

Case Study:

Integrated Wealth Management



AT A GLANCE: Integrated Wealth Management

- Founded: 1995
- Headquarters: Palm Desert, Calif.
- Website: www.iwmgmt.com
- Services Offered: Financial planning, portfolio management, 401(k)/defined benefit/cash balance plan design and implementation, educational seminars/workshops, estate planning, insurance planning/asset protection, planned giving, and retirement income planning
- AUM: Approximately \$1.2 billion
- Clients: Close to 1,200 households
- Staff: 17 advisors
- Primary Custodian: Charles Schwab & Co.
- Portfolio Management/Reporting: Advisor View™
- Portfolio Rebalancing: Advisor Rebalancing®
- CRM: Advisor CRM®

Integrated Wealth Management: A Case Study in How Advisor® Xi can Double Assets, Clients & Advisors in Just 4 Years

In 2012, Integrated Wealth Management (IWM) was a small financial advisory and wealth management firm with big growth plans, but little internal “integration.”

At the time, the Palm Desert, Calif.-based RIA was using portfolio accounting and trading software from one technology provider, and a client relationship management (CRM) application from another. The problem was that these systems, even the two from the same vendor, had very little or no data integration.

“We were a much smaller firm at the time, but we wanted to position ourselves for growth and we found that those systems weren’t going to take us to the next level,” recalls John Wong, CIA®, CRMA®, who serves as Chief Compliance Officer of IWM. “They weren’t talking to each other, so they required us to duplicate a lot of manual data entries, and both of the technology providers made you pay for new enhancements. We were using older versions of the portfolio accounting and trading systems because, while the bells and whistles were nice, we didn’t absolutely need them and we didn’t want to pay for them.”

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IWM had a little under \$500 million in assets under management in 2012, and consisted of seven advisors who serviced about 600 households. Back then, IWM required a full day to run billing for its accounts, and four to five days to rebalance accounts across the firm. Reporting was also a hassle, requiring two to three days to run reports, check them for accuracy, and individually mail or e-mail them to clients (IWM’s portfolio accounting system didn’t include an interactive client portal). Eventually, the slow and tedious workflows became too much, and IWM’s management team and advisors realized that their technology was holding them back.

Seeing the Light

The IWM team began looking around for other technology options, and while browsing vendor booths at the Schwab IMPACT conference in 2012, the high-level integration in the applications on Envestnet | Tamarac's Advisor® Xi wealth management platform (rebalancing, reporting, and practice management software) caught their attention. When Mr. Wong contacted Tamarac to find out more, he received an invitation to Tamarac's annual user conference in Seattle.

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“This was the perfect opportunity for me to play around with the software, and ask subject-matter experts a number of questions about how it works and how it could help our business,” he remembers. “Even more importantly, I had the chance to ask a dozen different people who were current Tamarac users, ‘What do you like about this?’ Hearing how Tamarac had helped other practices like ours made me realize that Tamarac was the right partner for us.”

After Tamarac organized online demos for the IWM team to show them what Mr. Wong saw and heard at the user conference, the implementation process began in late 2012. First, Tamarac implemented, and undertook system conversions for, the Advisor View™ portfolio accounting and performance reporting application. Then, Tamarac helped IWM on-board its trading and rebalancing program, Advisor Rebalancing®, and enterprise-level Advisor CRM® system. Implementing Advisor View first made it easier to complete conversions for Advisor Rebalancing and Advisor CRM later on, and Tamarac stayed on after all three applications were implemented to make sure IWM's staff members properly acclimated and trained.

Off to Tamarac University

Mr. Wong and his colleagues wanted to ensure as smooth a transition experience as possible for IWM and its clients, and Tamarac customized its Tamarac University classroom-style training program to meet the practice's needs. Tamarac University training sessions are held monthly—either on-site at Tamarac's Seattle headquarters, or remotely to support East Coast firms. Alternatively, for an additional fee, Tamarac can deploy a team to conduct the training on-site at an RIA's offices. IWM chose this option.

Six Tamarac representatives—two trainers each for Advisor View, Advisor Rebalancing, and Advisor CRM—traveled to Palm Desert and showed IWM's professionals how to use all of the features in the programs (and how the applications can work together to complete tasks and streamline workflows).

The trainers provided hands-on demonstrations of daily account management procedures, and showed IWM professionals how to make enhancements to client reporting packages in Advisor View in a way that wouldn't overwhelm clients.

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“At first, we wanted our client report packages in Advisor View to look similar to how they did in the old system, so that clients would get the same data experience they were used to,” says Mr. Wong. “It was helpful to have Tamarac experts showing us how to not only produce reports, but also how to add in various bells and whistles gradually so that clients wouldn’t feel any disruption.”

After the on-site training sessions were completed, Tamarac regularly followed up with IWM to make sure the team was adjusting well to the new systems. Four years later, Tamarac is still in regular contact with IWM to check that Advisor Xi is running smoothly, and to ensure that the platform updates rolled out every eight weeks have been implemented properly. Unlike those of IWM’s previous vendors, Tamarac’s technology updates are free, and as Mr. Wong says, “It’s such a difference from what we had before, because Tamarac shows that it really does care about how we’re doing and how we can serve our clients better.”

Big Changes in a Short Time

Four years after implementing Tamarac’s Advisor Xi, IWM’s assets under management have more than doubled to approximately \$1.2 billion. The firm has also nearly doubled its households from around 600 to close to 1,200 in that time, and more than doubled its advisors, from seven to 17. Mr. Wong attributes this impressive practice growth to the streamlined workflows facilitated by Advisor Xi’s components.

Four years after implementing Tamarac’s Advisor Xi, IWM’s assets under management have more than doubled to approximately \$1.2 billion.

“We could not have achieved this amount of success and growth without Tamarac,” he says. “Their technology gives us the solid foundation and confidence to grow on a scalable level, while controlling our risks, so it’s been a worthwhile investment with a huge ROI.”

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One of the firm’s most pronounced workflow improvements involves quarterly reporting. Advisor View gives IWM the freedom to complete “dry runs” of reports prior to quarter-end to verify account performance figures and investigate any outliers.

“We like to run reports in advance, and under the old system it would take forever,” recalls Mr. Wong. “We’d have to run full reports and check them for performance returns, because there was no way to run just that one particular section. Now, in Advisor View, I can run account performance reports at any time throughout the quarter, and I can easily check performance numbers and report any outliers to the service team at Tamarac, who will quickly look into them.”

Today, it takes half a day to run reports for all of the firm’s accounts.

In the old days, IWM required two to three days to run reports for all accounts. Today, it takes half a day to run reports for all of the firm’s accounts. Mr. Wong adds, “If we were using our previous system, and we had doubled in size to the number of clients and assets we have now, it would take two to three people to run and check reports for all accounts to get them ready for production.”

Advisor View also saves the firm time on billing. What used to take an entire day to complete for all accounts now takes just two to three hours—for twice as many accounts.

On the trading and rebalancing front, IWM rebalances client portfolios across the firm between two and three times per year, and this proved difficult prior to implementing Advisor Rebalancing. The old trading and rebalancing system was inflexible, and didn't allow IWM's advisors to apply and save account restrictions.

Today, IWM can rebalance 500 accounts in five minutes.

“It was a clunky system—if a client had certain restrictions, you couldn't retain them in the system,” says Mr. Wong. “You had to save it in a spreadsheet or on a piece of paper outside the system, and remember, for example, ‘On this account, you're not supposed to sell this particular security.’ It was very inefficient, but in Advisor Rebalancing, as long as you put the correct rules into the system, it will automatically monitor portfolios and check for style drifts.”

Today, Mr. Wong and his IWM teammates can rebalance 500 accounts in five minutes—a big step up from four years ago, when they required four to five days to rebalance all accounts.

Safety First

As IWM's Chief Compliance Officer, Mr. Wong is especially grateful for how Advisor Xi's components have improved, and simplified, compliance processes. Advisor View and Advisor CRM work together to provide Mr. Wong with downloadable account information for different types of regulatory filings in Excel spreadsheets, and to regularly update the data in the spreadsheets. Today, Mr. Wong can complete annual ADV filings for all accounts in one afternoon—a process that used to take days.

Mr. Wong can also filter account data for regulatory filings using advanced search functions in Advisor CRM, which significantly reduces error risk.

“I can complete regulatory filings much faster than I could before, but I also have much more confidence in the accuracy of the filings,” he says.

Furthermore, Advisor CRM enables advisors to easily document and archive all client interactions, and Mr. Wong has instructed the firm's advisors and client service associates to make notes of all client interactions in Advisor CRM as a precaution. “If advisors or clients have differing recollections of how a conversation went or what the follow-up steps were, it's very helpful to have the interaction memorialized in CRM,” he says. “Advisor CRM is one of those systems that can really help you if something goes wrong.”

Stronger Client Relationships

Advisor Xi has also helped IWM strengthen long-term relationships with clients. The data-mining capabilities in Advisor CRM enable the firm's advisors to segment clients by age, zip code, client classification, and assets under management, which simplifies client outreach. For example, using Advisor CRM, IWM advisors can quickly identify all clients over age 65 who they haven't reached out to in the previous six months about Social Security.

In addition, Advisor CRM automatically sends reminder e-mails to IWM's advisors on each client's birthday, providing advisors with an opportunity to strengthen relationships through friendly birthday phone calls.

Advisor Xi has also helped IWM strengthen long-term relationships with clients.

The firm’s advisors have also harnessed Advisor View’s client portal to foster deeper, more collaborative engagement with clients. More than 80% of IWM’s clients receive account reports and updates through the client portal, which includes a secure document vault where they can store estate planning documents in addition to investment materials.

More collaborative engagement with clients.

“We tell our clients that this is the way we prefer to deliver reports because it’s much safer and faster, and they can use the client portal as a vault to store a great deal of information,” says Mr. Wong. “We can even store trust documents in there, so clients don’t have to search through their own files for trust documents and other estate planning documents when they need them.”

Streamlined Client Service

The Advisor Xi components also work together to streamline client service, making it easier for multiple IWM team members to step in and tend to client needs. For example, Advisor CRM allows all IWM professionals to see the last time an advisor made contact with a client, and access every client service agreement.

In addition, the firm’s built-in custom fields in Advisor CRM show each client’s last suitability check, and the “advanced find” feature in Advisor CRM enables all team members to quickly filter account information that they can share with a client’s primary advisor. Team members across the firm can also easily access saved search results for accounts in Advisor View.

A Competitive Advantage Over Wirehouses

Over the next five years, IWM hopes to grow its advisory team to 40 professionals in Southern California, and increase its assets under management to between \$3 billion and \$4 billion. The firm is actively recruiting, and the extensive customization and streamlining capabilities offered by Advisor Xi—along with Tamarac’s regular technology updates to the platform—are attractive to prospective advisors, including those from wirehouses.

Mr. Wong recently met with a large advisory team from a wirehouse. Among the numerous questions the team asked was a query about IWM’s technology.

“**Our Tamarac system is more flexible because we can change content, page order, fonts, and report themes, and we can put in our own logo and photos.**”

“They said their firm invests heavily in technology, and they can show account statements, plus annuities and brokerage, in one client report—and then they asked, ‘Can you do that?’” recalls Mr. Wong. “We were able to say, ‘Yes, we can—and on top of that, our Tamarac system is more flexible than yours because we can change content, page order, fonts, and report themes, and we can put in our own logo and photos.’ They can’t do that at their firm, so the level of customization is a great selling point that gives me confidence that we can compete with wirehouses in a way we couldn’t previously.”

He adds, “Our marketing team is out there recruiting advisors and clients, and with Tamarac’s platform, we don’t have to go out on a limb to say, ‘we offer cutting-edge technology and solutions.’ We can say it with confidence.”

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