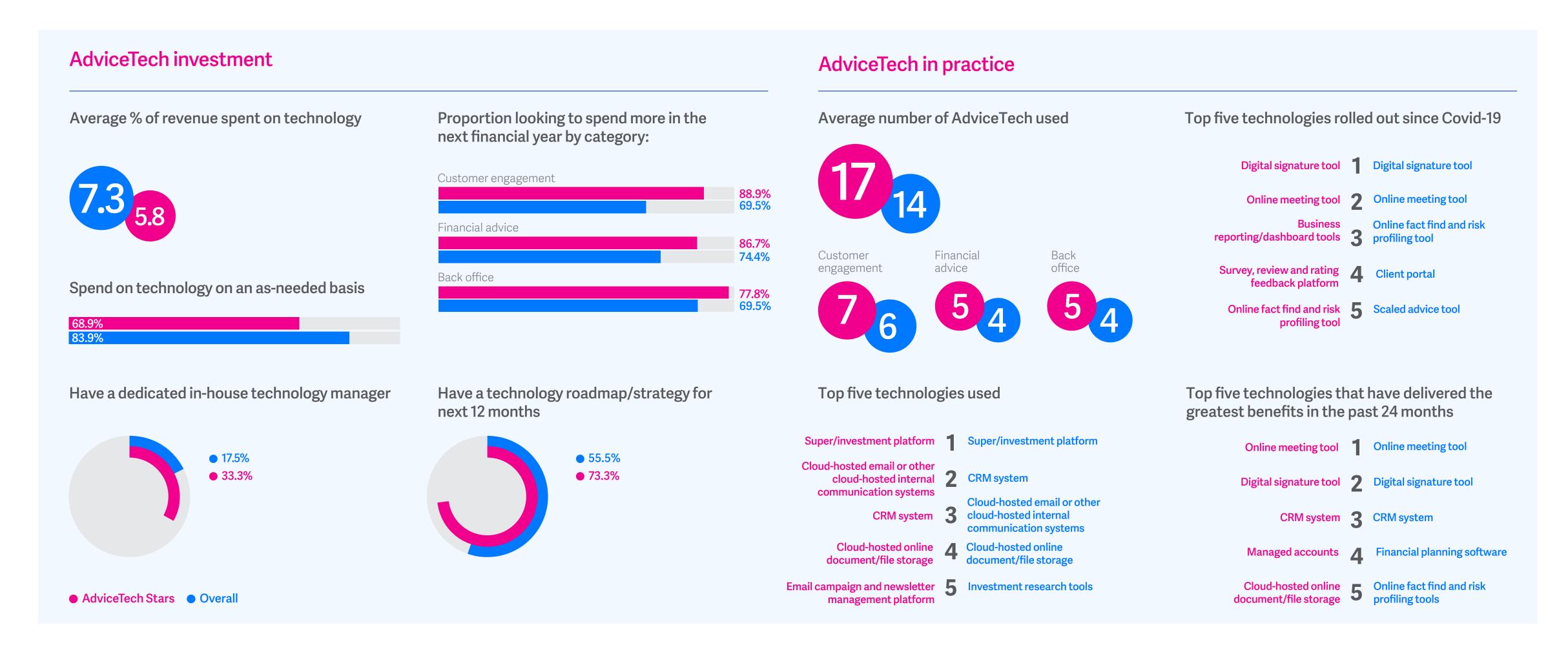
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#### A 1 2 3 4 5 6 B

# How to become an AdviceTech Star, through rationalisation and optimisation



73.0 Technology Score (Average)
vs 61.6



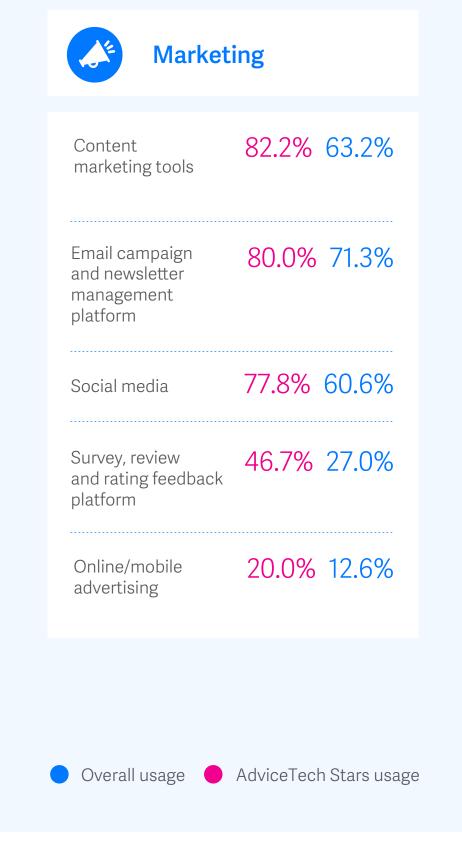


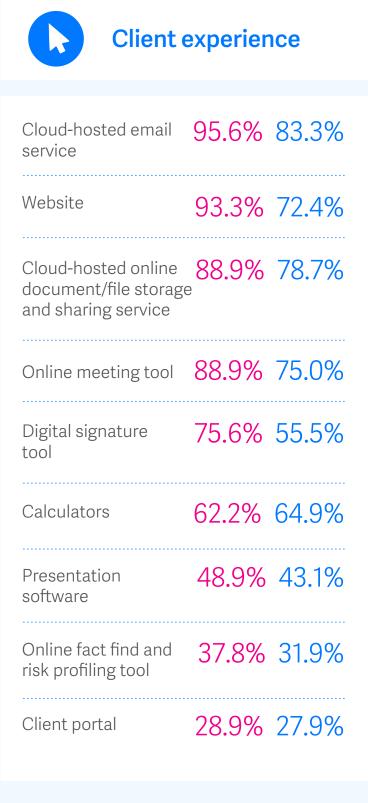
# How to become an AdviceTech Star, through rationalisation and optimisation

AdviceTech Stars are showing the way forward in how to create great digital experiences for clients.

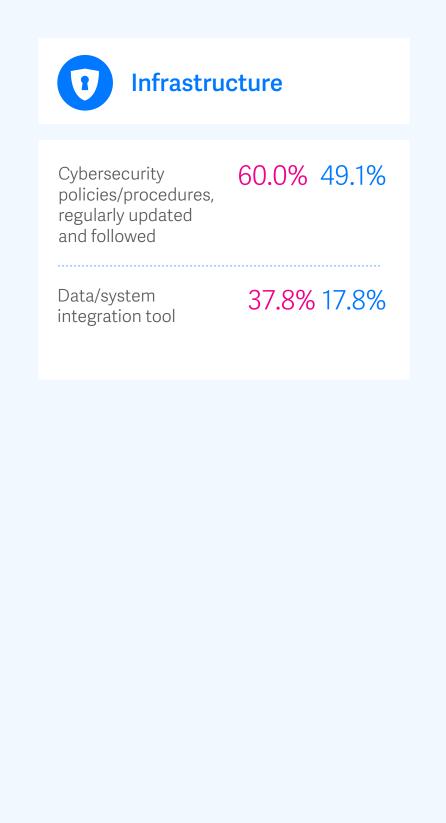
In terms of digitising the client experience, AdviceTech Stars rely on a suite of somewhat integrated solutions, combining client engagement tools like client portals and email marketing systems and advice technologies like platforms, CRMs, managed accounts and scaled advice.

#### Client experience AdviceTech Stack





Client administration				
97.8% 92.8%				
93.3% 90.2%				
51.1% 42.5%				
48.9% 34.5%				
48.9% 30.7%				
34.1% 25.4%				
31.1% 26.4%				
24.4% 14.9%				





# How to become an AdviceTech Star, through rationalisation and optimisation

# AdviceTech Stars invest more time and resources in getting it right.

A proliferation of technology choices is arguably making it more difficult to get AdviceTech decisions right, but we have noticed that AdviceTech Stars generally do a better job of avoiding tech budget blow-outs and potentially overcomplicated systems.

Overall, they allocate 5.8% of their revenue to technology expenditure, compared to 7.6% of AdviceTech Underperformers and 7.3% overall.

AdviceTech Stars are more likely to be better at selecting the right technologies, spending money efficiently, and deploying and applying tech to improve business and advice efficiency.

#### These are some of the ways they do it:

## 01. Simplification of the AdviceTech stack, through integration and centralised customer data

On average AdviceTech Stars use 17 technologies in their practices, with almost two in five (37.8%) using technologies to integrate disparate systems and databases (compared to 17.8% overall).

AdviceTech Stars prioritise the following client data they do integrate today or want to integrate within the next 24 months:

- Client details (80.0% do integrate or want to integrate)
- Fee and revenue information (77.8%)
- On-platform assets or portfolio holdings (68.9%)
- Insurance information (66.7%)
- The advice service agreement (64.4%)
- Banking and other financial institution information (64.4%)
- Super/SMSF information (64.4%)

# 02. Plan and resource technology execution properly

AdviceTech Stars are more likely to have a roadmap for the next 12 months (73.3% of AdviceTech Stars compared to 55.5% overall), for the next two years (57.8% compared to 39.1% overall) and even beyond (40.0% vs 27.3% overall).

We also see that AdviceTech Stars are more likely to have a dedicated in-house technology manager (33.3% vs 17.5% overall) and a dedicated technology budget (31.1% vs 16.1% overall).

Both are clear signs of better resource planning. In fact, the number of AdviceTech Stars who have a dedicated in-house technology manager has increased from 28.6% last year to 33.3% in 2021, highlighting how seriously better performing advice practices take the matter of managing technology resources.

## 03. Decision makers take the time to educate themselves on technologies

The most common barrier for advice practices in selecting and implementing technologies is that they often do not have enough time to understand and explore their options (39.1% of firms overall say this).

However, AdviceTech Stars are spending the time, with only a quarter of them (24.4%) saying they don't have time to understand or explore options, decreasing from 35.7% last year.

They're putting more time and effort into understanding current, new and emerging technologies available. AdviceTech Star's top four sources for this information is from: technology vendors and suppliers (increased to 71.1% from 57.1% last year), industry/professional associations (46.7%), external consultants/specialists (42.2%) and licensee/dealer groups (33.3%).





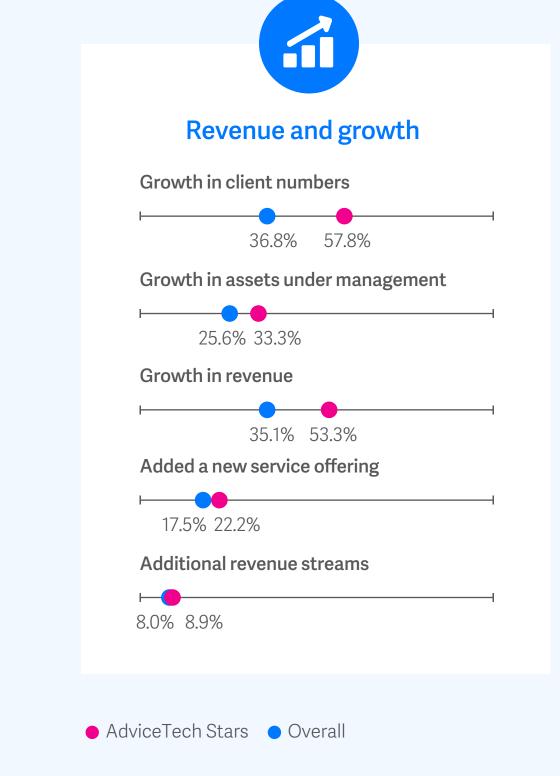
# How to become an AdviceTech Star, through rationalisation and optimisation

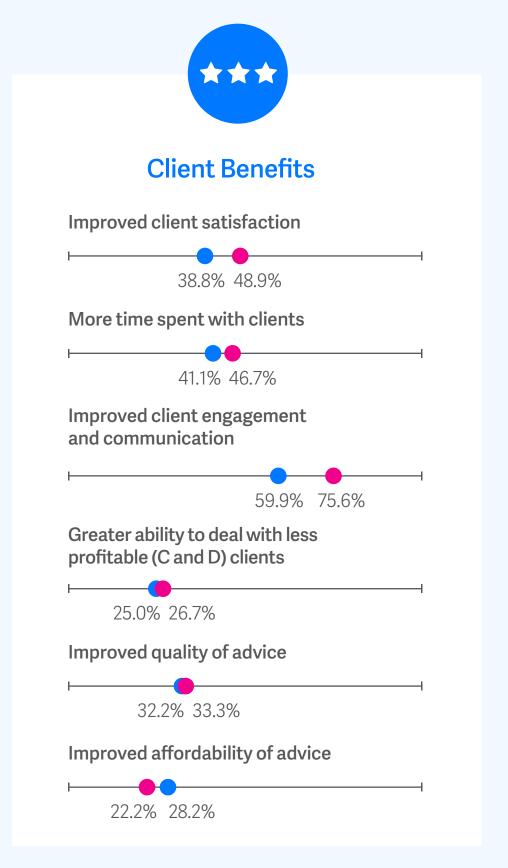
# AdviceTech Stars see greater benefits from technology.

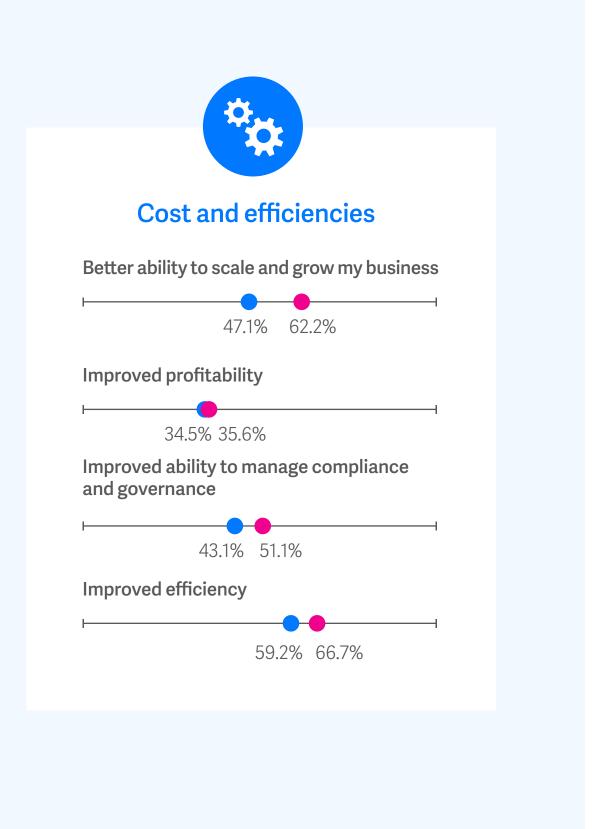
Through the use of technology, AdviceTech Stars enjoy client benefits (such as improved engagement, with 75.6% of AdviceTech Stars benefiting), revenue and growth benefits (such as growth in client numbers, with 57.8% benefiting) and achieve cost and efficiency benefits (such as the ability to scale and grow, enjoyed by 62.2% of AdviceTech Stars).

This is the opportunity for all advice firms if they put in the effort now to optimise and evolve their AdviceTech stack.

In what ways did your business benefit from technology in the financial year ended June 2020?







A 1 2 3 4 5 6 B Part B AdviceTech 2021 Supplier's Guide A buyer's guide to AdviceTech



# The AdviceTech landscape

Your guide to AdviceTech suppliers across 29 categories.

Technology	Currently use (%)	Plan to use within 24 months (%)	Total use or plan to use (%)	Most used suppliers	
Accounting software	52.0%	2.9%	54.9%	Xero, MYOB, Reckon, Quickbooks	
Business reporting/dashboard tools	27.6%	35.9%	63.5% CRM reporting tools, Microsoft Excel, Power BI, Google Analytics		
Cashflow, budgeting and account aggregation tool	30.7%	30.2%	60.9%	60.9% MyProsperity, Microsoft Excel/Google Sheets, Moneysoft	
Client data reporting/dashboard tool	27.9%	37.4%	65.3%	CRM reporting tools, Microsoft Excel, Power Bl, Google Analytics	
Client portal technology	27.9%	35.1%	63.0%	CRM/financial planning software, Dedicated client portal software, Super/investment platform	
Cloud-hosted email service	83.3%	4.9%	88.2%	Microsoft Office 365, Zoom, Google Suite (Gmail)	
Cloud-hosted online document/file storage and sharing service	78.7%	8.6%	87.3%	Microsoft OneDrive, Xplan, Dropbox, Sharepoint, Google Drive	
Commissions management software	54.9%	12.1%	67.0%	Commpay, Worksorted, Revex, Paylogic, Microsoft Excel	
Content marketing tools	63.2%	-	63.2%	-	
CRM system	90.2%	6.6%	96.8%	Xplan, Worksorted, AdviserLogic, Midwinter, Salesforce	
Data/system integration tool	17.8%	29.9%	47.7%	Xeppo, Microsoft Excel, Zapier	
Digital signature tool	55.5%	33.3%	88.8%	DocuSign, Adobe, MyProsperity, Netwealth Integrated eSignature	
Email campaign and newsletter management platform	71.3%	17.0%	88.3%	Mailchimp, Xplan, MS Outlook, Worksorted, Adviser Logic	
Investment research tool	71.8%	10.1%	81.9%	Morningstar, Lonsec, Zenith, Mercer, Chant West	
Managed accounts	42.5%	13.8%	56.3%	-	
Off-platform asset management	25.4%	-	25.4%	CRM System, Online broking/trading platform, Microsoft Excel/Google Sheets, Netwealth Xwrap	
Online fact find and risk profiling tool	31.9%	40.2%	72.1%	Astute Wheel, Xplan, Finametrica, MyProsperity, AdviserLogic	
Online meeting tool	75.0%	13.5%	88.5%	Zoom, Microsoft Teams, Skype, GoToMeeting, Webex	
Online/mobile advertising	12.6%	16.1%	28.7%	Facebook paid advertising, Google paid search, Google display network	
Presentation software	43.1%	27.9%	71.0%	Microsoft Powerpoint, Canva, Prezi, Google slides	
Scaled advice tool	26.4%	38.5%	64.9%	Xplan Prime, Astute Wheel, Midwinter AdviceOS, Plutosoft	
SMSF administration software	29.6%	8.3%	37.9%	BGL, Class Super, SuperConcepts	
Social media networks	60.6%	-	60.6%	Facebook, LinkedIn, Instagram, Twitter, Youtube	
Social media content management platform	14.9%	28.7%	43.6%	Buffer, Hootsuite, Zoho	
Super/investment platform	92.8%	2.3%	95.1%	Colonial First State, Netwealth, BT, Macquarie	
Survey and client feedback tool	27.0%	33.3%	60.3%	Survey Monkey, Adviserratings.com.au, Google reviews	
Task, activity and project management technology	68.7%	16.7%	85.4%	My CRM/Planning software, Microsoft Outlook, Microsoft Excel	
Tools and calculators to demonstrate strategies	64.9%	22.1%	87.0%	Xplan, Built in-house, Astute Wheel	
Website content management platform	34.5%	31.3%	65.8%	Wordpress, Wix, Squarespace	

Three in five of AdviceTech Stars (60.0%) use accounting software while half of the industry use this AdviceTech (52.0%). Usage has remained stable when compared to the previous 12 months.

#### Description

To manage accounts, track financial transactions and receive reporting and analysis of business financials.

#### **Benefits**

Increases efficiency in business operations; helps maintain budgets; and effective for managing staff payroll.

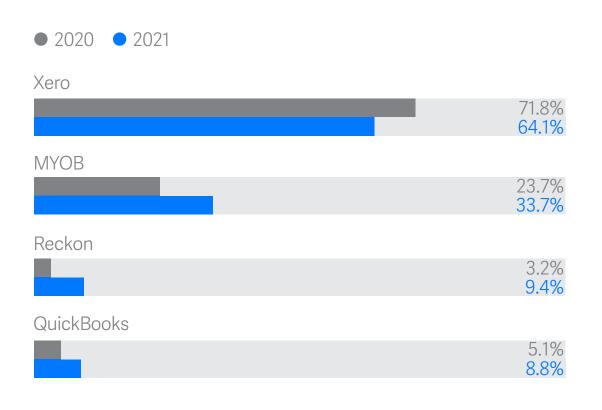
#### **Suppliers**

The most popular suppliers are Xero (64.1% of advice businesses use this AdviceTech) and MYOB (33.7 per cent). We have seen a slight resurgence of MYOB while Xero has taken a slight decline.

# Adoption Does your business use accounting software? Yes No, but plan to in the next 24 months No, and don't plan to in the next 24 months AdviceTech Stars 60.0% 40.0% Overall

#### Most popular suppliers







#### A 1 2 3 4 5 6 B

# Business and client reporting/dashboard tools

#### Usage

Almost half of AdviceTech Stars (44.4%) use dashboards to display business related data compared to only around a quarter (27.6%) of the overall industry.

It's similar for client related data, with 46.7% of AdviceTech Stars using dashboards to display this compared to 27.9% of the overall industry.

More than a third of the industry are looking to use digital/online dashboards or reporting tools to display business related data (35.9%) and client related data (37.4%) in the next 24 months.

#### **Description**

Technology that can be used to create interactive dashboards, reports and charts from data sets (sometimes from disparate sources).

#### **Benefits**

Helps to visualise data for analysis so people within a business can identify actionable insights or monitor key performance indicators. Highly configurable so numerous dashboards, reports and charts can be developed.

#### **Suppliers**

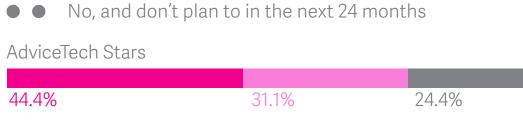
The most popular suppliers are CRM reporting tools (67.2% of advice businesses use this AdviceTech) followed by PowerBI (19.0%). A quarter (25.0%) manually create dashboards or use spreadsheets like Microsoft Excel.

#### Adoption

• Yes

Are digital/online dashboards or reporting tools used to display ...?

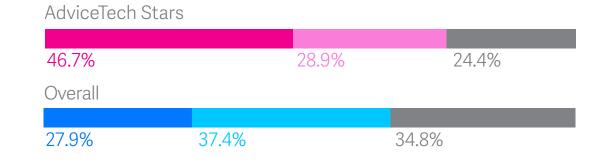
a) Important business-related data to better understand your business



• No, but plan to in the next 24 months

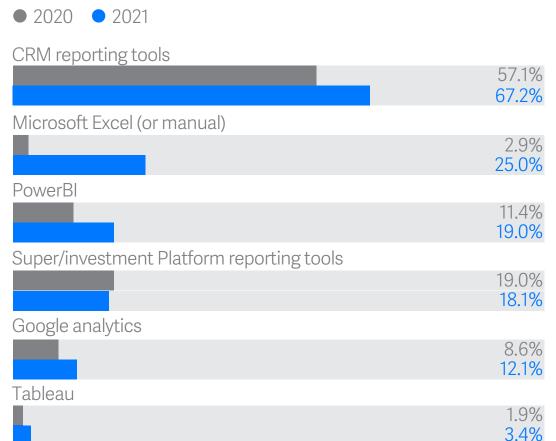


b) Important client-related data to better understand your clients



#### Most popular suppliers





# O Cashflow, budgeting and account aggregation tools

#### Usage

Almost a third (30.7%) of advice practices use cashflow, budgeting and account aggregation tools for client advice, similar to the previous year (31.3%).

AdviceTech Stars are more likely to use cashflow, budgeting and account aggregation tools at 48.9%.

#### **Description**

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

#### **Benefits**

Provides a new service offering for many advisers – particularly useful for younger generation of clients who are looking for help in saving. Helps clients keep savings on track; helps advisers to get a better understanding of a client's position; improves client engagement.

#### **Suppliers**

The most popular supplier remains MyProsperity (28.0% of advice businesses who use this AdviceTech) but their market share has declined. We find more businesses using a spreadsheet software like Microsoft Excel or Google Sheets (21.5%).

#### Adoption

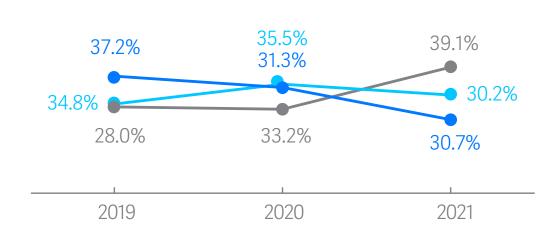
Does your business use cashflow, budgeting and account aggregation tools for client advice?

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

#### AdviceTech Stars 48.9% 24.4% 26.7% Overall 30.2% 30.7% 39.1%

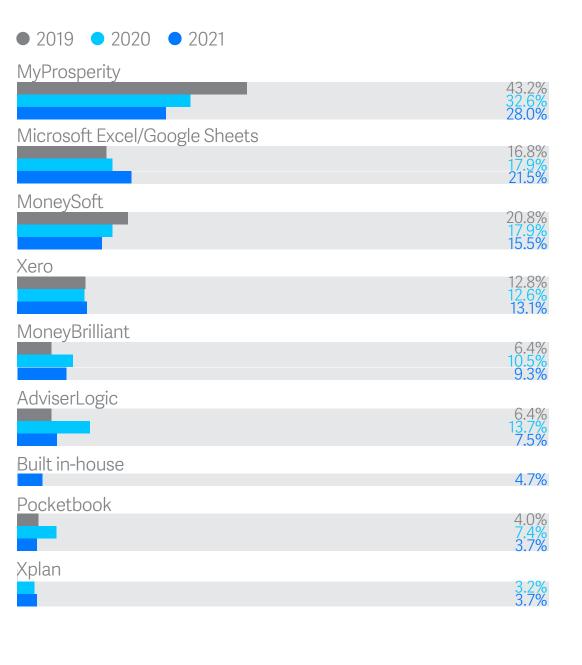
Overtime - Does your business use cashflow, budgeting and account aggregation tools for client advice?

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



#### Most popular suppliers

Advice businesses who use cash-flow, budgeting and account aggregation tools



Almost three in 10 (27.9%) of practices use client portals, increasing from 2020 (22.0%). Usage by AdviceTech Stars is similar (28.9%) however, those planning to use client portals in the next 24 months is significantly higher in AdviceTech Stars (62.2%) compared to the industry overall (35.1%).

#### **Description**

Provides secure online access for clients (or members) to engage and manage their super, investment and/or banking accounts via desktop or mobile. Key features include aggregation of accounts for reporting from multiple financial institutions, two-way messaging, fact-find and goal setting, cash flow and budget tracking, document vault, and investment consent and execution.

The most popular features that practices currently offer clients include access to performance reports on investments (52.6%), updating key personal information (48.5%) and the ability to view total household balance sheets (47.4%).

#### **Benefits**

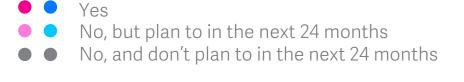
Central point of information for clients; improves client engagement; improves transparency; aids compliance; improves security; and provides access on-the-go to accounts via mobile phones apps.

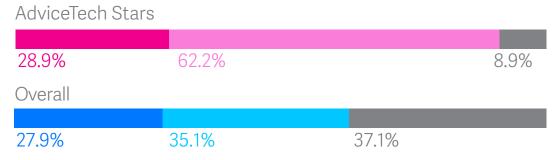
#### **Suppliers**

The most popular suppliers are the advice firms' own CRM (46.4% of advice businesses who offer client portals) followed by dedicated client portal software (25.8%) and super/investment platforms (18.6%) having grown from 11.9% in the previous year.

#### Adoption

Does your business use a client portal to improve client engagement?



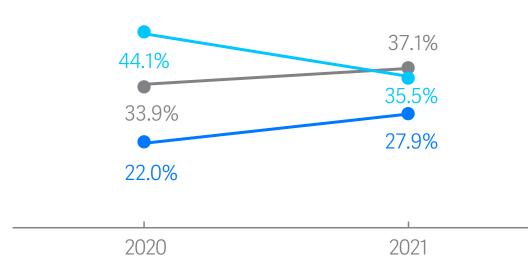


# Does your business use a client portal to improve client engagement?

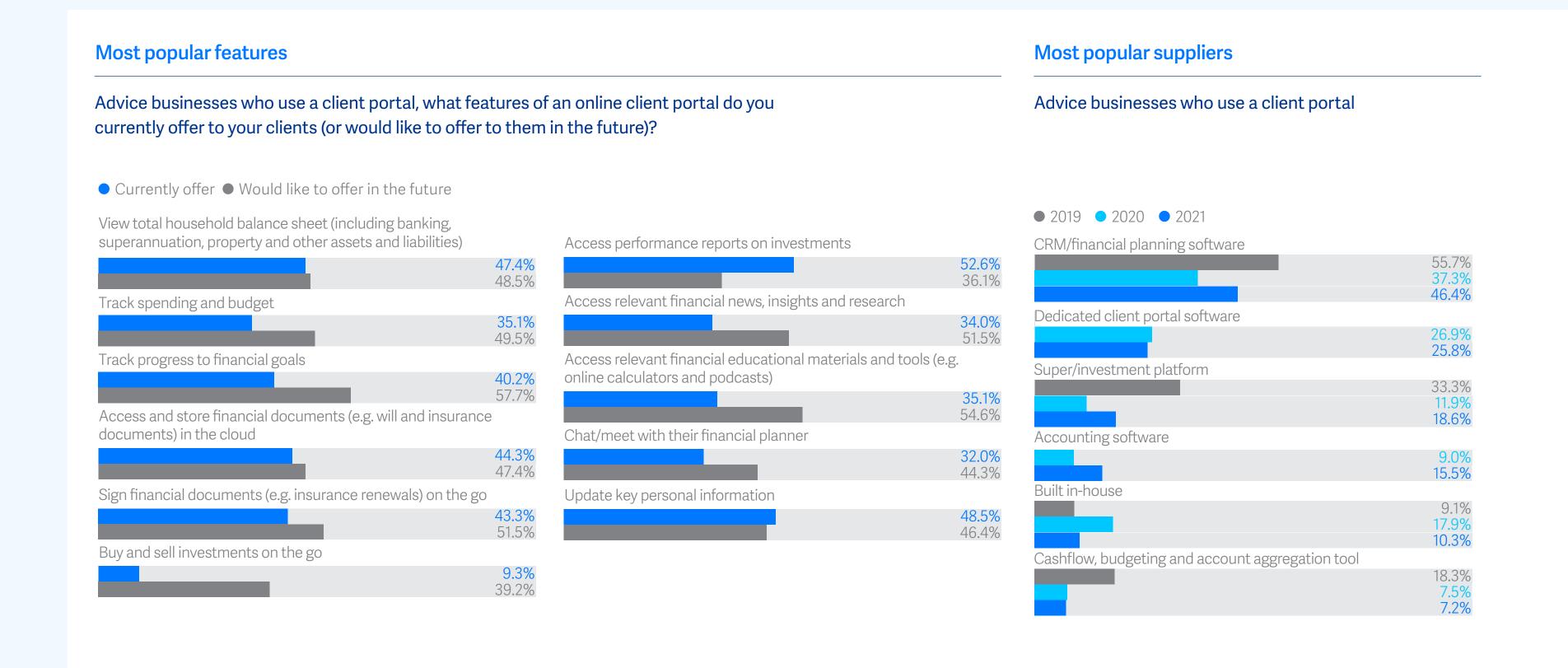








# 2021 AdviceTech Suppliers Guides Client portal technology





# Cloud-hosted email and communication technology

#### Usage

Nine in 10 AdviceTech Stars (95.6) utilise cloudhosted email or communication services. Eight in 10 (83.3%) practices in the overall industry use this AdviceTech. Usage has increased from the previous year where only 76.0% used this technology.

#### Description

Online access to office emails, instant messaging, video conferencing and calendars.

#### **Benefits**

Secure, browser-based, so can access it from anywhere; mobile access; subscription pricing plans available.

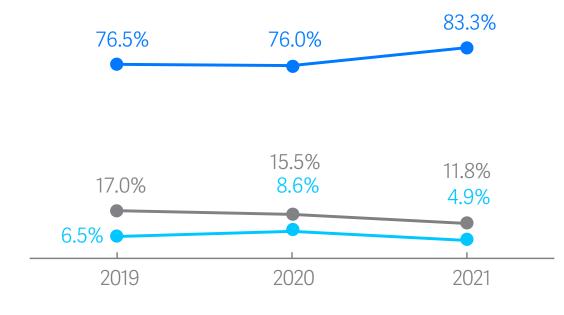
#### Suppliers

The most popular supplier is Microsoft Office 365 (90.3% of advice businesses who use this AdviceTech) which includes Microsoft Teams followed by Zoom (21.4%). Skype has seen a significant decrease in usage with only 3.1% of practices using it.

#### **Adoption**

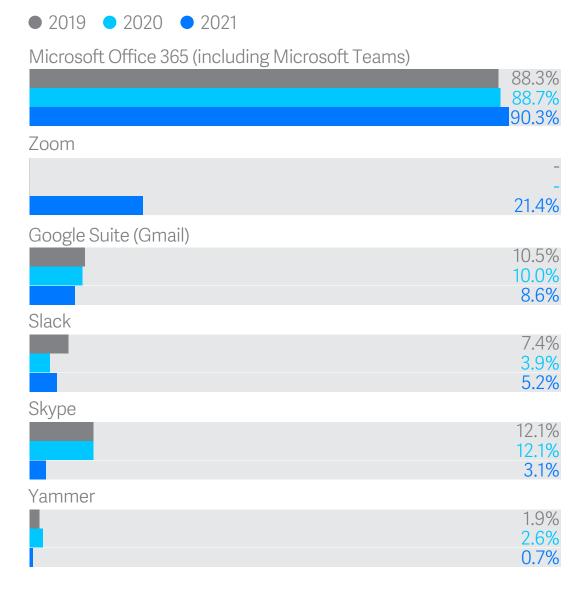
Does your business use cloud-hosted email or other cloud-hosted internal communication services (e.g. Office 365, Skype, Slack)?

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



#### Most popular suppliers

Advice businesses who use cloud hosted email and communication services







# Cloud-hosted document storage and sharing services

#### Usage

Almost eight in 10 (78.7%) of advice businesses use cloud-hosted online document or file storage services. The proportion of AdviceTech Stars who use this AdviceTech is higher at nine in 10 (88.9%).

#### **Description**

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

#### **Benefits**

Browser-based, so can work on files from anywhere; simplifies document sharing and collaboration; backup of files; preview files even without the appropriate full software (for example, Adobe Acrobat).

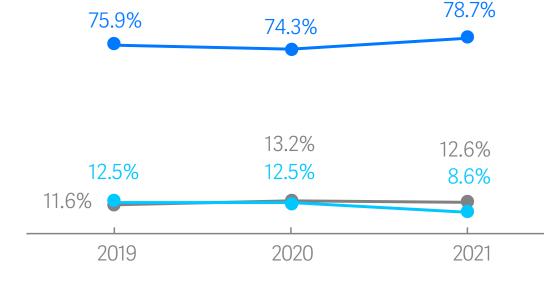
#### **Suppliers**

The most popular suppliers are Microsoft OneDrive (36.5% of advice businesses who use this AdviceTech), Xplan (34.3%) and Dropbox (24.5%). Dropbox's popularity has declined from the previous year while SharePoint continues to grow.

#### **Adoption**

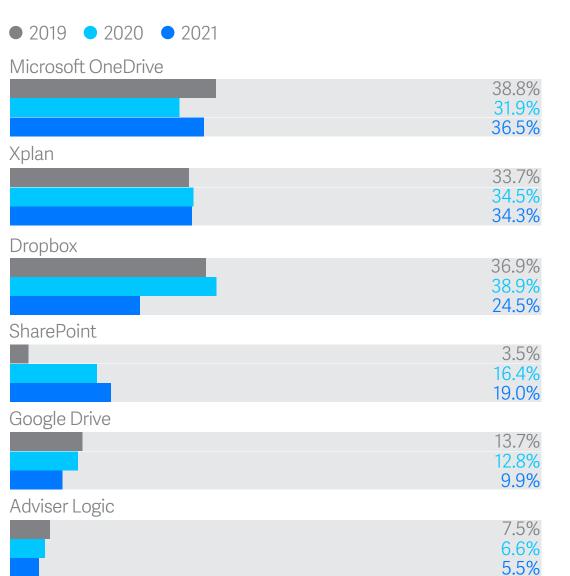
Does your business use cloud-hosted online document/ file storage and sharing services?

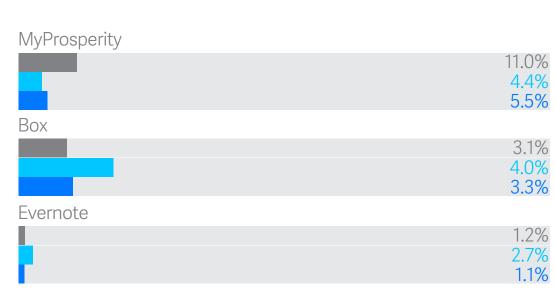
- Yes
- No, but plan to in the next 24 months
- No, and don't plan to in the next 24 months



#### Most popular suppliers

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





# **5** Commission management software

#### Usage

Currently more than half (54.9%) of practices use software to manage commissions, while a further 12.1% plan to use it in the next 24 months. Usage has dropped slightly and returned to 2019 levels.

#### **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).

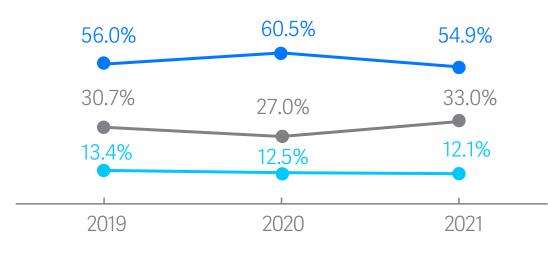
#### **Suppliers**

The most popular supplier is Commpay, who have grown in popularity (60.2% of advice businesses who use this AdviceTech). Worksorted remains the number two choice (16.2%) although significantly lags behind Commpay.

#### Adoption

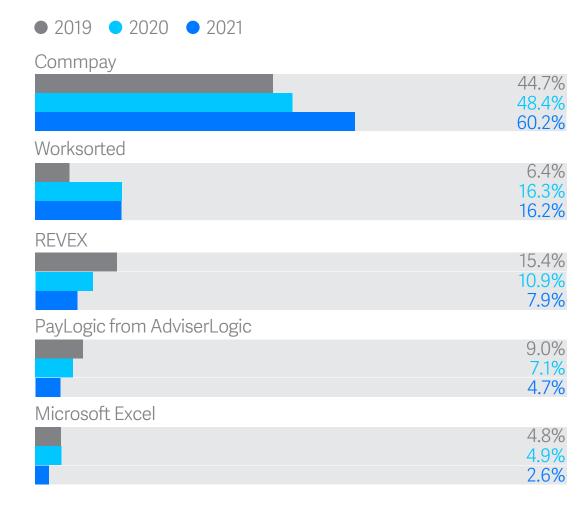
### Does your business use commission management software?

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



#### Most popular suppliers

### Advice businesses who use commission management software



Almost two thirds (63.2%) of businesses create content for their clients. This is higher for AdviceTech Stars, as more than four in five (82.2%) create content for their clients. The most popular types include articles (49.7%), videos (20.1%) and case studies/success stories (18.4%).

#### **Description**

Content marketing is a form of marketing that focuses on the creation of information for clients and prospects designed to stimulate interest in the business and its products or services. Most of it is digital in nature, such as blog articles, videos or webinars. Content is then promoted (or distributed) via various channels such as social media or a company's website.

#### **Benefits**

The biggest benefits of content marketing to businesses include improved engagement with clients and prospects (67.7%), improved perceptions of credibility and expertise (55.0%) and improved business reputation.

However there are many more benefits including higher visibility in search engines, more client leads/referrals, improved social media followers or improved client conversations.

#### Distribution

The most popular ways to promote or distribute content to clients include email (95.5%) followed by the company website/blog (49.1%) and then social media (46.8%).

#### **Adoption**

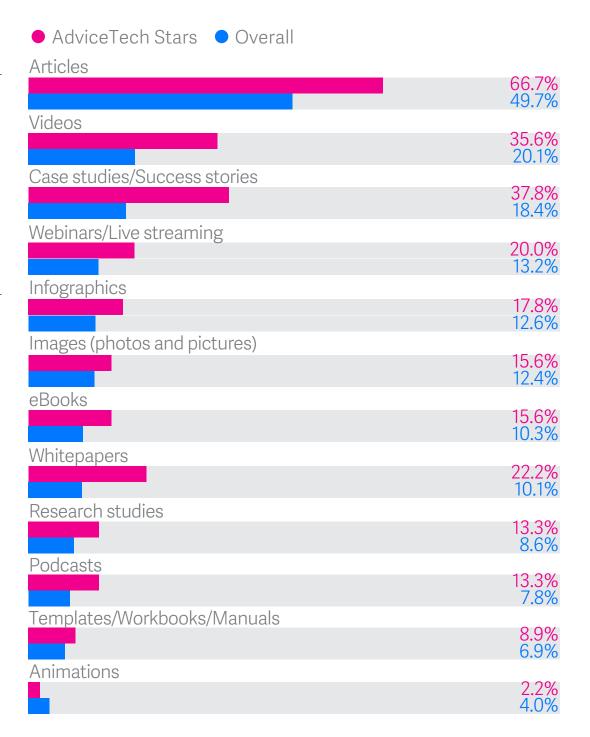
Which of the following types of content do you create for clients?

- Create at least one type of content
- None, I do not create content for clients



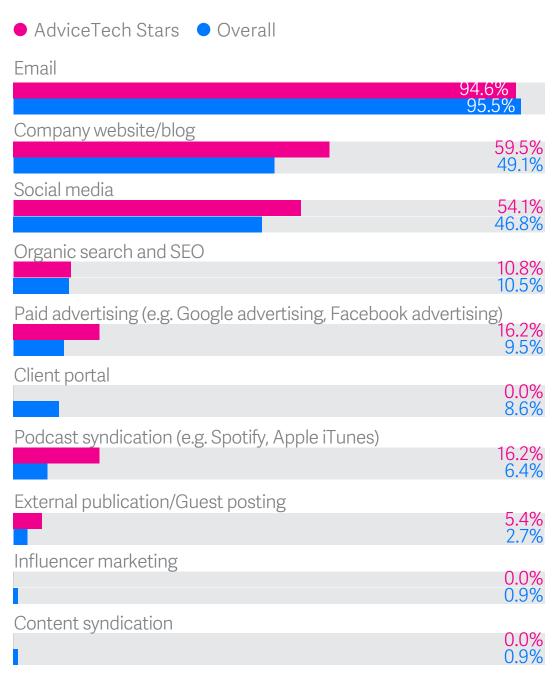
#### Types of content

Advice businesses who use content marketing, which of the following types of content do you create for clients?



#### Most popular distribution methods

Advice businesses who use content marketing, how do you typically distribute content to clients (or prospects)?







# CRM (customer relationship management) tools

#### Usage

Nine in 10 (90.2 per cent) practices use a CRM system in their business to manage client information. AdviceTech Stars usage of a CRM system is slightly higher at 93.3%.

The levels of CRM usage have remained relatively stable over the past three years.

#### **Description**

A system that collects, organises and analyses customer information, notes, tasks and workflows, documents, interactions and other data throughout the life cycle of a client.

#### **Benefits**

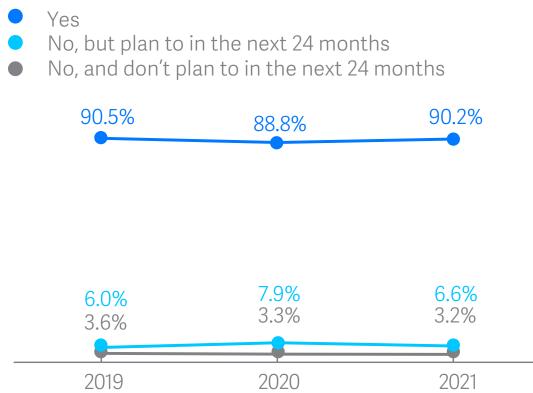
Improves efficiency through effective pipeline management and improves relationships with clients by facilitating better communication and service. It also helps the back-office manage and coordinate client activities.

#### **Suppliers**

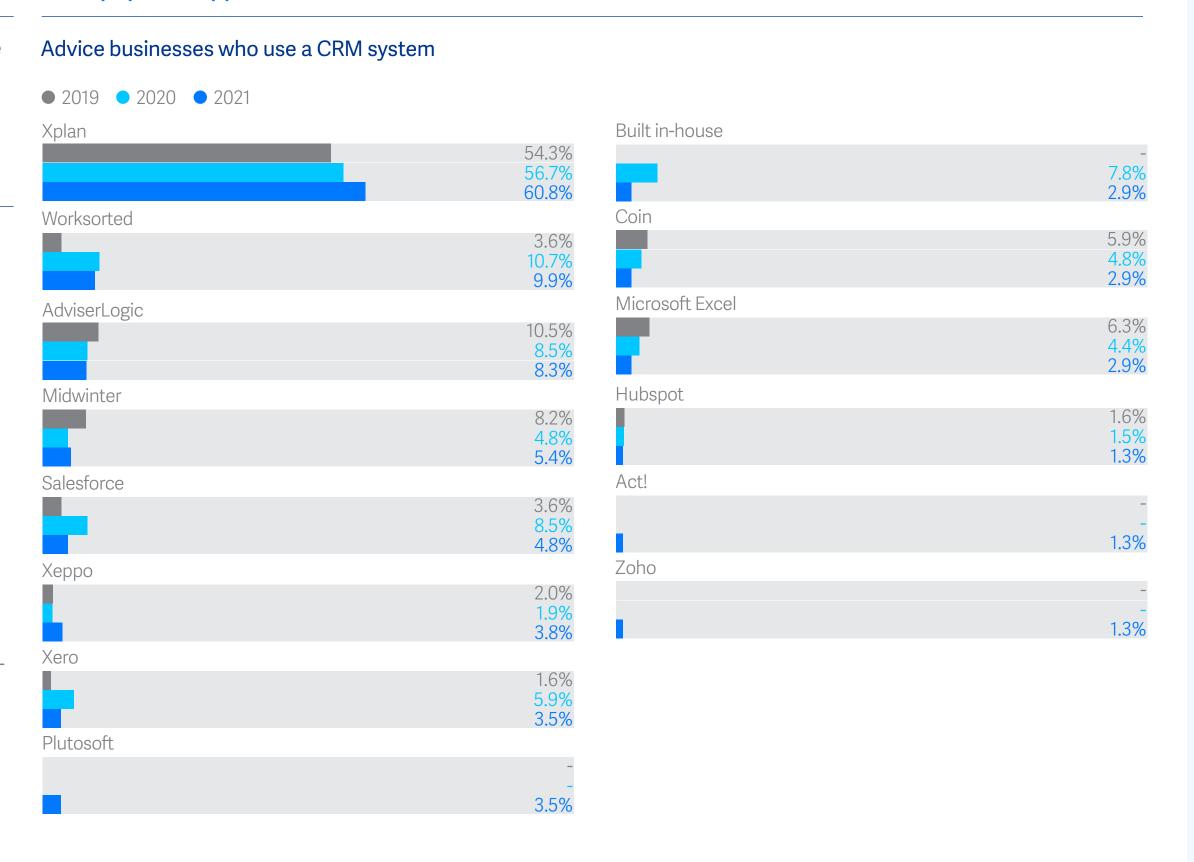
The most popular supplier is Xplan (60.8% of advice businesses who use CRMs) and that has increased slightly from 2020 (56.7%).

#### **Adoption**

Does your business use a CRM system to manage client information?



#### Most popular suppliers







# Database and system integration technology

#### Usage

Integration of internal systems and databases using technology has been undertaken by almost one in five (17.8%) of practices. This has increased from the previous 12 months (12.2%). In the next 24 months, almost a third (29.9%) will look to integrate their systems and databases to generate operational efficiencies.

#### **Description**

Technology 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 and data sets together to improve workflow efficiencies; analyses and creates reports on disparate data sets.

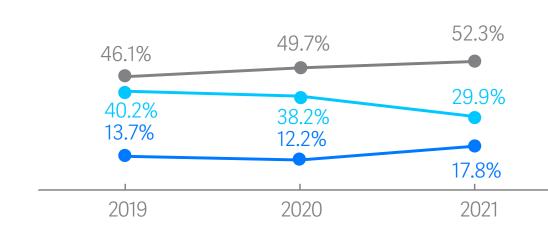
#### **Suppliers**

The most popular suppliers of integration technology are Xeppo (32.2%) and Zapier (17.7%). Xeppo has increased in popularity from 2020 (21.6%). There are still a significant proportion who are doing it using spreadsheets like Microsoft Excel or manually (21.0%) or building it in-house (16.1%).

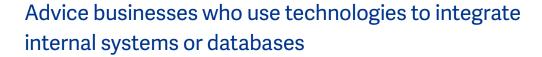
#### Adoption

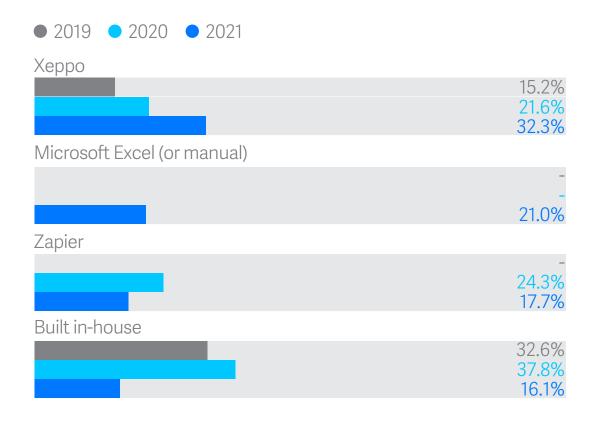
Do you use technologies to connect or integrate disparate/different internal systems or database?

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



#### Most popular suppliers





#### 2021 AdviceTech Suppliers Guides

# Digital signature tools

#### Usage

The usage of digital signature tools has increased dramatically, due to the impact that COVID-19 has had on remote working practices. More than a half (55.5%) use digital signature tools compared to only a third (32.2%) in 2020, pre-COVID-19. Around a third (33.3%) are looking to implement this AdviceTech in the next 24 months.

#### Description

The ability to capture hand-written or digital 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.

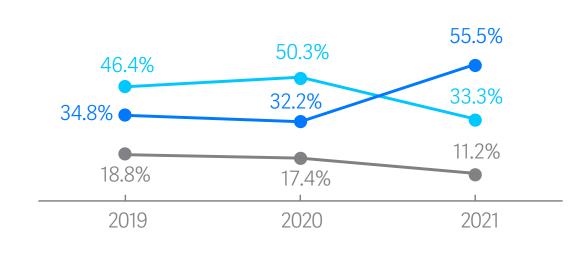
#### **Suppliers**

The most popular supplier is DocuSign (68.4% of advice businesses who use this AdviceTech) and Adobe (29.5%), both growing in popularity since 2020.

#### Adoption

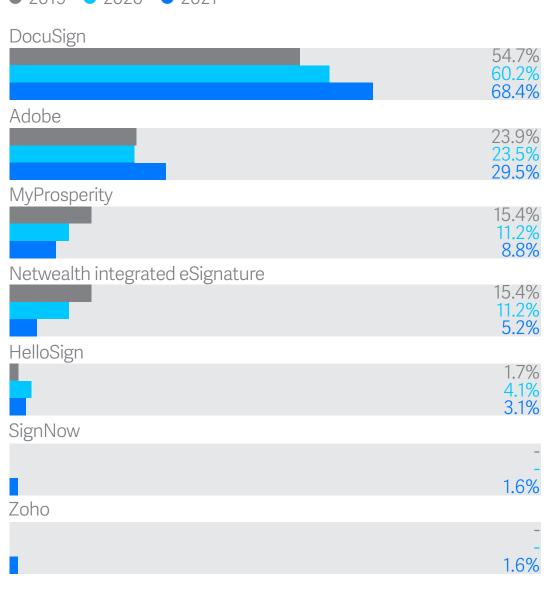
#### Do you use digital signature tools with clients?

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



#### Most popular suppliers





# Email campaigns and newsletter management technology

#### Usage

Seven in 10 (71.3%) of practices use AdviceTech to create and send email campaigns and newsletters for non-operational purposes – that is, for general education or information.

For those practices that use this technology, more than half (53.6%) send campaigns and newsletters weekly or monthly.

#### **Description**

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

#### **Benefits**

Automates repetitive email tasks; personalises messages to improve marketing outcomes; makes it easier to analyse email marketing performance through reports.

#### **Suppliers**

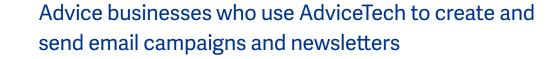
The most popular suppliers are Mailchimp (37.1% of advice businesses who use this AdviceTech) and Xplan (33.9%), which has not changed significantly from 2020.

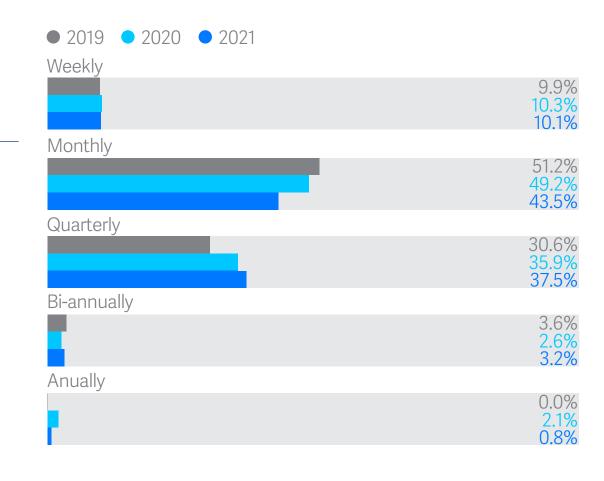
#### **Adoption**

Does your business use AdviceTech to create and send email campaigns and newsletters of educational or informational nature to clients?

- No, but plan to in the next 24 months No, and don't plan to in the next 24 months
- 75.0% 71.3% 64.1% 23.7% 16.4% 17.0% 12.2% 8.6% 11.8% 2020 2021

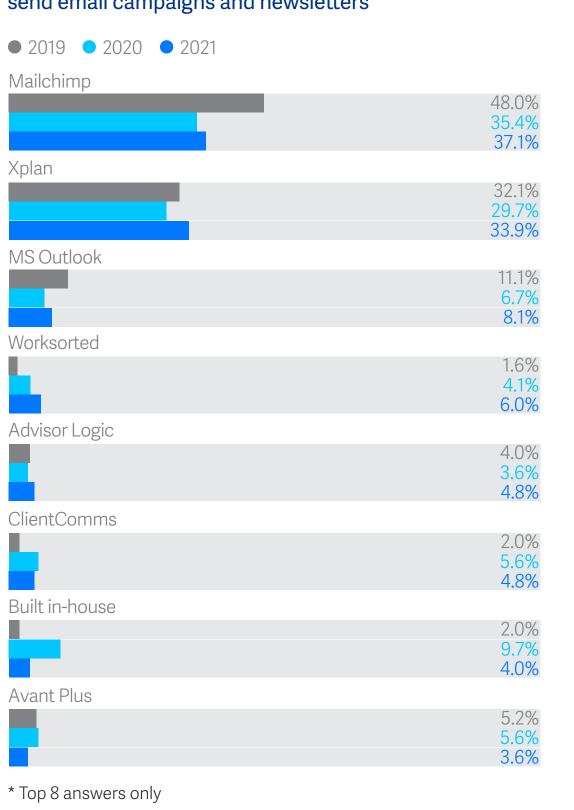
#### Frequency of use





#### Most popular suppliers

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



More than seven in 10 (71.8%) practices use investment research tools for investment selection. This has remained the stable in the past two years.

#### Description

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

#### **Benefits**

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

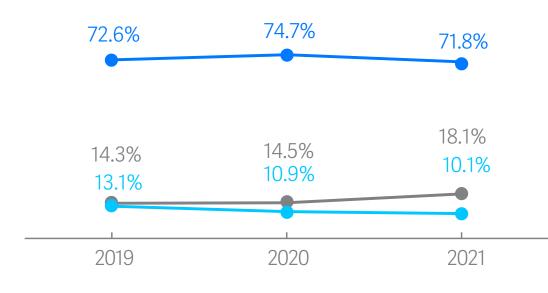
#### Suppliers

The most popular suppliers are Morningstar (63.2% of advice businesses who use this AdviceTech) and Lonsec (47.2%). There have not been any significant shifts in suppliers.

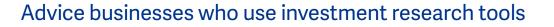
#### Adoption

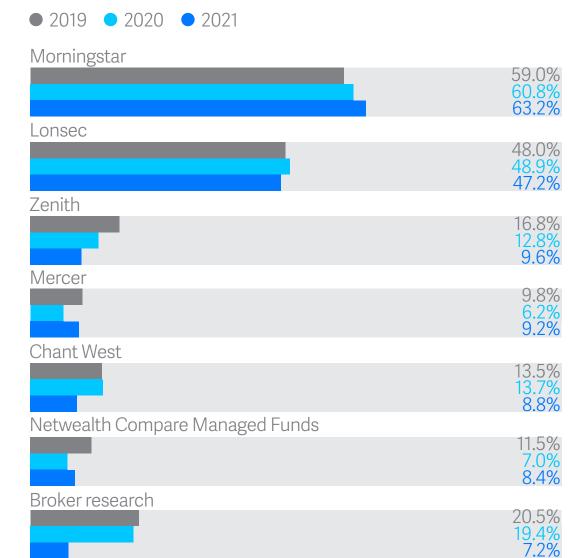
Does your business use investment research tools and technologies for investment selection?

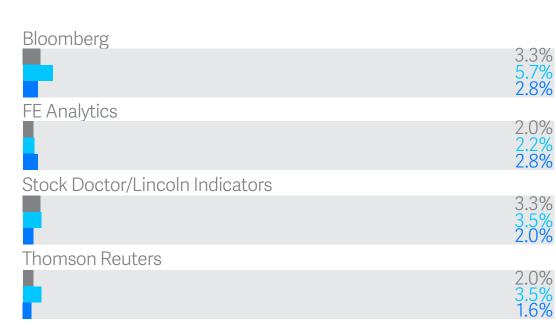
- Yes
- No, but plan to in the next 24 months
- No, and don't plan to in the next 24 months



#### Most popular suppliers







More than two in five (42.5%) of practices already use managed accounts, while one in five (20.4%) are considering using them in future, with more than one in 10 (13.8 per cent) planning to use them within the next 24 months. More than half (51.1%) of AdviceTech Stars currently use managed accounts.

The proportion that uses managed accounts for more than 75% of their client base has increased from 10.3% in 2020 to 16.2% in 2021.

#### **Description**

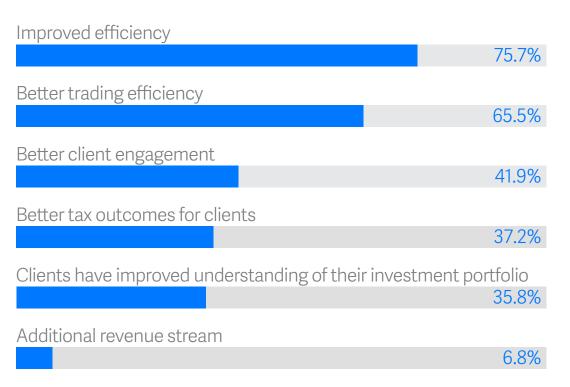
A portfolio of individual securities or assets managed by a professional investment manager. Provides advisers with an alternative structure to managed funds and other portfolio structures. Changes to portfolios by an investment manager can be implemented across some or all clients as frequently as required,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

#### **Benefits**

Ability to create a consistent investment process; easier to demonstrate a clear investment value proposition; potential to reduce investment implementation leakage; and improve efficiency and reduce adviser work.

The most common benefits for businesses include improved efficiency (75.7%), better trading efficiency (65.5%) and better client management (41.9%).

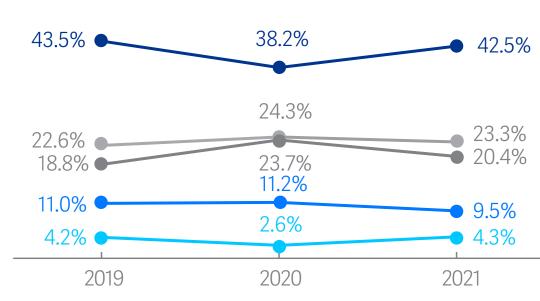
## What business and client benefits do you receive from using managed accounts?



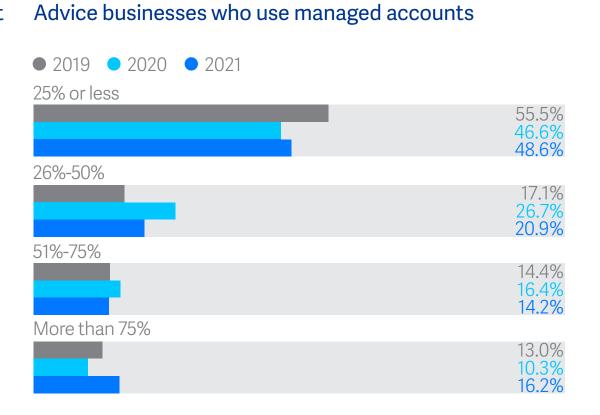
#### Adoption

### Do you use a managed account (SMA) solution for at least some of your clients?

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



#### Proportion of clients who use managed accounts





34.1% 25.4%

# Off-platform investment technologies

#### Usage

On average, 19.0% (23.3% for AdviceTech Stars) of an advice firm's clients' super and investments are held "off-platform" – for example property, private equity or a direct share portfolio.

More than a third (34.1%) of AdviceTech Stars have at least 25% of their clients' portfolio being held off platform compared to a quarter (25.4%) of the overall industry.

#### **Description**

Allows a firm to manage and administer the data associated with assets that are held by a client 'offplatform' such as transactional data.

#### **Benefits**

Allows advice firms to advance their 'whole of wealth' reporting and advice offering by providing more holistic client reporting to provide a better understanding of client portfolio performance and asset allocation.

#### **Suppliers**

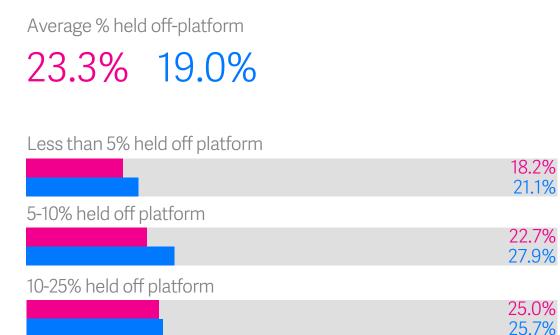
The most popular technology is to use the business' CRM system (48.1%) followed by the online brokering/trading platform of choice (26.7%).

#### Adoption

AdviceTech StarsOverall

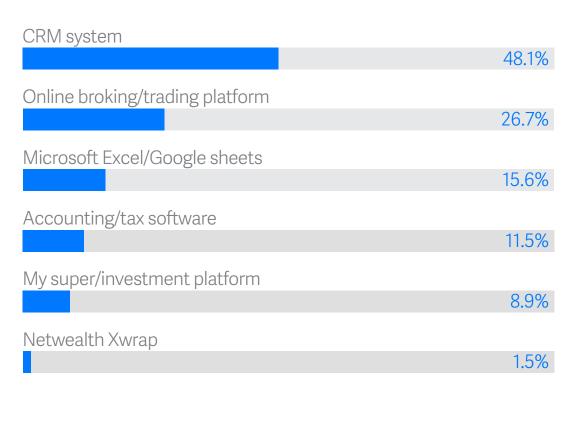
More than 25% held off-platform

Of those businesses that use a super/investment platform, on average, what percentage of your clients super and investment is held off-platform (e.g. in property or in a direct share portfolio)?



#### Most popular suppliers

Of those businesses that use a super/investment platform, what technologies do you use to manage some of your clients' super and investments 'off-platform' (in a non-custodial environment)?



# Online fact-find and risk profiling tools

#### Usage

Almost a third (31.9%) of advice businesses use online self-service tools in order to capture client information, such as the fact find and risk profile. AdviceTech Stars are ahead of the pack with 37.8% of them using online self-service tools to capture information.

Almost half of AdviceTech Stars (48.9%) plan to use these tools in the next 24 months compared to 40.2% of the industry.

#### **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.

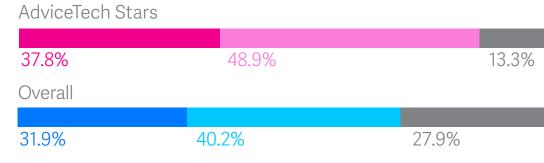
#### **Suppliers**

The most popular suppliers have changed with Astute Wheel becoming the most used at 34.2% (compared to 23.5% in 2020). Xplan is now the second most popular, after dropping from 27.9% in 2020 to 18.0% in 2021.

#### Adoption

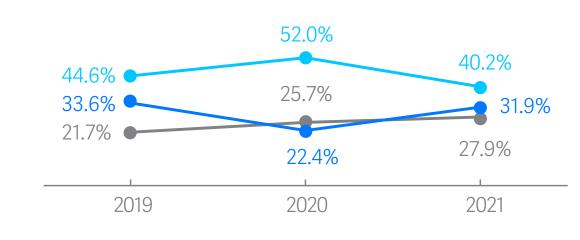
Does your business use online self-service tools to capture client (or prospect) information, including their risk profile?

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



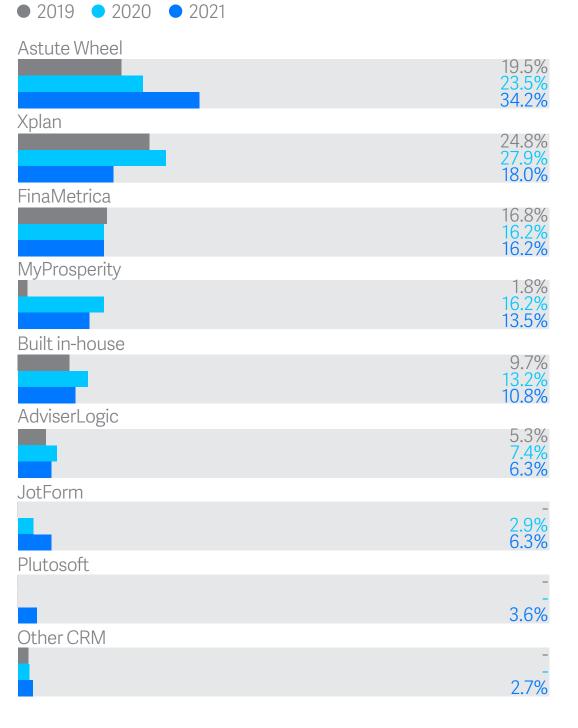
Overtime - Does your business use online self-service tools to capture client (or prospect) information, including their risk profile?

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



#### Most popular suppliers

Advice businesses who use online fact-find and risk profiling tools



\*Top 9 responses

Use of online client meeting tools, such as Zoom, has significantly increased from 2020 to 2021. Three quarters (75.0%) of advice firms use online meeting tools for client interaction, while a further 13.5% plan to use online meeting tools in the next 24 months. The increase is driven by the shift in working processes as a result of the COVID-19 pandemic.

AdviceTech Stars still lead the pack with almost nine in 10 (88.9%) using online meeting tools.

#### Description

A solution that facilitates a virtual meeting between an adviser and client via any device with an internet connection, using voice, chat and often video streaming.

#### **Benefits**

Supports timely meetings at the convenience of the client; facilitates remote working habits; and meetings can be easily recorded and stored for compliance.

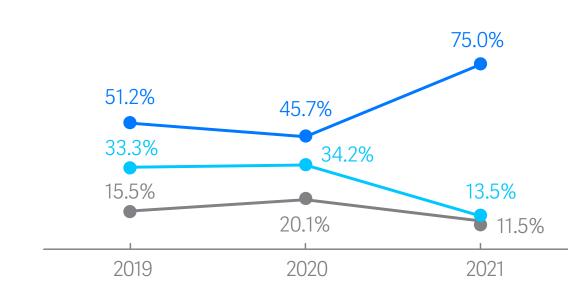
#### **Suppliers**

The most popular suppliers are Zoom (89.3% of advice businesses who use online meeting tools) and Microsoft Teams (54.4%) which has seen massive growth from 2020 (12.9%).

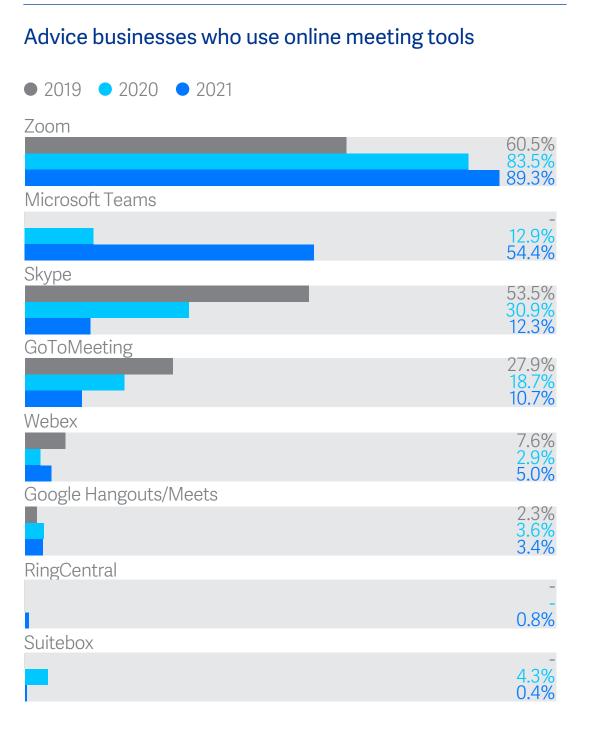
#### Adoption

## Does your business use online meeting tools for client meetings?

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



#### Most popular suppliers



# 5 Online and mobile advertising

#### Usage

The use of online or mobile advertising has not changed much since last year with 12.6% of practices currently paying for online or mobile advertising, compared to 11.8% in 2020.

The majority who do pay typically spend \$500 or less a month (45.5%), whilst 25.0% spend between %500-\$1,000 per month.

Average spend has declined with businesses spending approximately \$589 per month for online or mobile advertising in 2021.

#### **Description**

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

#### **Benefits**

Targets specific audiences, which can improve lead conversions; transparently measures advertising effectiveness via detailed analytics; creates campaigns easily without external support; and can reach a different (more digitally orientated) audience than traditional advertising.

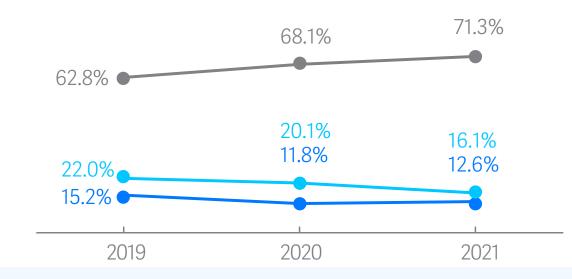
#### **Suppliers**

The most popular form of online advertising is Facebook paid advertising (68.2%) followed by Google paid search (50.0%).

#### **Adoption**

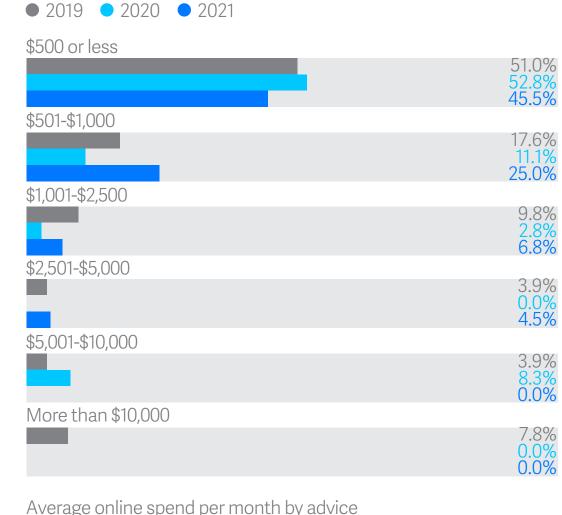
#### Does your business pay for online or mobile advertising?

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



#### Online or mobile advertising spend

Advice businesses who pay for online mobile advertising, how much do you typically spend per month on online or mobile advertising?



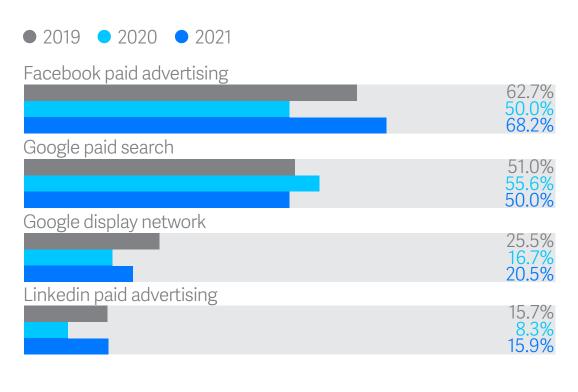
firms who use online or mobile advertising

\$889

\$589

#### Most popular suppliers

Advice businesses who pay for online mobile advertising



Around two in five (43.1%) of practices use software to create presentations to clients, while an additional 27.9% are looking to use this technology in the next 24 months.

AdviceTech Stars are slightly more likely to be using client presentation software at almost half (48.9%).

#### Description

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

#### Benefits

Allows tailored and personalised presentations designed to reflect the client's circumstances, needs and goals.

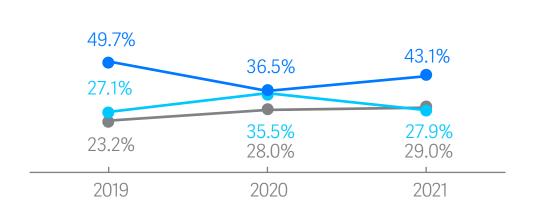
#### **Suppliers**

The most popular form of client presentation tool is Microsoft PowerPoint (84.7% of advice businesses who use this AdviceTech), with Australian business Canva coming second, with its online-based platform (12.7%).

#### Adoption

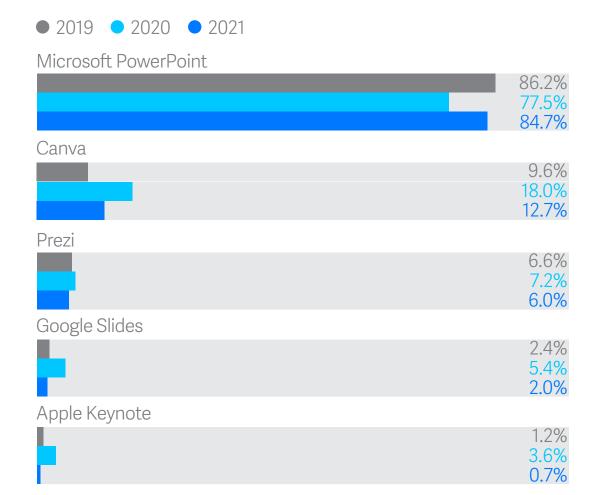
### Does your business use software to create presentations to clients?

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



#### Most popular suppliers





Around one quarter (26.4%) of practices use scaled advice technologies for the provision of advice which has increased from 12 months ago. AdviceTech Stars are more likely to be using scaled advice technologies (31.1%).

#### **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.

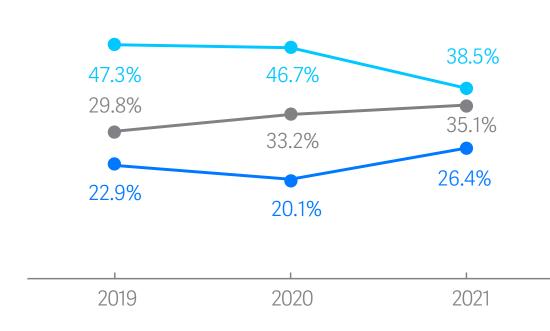
#### **Suppliers**

The most popular supplier is Xplan Prime (31.5 %), which has increased from 2020 (21.3%). Businesses have moved away from building it in-house when compared to last year (17.4% vs 31.1% in 2020).

#### **Adoption**

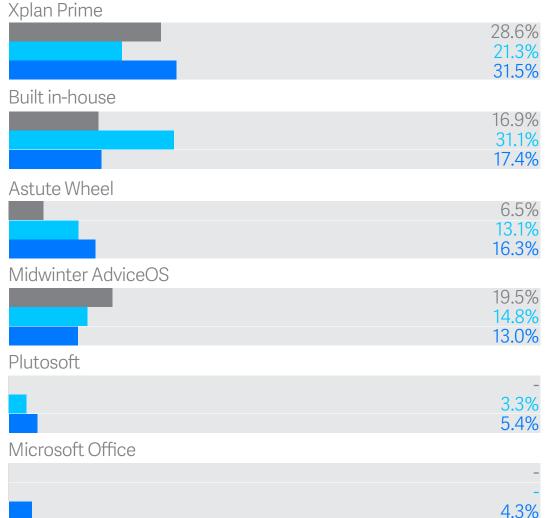
Does your business use scaled advice technologies for the provision of advice, including SoA/RoAs to clients?

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



#### Most popular suppliers







# 2021 AdviceTech Suppliers Guides SMSF administration software

#### Usage

Four in 10 (40.0%) AdviceTech Stars and three in 10 (29.6%) of the industry use self-managed super fund (SMSF) administration software for clients.

Of those that do not use it, the majority do not plan to use it in the next 24 months.

#### Description

Cloud-based SMSF software to assist in the administration and compliance of SMSFs by trustees and their advisers.

#### Benefits

Effective SMSF compliance; streamlined SMSF administration; enhance reporting; improve speed of tax return completion.

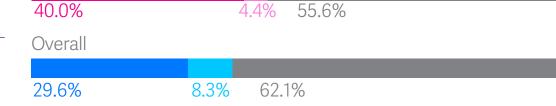
#### **Suppliers**

The most popular suppliers are Class Super (53.4% of advice businesses who use this AdviceTech) and BGL (30.1% per cent). There have not been any significant shifts in suppliers.

#### Adoption

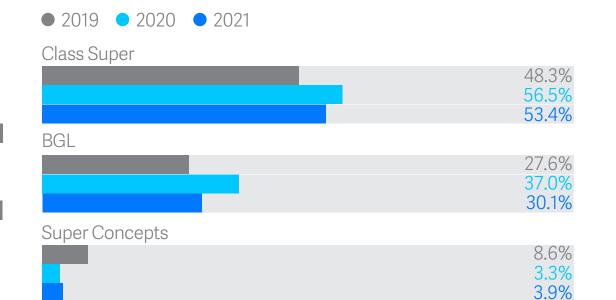
### Does your business use SMSF administration software for clients?





#### Most popular suppliers

### Advice businesses who use SMSF administration software



Three out of five (60.6%) advice practices post to social media networks, 39.4% never do.

Frequency in posting varies but has remained quite similar, over the past few years, although there has been a drop in daily posting (to 1.7%), and the most popular post frequency is weekly (23.0%).

#### **Description**

Social media networks are websites and mobile apps that are designed for people and businesses to share information with each other, through the posting of text, images, video and also supports commenting, liking or sharing this information with others.

#### **Benefits**

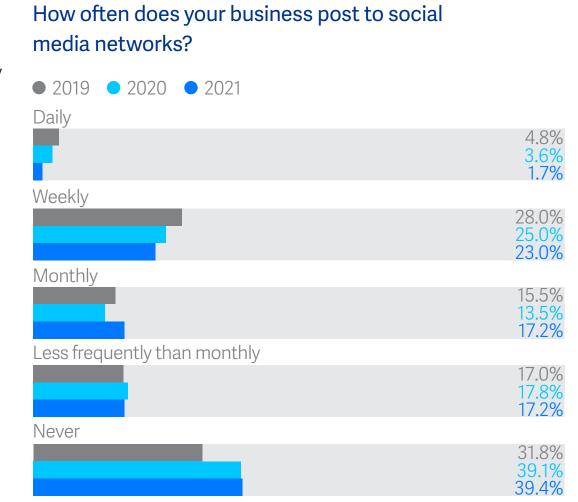
Helps communicate a business's identity and builds reputation with their target market, including future employees and shareholders; allows for the establishment of a direct relationship with individuals through two-way conversations and sharing.

#### **Suppliers**

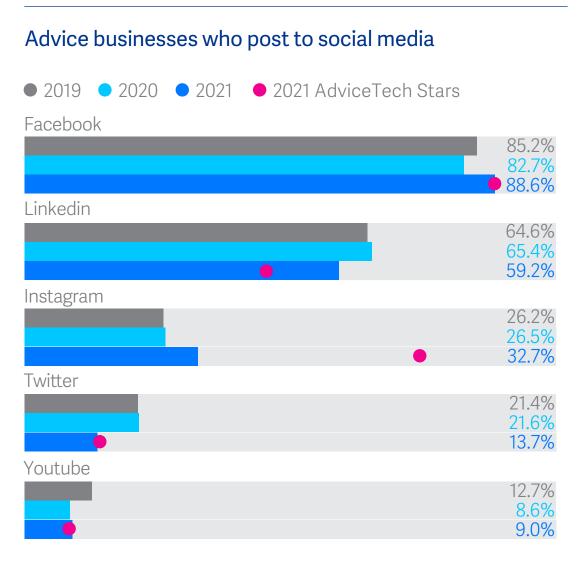
While Facebook remains the most popular social media platform (88.6%), there have been a few year-on-year changes. LinkedIn has reduced in popularity to 59.2% (compared to 65.4% in 2020) as well as Twitter (13.7% vs 21.6% in 2020). Instagram has increased in popularity from 26.5% in 2020 to 32.7% in 2021.

AdviceTech Stars more often use LinkedIn (45.7% vs 32.7% overall) and Instagram (74.3% vs 59.2%). We can see that on the top four major platforms, AdviceTech Stars are equal or higher in usage, indicating that a higher proportion are posting to multiple social media platforms.

#### Frequency of use



#### Most popular suppliers



Of those that post to social media, one in eight (14.9%) practices use social media management tools, such as Hootsuite, to coordinate posts and activities on social media. Usage has increased only slightly from 2020 (12.5%). 28.7% are looking to implement this technology in the next 24 months.

AdviceTech Stars are more likely to utilise social media management tools. Almost a quarter (24.4%) use these tools in 2021, while 37.8% plan to use them in the next 24 months, higher than overall practices (28.7%).

#### **Description**

Social media management tools allow the coordination of social media posts via scheduling across multiple social networks from a single online location. They also provide reporting and analytic tools.

#### Benefits

Social media management tools can help save considerable time (particularly when posting frequently) by permitting a single post to be posted to many social media platforms and improves insights into which posts and social media posts and platforms are performing better.

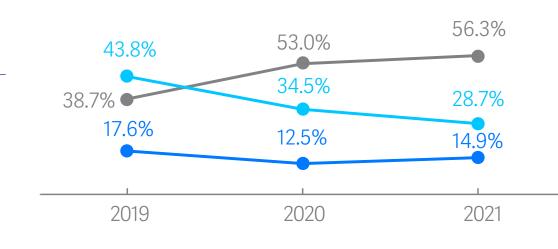
#### **Suppliers**

The most popular supplier of social media management tools is Hootsuite (34.6% of advice businesses who use this AdviceTech) and outsourcing externally (26.9%). Hootsuite has lost market share from 2020.

#### Adoption

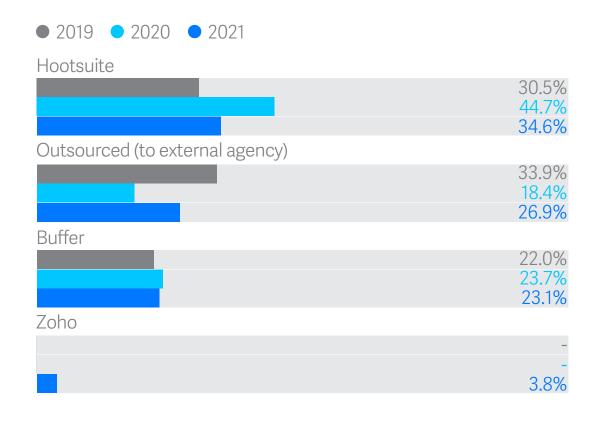
Does your business use technology to manage posts and activities on social media networks? (e.g. Hootsuite)?

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



#### Most popular suppliers





# Super and investment platforms

#### Usage

Around nine in 10 (92.8%) of practices use a super and investment platform, slightly higher than last year. Only a minority (4.9 per cent) do not use this technology now and do not plan to in the next 24 months.

Almost all of AdviceTech Stars are using a super and investment platform (97.8%).

#### Description

Administration service for investments, to facilitate the management of multiple funds in a portfolio.

#### **Benefits**

Reduces paperwork; accesses a greater choice of investments; and aggregates reporting for investments.

#### Adoption

#### Does your business use a super/investment platform?

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





# Survey and client feedback tools

#### Description

Client feedback tools fall into two broad areas:

- 1. Client survey tools Tools to capture client feedback through the development of surveys and feedback forms, which enable advisers to craft questions and seek feedback on specific issues; and
- 2. Online ratings and reviews Online websites where clients share experiences and rate service with stars and descriptions.

#### Usage

More than a quarter of advice practices (27.0%) use tools to capture feedback from clients. A third (33.3%) of businesses are looking to implement this technology in the next 24 months.

AdviceTech Stars recognise the value, that's why almost half (46.7%) of them use tools to capture feedback from clients.

Of those that use these tools, three in five use online survey tools (62.8%) while two in five (43.6%) use review and rating tools. The split is almost the same for AdviceTech Stars.

#### Benefits

A better understanding of clients through profiling and satisfaction scores and ratings; an ability to benchmark service levels against other providers; the ability to identify areas of the business that need further improvement; the ability to capture comments that can be used to improve marketing efforts and the acquisition of new clients.

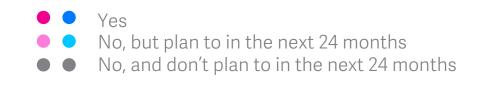
#### **Suppliers**

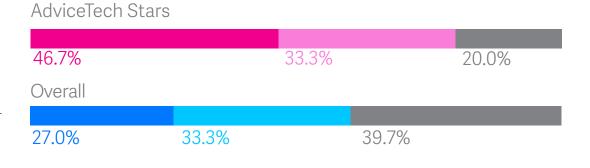
Survey Monkey is the most-used supplier of client survey tools (53.2% of advice businesses use this AdviceTech). Other client survey tools, like Google Forms (4.3%) and Microsoft Forms (4.3%), have only a very small number of users.

Adviser Ratings is the most popular supplier for online ratings (33.0%) followed by Google reviews (27.7%).

#### Adoption

Does your business use online survey, review and rating tools to capture feedback from clients?





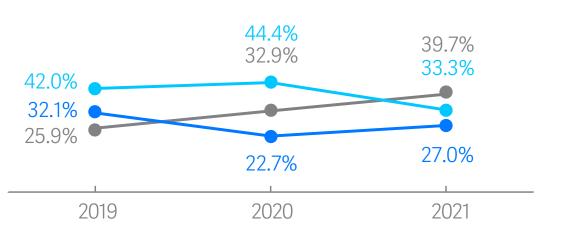
For businesses that use online survey, review and rating tools to capture feedback from clients...



Overtime - Does your business use online survey, review and rating tools to capture feedback from clients?



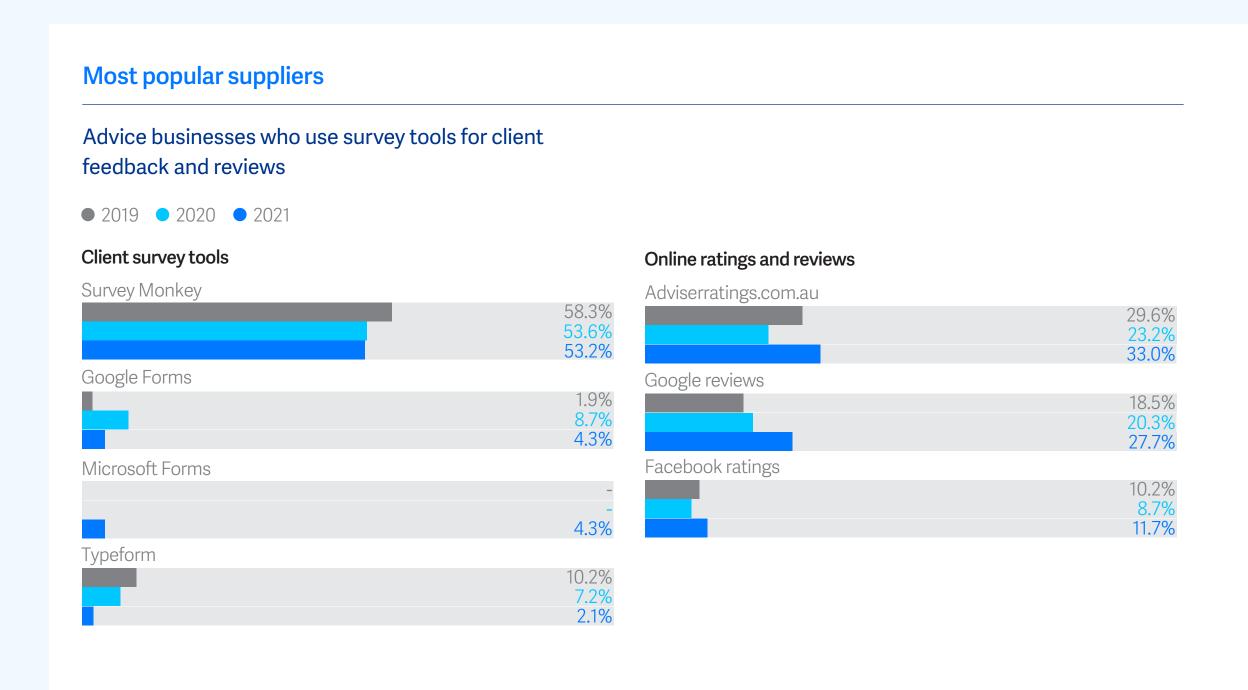
No, but plan to in the next 24 months
No, and don't plan to in the next 24 months







# Survey and client feedback tools







# Task, activity and project management technology

#### Usage

Seven in 10 (68.7%) practices use digital tools to manage internal tasks, activities or projects in the business. 16.7% will look to implement this AdviceTech in the next 24 months.

A higher proportion of AdviceTech Stars (84.4%) use digital tools for internal project management.

#### **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.

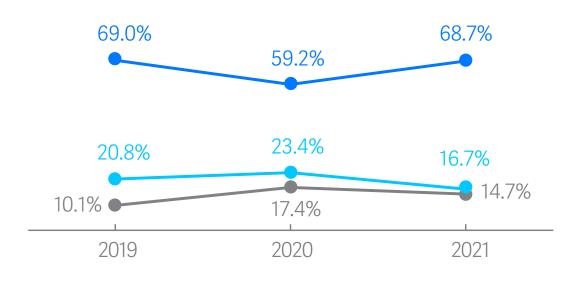
#### **Suppliers**

The most popular suppliers are an advice practice's CRM/planning software (67.8% of businesses who use this AdviceTech). Microsoft tools such as Excel, Outlook and Planner still remain popular.

#### Adoption

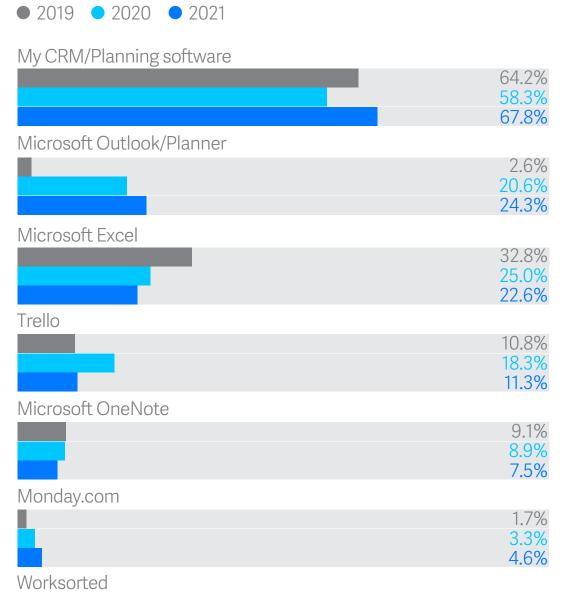
Do you and/or your staff use digital tools to manage internal tasks, activities and/or projects in your business (i.e. not client tasks, activities and/or projects)?

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

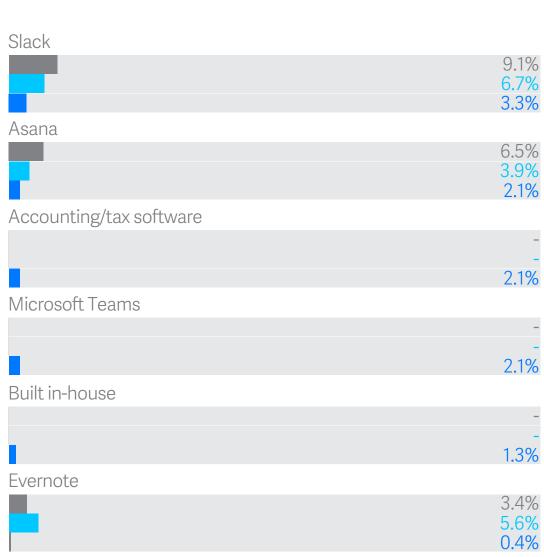


#### Most popular suppliers





4.6%







# Tools and calculators to demonstrate strategies

#### Usage

Almost two thirds (64.9%) of businesses use tools and calculators to demonstrate strategies to clients. This is around the same proportion for AdviceTech Stars (62.2%).

However a third (33.3%) of AdviceTech Stars are looking to use tools and calculators to demonstrate strategies to clients in the next 24 months compared to 22.1% overall.

#### **Description**

Educational tools and calculators are tools to help explain complicated financial advice topics often using online tools that are interactive visually display complex data and information.

#### **Benefits**

Designed to help educate clients on various elements of financial advice and different advice strategies, as well helping them visualise sometimes complex financial concepts and longer-term investment horizons.

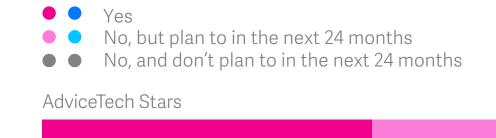
#### **Suppliers**

The most popular supplier is Xplan (28.3% of businesses use this), followed by Astute Wheel (18.1%). A significant proportion of businesses also use in-house tools (26.5%).

#### Adoption

62.2%

Does your business use tools and calculators to demonstrate strategies to clients, e.g. retirement calculators?

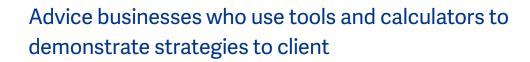


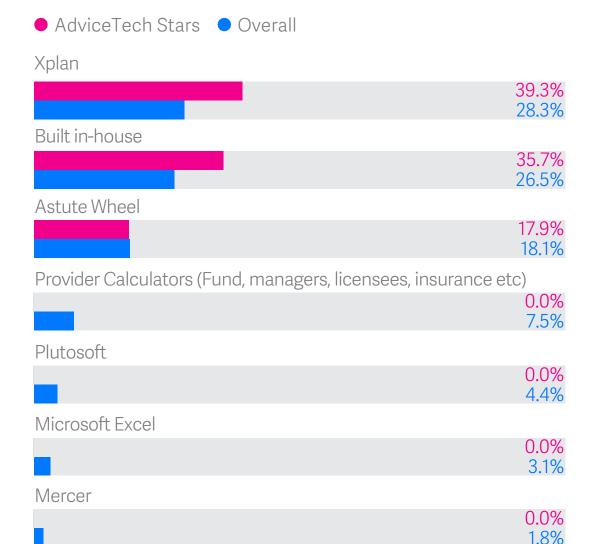


33.3%

#### **Suppliers**

4.4%





# ■ Website management and blog tools

#### Usage

Eight in 10 (81.9%) of the industry have a mobile compatible website or blog, which has slightly increased from 2020 (77.6%). AdviceTech Stars lead the way with nine in 10 (88.9%) who have mobile compatible websites or blogs.

More than half (57.2%) modify their content on their blog or website at least quarterly, with over four in 10 (41.4%) typically using website management and blog tools. This has remained broadly the same over the years.

#### **Description**

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

#### **Benefits**

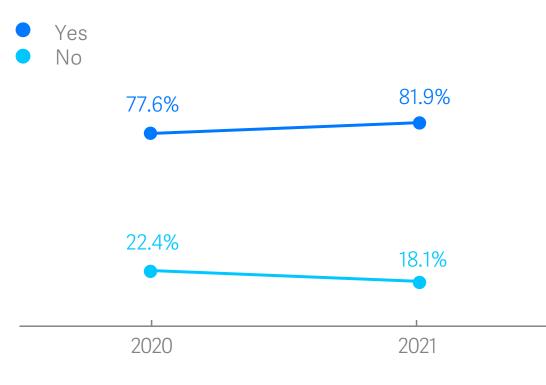
Keeps a website fresh to create the right impression with prospective clients; improves website performance and conversion; attracts more visitors to the website through improved SEO performance.

#### **Suppliers**

The most popular supplier is Wordpress (43.3% of advice businesses who use this AdviceTech), whilst 23.3% outsource this function which has increased from the past year.

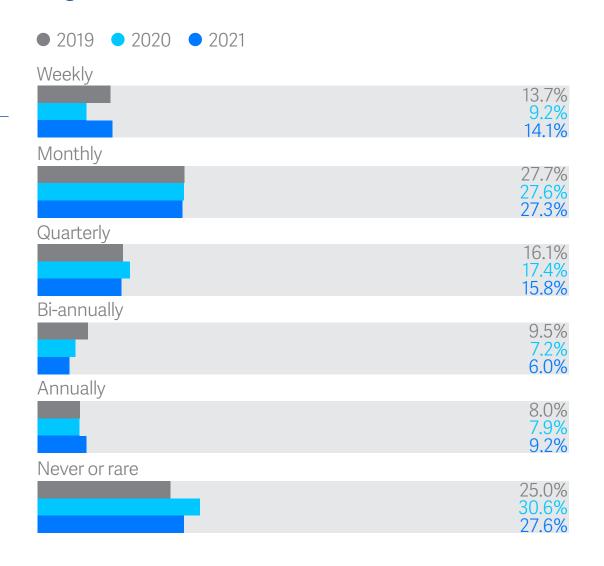
#### Mobile compatible website

Is your website (including your blog) mobile-compatible, i.e. it responds or adapts to a mobile phone screen size?



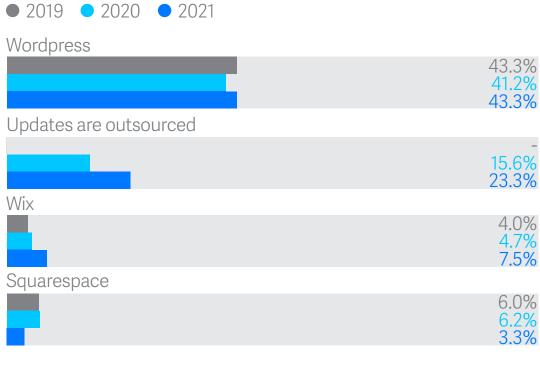
# How often do practices modify their blog or website content?

### Advice businesses who use website management and blog tools



#### Most popular suppliers

### Advice businesses who use website management and blog tools



# About the report

#### Methodology

In this year's 2021 Netwealth AdviceTech Research Report we surveyed 348 advice firms. Fieldwork took place from March 30 to May 19, 2021.

#### AdviceTech Segmentation methodology

In the 2020 AdviceTech Report, we created a segmentation method to split advice firms into five different groups based on the success of the business and the rate at which they adopt technology.

This methodology was replicated in this year's survey. This is how we defined our AdviceTech Stars in the report.

We developed a Business Success Score comprised of measures such as a practice's funds under advice (FUA) and revenue growth or decline from the previous year. We also considered a ratio of FUA to active clients and to length of business operation. Practices that have better business success score higher. The average Business Success Score is 47 out of 100 for all practices.

We also developed a Technology Adoption Score, comprised of the number of technologies used by a practice, how many technologies they are considering implementing in the short term, and characteristics about their technology investment and management. Practices that adopt more technology in a planned manner score higher. The average Technology Adoption Score across all practices is 62 out of 100.

### Five segments were determined based on these two scores:

	Tech Score	Success Score	Segment size
AdviceTech Stars	73.0	67.9	16.5%
AdviceTech Moderate Performers	72.3	54.3	7.1%
AdviceTech Underperformers	69.9	39.8	40.2%
AdviceTech Conservatives	44.1	59.6	8.6%
AdviceTech Laggards	43.2	38.7	27.4%

#### Summary of Advisable Australian segments

In this report we also referenced the Emerging
Affluent and other groups which were created in
Netwealth's The Advisable Australian Volume 2: The
Emerging Affluent – Fight for the Future Market.

This report, released in early 2021, defined the potentially advisable universe as Australians aged 30 and above who are at least open to receiving advice.

The Emerging Affluent is a subgroup who are defined as 45 years old and younger and are affluent. To be considered affluent at least one of the following criteria had to be met:

- Personal income is greater than \$100,000, or
- Household income is greater than \$150,000, or
- Household investment portfolio is over \$250,000, or
- Residential property equity is greater than \$650,000 (determined by subtracting outstanding household debt from residential property value), or
- Household super is greater than \$100,000 if aged under 35 years, or greater than \$250,000 if aged 35 to 45 years, or greater than \$500,000 if aged over 45 years.

# Speak to Netwealth

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