

Overcoming Tech and Business Challenges: Best Practices for Financial Advisors



How client experience, smart use of APIs and the tech revolution will impact advisors of today and tomorrow

**Interview with Eric Clarke,
Founder and CEO of Orion Advisor Services**

What's the best tech for advisors?

The FinTech/WeathTech market is fragmented, and this fragmentation often causes advisors and advisory firms a lot of grief, especially when deciding what tech to use, when and how to migrate, and the best ways to grow and achieve success.

At the same time, the availability of tech is a great thing. As Eric Clarke, founder and CEO of Orion Advisor Services, explains, advisors starting their businesses today have many more advantages than they did in the late 90s, when Orion Advisor Services was starting out, because there were hardly any technologies (e.g., platforms, solutions, tools) available for a fiduciary advisor.

When looking at and evaluating technology, there are two main questions advisors should ask:

1. What's the best technology to help scale my business?
2. Which technology will create the best client experience?

"If advisors look at tech decision-making with these questions in mind, first the client experience and second scaling with improved operational efficiency, I think that their implementation of the technology will bring benefits to their brand and to their future growth opportunities."

Eric says that big drivers of operational efficiencies are the web-based Application Programming Interface (API) endpoints. When choosing a technology, advisors should determine if the tech firm has available APIs, if they can expose those APIs, with whom the APIs integrate, and which integrations they plan on supporting in the future.

When choosing tech, firms must also question whether it aligns with the company culture. This requires research into advisor and employee reviews (e.g., via Glassdoor). The goal is to make sure that from a service perspective, the FinTech company's culture of service aligns with the advisor's desire to provide great service experiences to their clients.

The client experience bar has been raised by robo-advisors

Interacting with clients used to mean sit-down meetings with tedious paperwork, shoddy presentations, and a bunch of esoteric numbers that most clients don't understand. Today, client portals, mobile apps, and document sharing have become paramount, if not required. Interacting through smartphones and smart devices offers ease-of-use and the ability to efficiently—and securely—interact with technology.

Eric says that over the past couple of years, client experience has taken on new meaning, especially since the advent of robo-advisors. Robo-advisors offer quick onboarding, reporting, comparisons to benchmarks, data availability, and transparency. Therefore, it's important that advisors have a technology experience on par with the aforementioned features.

“Technology has become an extension of the advisory firm's brand. Instead of thinking of it just as a client experience, it's become a brand experience. And it's a brand opportunity for the advisor to extend their brand out to their clients through having best-in-class experience.”

Eric also mentions the importance of looking outside the financial services industry for inspiration. There are great technologies being developed for great client experience in other sectors that companies like Orion can leverage:

“As a technology provider to advisors, those are the exact processes that we go through here as we run our business to try and figure out how to help our advisors have a great client experience.”

Great news for advisors: custodians are exposing more API endpoints

One of the biggest pain points Eric hears from advisors is the new-account opening process with custodians. Thankfully, major custodians are starting to make API endpoints available, so account onboarding is more efficient and less painful. This is great news for Orion and also means improvements by other companies in the FinTech space will be directed toward better interaction with new account APIs.

“Custodians are coming out with some really great API endpoints for us to leverage. And as they continue to make new API endpoints available, this will help us streamline operational processes between Orion, our advisors, and the custodian.”

Applications of big data and blockchain: present and future

Although Eric considers big data to be potentially important for advisors, he tells them to start with small data—everything within the advisor firm itself. Orion offers a tool called Trends where advisors can view their assets under management over time, see how many new accounts have been added, and the contribution relative to distribution flows.

The next step in the process is to focus on what clients are interested in. What reports are they running? What are the top inquiries surrounding CRM-related data? Beyond this, potential uses for data mining include determining what clients are looking for online that is currently not offered and how to improve existing services.

“I think it’s important that advisors become familiar with their own business. As they master that, it then becomes important for the advisor to look at competitive offerings and expand out into potentially big data opportunities.”

Today, most Orion integrations are done via API, but Eric says that in the future, companies might look to exchange information by leveraging blockchain technology. Some FinTech startups already offer shared data records through blockchain and even cryptocurrency wealth management platforms.

The bottom line

The tech burden on advisors is not imaginary. With a fragmented market and a vast amount of great offerings, decision-making can seem overwhelming at first. Scaling a business requires an all-seeing eye that monitors the industry, but what it comes down to is, what will help an advisor’s clients and business grow?

About

Eric Clarke has over 15 years of experience supporting investment advisors and their portfolio accounting needs. He has experience serving on several advisory boards including the TD Ameritrade Advisor Panel, the Rydex Financial Services Advisory Board, the Operating Committee of Your Silver Bullet, NorthStar Financial Services Group, and Constellation Trust Company.



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