THEWEALTHMOSAIC

How and where to prioritise automation and efficiency - a wealth manager's most pressing question in 2021.

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Introduction

BY STEPHEN WALL, CO-FOUNDER & HEAD OF DIRECTORY, CONTENT & INSIGHTS AT THE WEALTH MOSAIC

The Covid-19 pandemic and the UK government's response in shutting down wide elements of society and the economy has shone a light on ongoing challenges and weaker areas of the wealth management industry in the UK. While much of the focus has been on the disruption to the adviser-client relationship during the pandemic, the impact of the disruption has in fact run much deeper - testing the operational, infrastructural and technological set up of UK wealth management businesses.

As with every challenge, however, Covid-19 has also given rise to a new reality in the art of the possible; the way we can all now work, how technology can support us and how we might need to adapt for a new future which is certainly different to the past. The wealth management market in the UK not only recognises the opportunity but also wants to embrace the change, where relevant and within the realms of the realistic and achievable.

But for that to happen, the operational, infrastructural, and technological set-up of the industry will also need to change. And the question must be asked: is the industry ready for the change? The answer falls somewhere in the middle of yes and no. Rather than seeking large scale change, the UK wealth management sector is still largely plotting its way slowly and project by project towards its required and improved business efficiency levels.

In this white paper, we spoke to a range of technology and operational executives at different sized and types of wealth management firms active in the UK market. We sought the experiences and opinions of these experts around the general topics of efficiency and automation within their businesses.

For each of the four segments covered (see those highlighted below), we asked each respondent four questions. We undertook the interviews with participants between early April and mid-May 2021. Of course, with technology in focus and with Covid-19 still restricting in-person meetings, we conducted each interview via the most modern of means, principally Google Meet, Microsoft Teams and Zoom!

1 Business goals

Looking at the highlights from the research, growth and scale are the priorities for the wealth management firms. But firms define and measure success differently. The priorities highlighted include system integration as well as digitisation and refining the investment process, to name a few. Technology is seen as an essential mechanism to achieving these and other goals.

2 Business efficiency

Efficiency, meanwhile, is a key criterion for these businesses. Participants feel they have a good understanding of how they want to work towards it. Areas for focus in delivering on efficiency goals include technology architecture, data strategy and improvements to a number of the front-end processes. Where firms have focused on efficiency for whatever reasons, the gains have been notable in terms of time efficiencies and not needing to increase headcount. But participants also noted that in some cases the technological gains are outweighed by the effort required to implement them. The top areas for business inefficiency were cited as the middle and back office, dealing with counterparties as well as onboarding and fact finding.

3 Automation

When it come automation, respondents understand its role in promoting efficiency and visibility. They point to the positive changes brought about by Covid-19. They also acknowledge that cultural change is required. Participants know that there is a delicate balance to be struck between automating, the actual value add, retaining the human touch and not impacting other areas negatively by going end-to end where possible. Suitability, onboarding, factfinding and reporting are high priority areas for automation or increased automation.

4 Growth and technology

Overall respondents were enthusiastic about the role technology has when it comes to facilitating growth and scale within their businesses but were keen to confirm that retaining the human touch remains critical. The overwhelming feeling is that the solution should fit the specific problem at hand. As an example, client onboarding and front-end functionality are seen as two examples of fitting problems. Further, the addition of new technology also brings about the need to upskill and reskill. While this is seen as a positive for staff, this requires consistent C-Level support for what can be quite a big cultural change.

Highlights

Overwhelmingly, this research highlights that while firms are pushing for increased business efficiency, and firms are active across a wide variety of specific areas of their businesses to deliver this, a true understanding of automation to support their goals is not yet embedded in their thinking. Firms are focused more on solving the business challenges they have in front of them now.

Or to be fairer to participants, where the conceptual understanding of automation and even intelligent automation exists, in real life, firms are not able to deliver due to factors such as existing technology limitations, cultural resistance or a simple misunderstanding from the leaders of the business of what automation means (i.e., removing people rather than enabling people).

And while the market has some knowledge of what automation is and how it can be applied within their organisations, there seems to remain a limited understanding of what is really meant by intelligent automation and how broadly it can be used across their businesses. The market is seemingly responding to challenges one-by-one and acting in an almost siloed manner for each challenge rather than considering how intelligent automation can be deployed across broad areas of their business.

In many ways, considering the slow evolution of the sector and the many pieces of the puzzle that are often at play in decision making, that approach is not just understandable but to be expected. However, the applications (and merits) of intelligent automation would suggest a broader consideration than just the current challenge at hand is required.

We trust you find value in the coming pages of this whitepaper and we would like to thank all the participants who gave both their time and insights for the creation of this paper. We welcome your feedback and any further insights you'd like to offer and we look forward to producing more insightful and engaging research for the UK wealth management sector in the near future.

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Participant 5

"

Technology is not a business goal in its own right, but it is a solution to the vast majority of other business goals. Good technological support and capability frees people up to add value to clients or improve other processes.

Participant 1

"

Our focus has very much been on scalability where we look at each process and see what would happen if we added 25% more volume. For some processes like onboarding then it is not currently scalable but others, such as for payments, then it is.

Participant 10

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Before Covid-19, we still had some third-parties insisting on wet signatures. You might find that although a third party has a great front end, beneath that people are still entering data manually and trying to work with multiple underlying systems which can't actually talk to each other.

Participant 1

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As a result of rapid growth we need to bring together disparate IT systems that cannot integrate or talk to each other.

Participant 2

Wealth managers: The time for change is here and now

BY BLUE PRISM

What's needed now is a collective push by the wealth management industry to take a stride forward, not just within the firms themselves but by third parties as well. We believe that the time for this change is now.

We would like to thank The Wealth Mosaic for carrying out research with UK wealth management firms to measure their attitudes towards the adoption of intelligent automation.

Perhaps the biggest commercial problem wealth managers are having to contend with currently is the need to grow and scale, whether that's organically or through acquisition. Consolidation in the wealth management space, along with changing customer demographics and the arrival of new market entrants, mean that firms no longer have the luxury of 'doing things as we've always done them.'

We are encouraged to hear that wealth managers now believe that technology is a way in which they can grow their capabilities and scale up to meet the requirements of both existing and new, potential customer groups.

Technology is now perceived to be the best way to build assets under management as well as attract the best professionals. But firms are also reporting that there are still perceived cultural and budgetary barriers getting in the way of progress.

The need to balance resources to drive growth, while cutting costs

The two main levers wealth managers have at their disposal when seeking growth or scale are making cost efficiencies or growing income. But cutting costs means firms reduce the resources needed to sell and market propositions to all of the potential new customer groups in front of them.

While this conundrum has always faced professional services firms, there is additional pressure being brought to bear by 'digital first' market disruptors or the many 'WealthTech' start-ups that claim to offer a slicker, automated experience.

However, the real value that wealth managers deliver is the advice that investment professionals provide to their clients. There's a tradition for clients to sit down face to face with their trusted adviser, who is likely to have many years of experience and insights, backed up with detailed research undertaken by colleagues.

As one firm in this study said: "The solutions are out there but we still face cultural challenges and barriers to uptake. For example, some of our clients still use cheques, which are more troublesome to upload when it is a business account, and so we are held back by client tolerance for new methods and tools."

Connecting front, mid and back offices and third parties is a key priority

Along with addressing cultural resistance to change, wealth managers report that counterparties in the sector, such as custodian and trading brokers, are not up to speed with technology, making it difficult to introduce straight through automation.

A third party may present a great front end and user interface, for example, but beneath it people are still entering data manually and trying to work with multiple underlying systems which can't actually talk to each other.

And the need to get on with day-to-day business also gets in the way: with an emphasis on growth, wealth managers have to focus on customer service and regulatory compliance. They can't divert people away to focus on tech projects because of other priorities.

Firms are wary of investing in technology for the sake of it, or that may not provide ROI

A further impediment is the concern firms have about 'tinkering at the edges' of systems without having a top-down governance model. There are fears that by disturbing one process it will have a detrimental impact on others, and that embarking on a big programme of business and IT change could be both costly and counter-productive.

Indeed, business as usual will eventually run out of road. Yet the answer cannot be to disrupt a model that works best for firms' most valued clients. Whilst firms want to use digital automation, it is essential that they retain the human touch where it is wanted or required.

Transforming the operating model throughout the business with a light-touch, cloud-based intelligent process automation solution is the key to driving both cost savings and incremental revenues. Instead of replacing humans, this approach augments client service quality by providing speed, data accuracy, ability to scale and the ability to spend more time with clients by getting rid of manual, repetitive tasks that slow the business down.

One example is to automate processes around investment research and pulling together investment valuations, which doesn't have to impact core systems but can reduce information retrieval time per case by 96%. Another is to automate the client onboarding process, applying digital workers to extract data from any structured or unstructured document, input this data into any internal system or external platform as well as KYC / AML processes.

Once in place, these automated processes can be replicated to take on more work across the firm, and link previously unconnected systems, reducing the administrative burden on investment professionals at the same time.

Counterparties need to step up and address service and automation issues

What's needed now is a collective push by the wealth management industry to take a stride forward, not just within the firms themselves but by the many third party providers and counterparties that serve them as well. We believe that the time for this change is now, and that the findings of this report signal a clear appetite for significant progress in the years ahead with technology playing a pivotal role in making this happen quickly and affordably.

Question by Question

Research into the adoption of intelligent automation in the UK wealth management sector in Q2-Q3 2021.

Examined in four sections: Business goals, business efficiency, automation and growth & technology

Business goals

GROWTH AND SCALE ARE THE CORE GOALS, WITH TECHNOLOGY SEEN AS A MAJOR ENABLER.

Growth and scale are significant priorities for our interview respondents, but success within these areas are defined and measured differently across firms depending on their individual focus and needs. Firms have individual priorities on how to best create growth and scale within their businesses, but common themes are system integration, greater digitisation and further refining and improving the investment process. Alongside this, technology is seen as an essential support framework to achieving most, if not all, of these goals. It is an enabler which supports their other strategic goals.

Section highlights:

- Growth and scale are the top priorities for all respondents, particularly via AUM.
- Cost efficiency is a consideration; firms want to grow without adding costs.
- Integration of existing processes and systems is a concern; firms want to align and integrate their systems as a top priority.
- A smoother digital journey and a core focus on the client experience at the front end are receiving most attention. Making the investment process more efficient in order to scale without adding cost is a focus.
- KPIs and ROIs are still very much in force in measuring success.
- Other focuses like service levels and experience, absorbing AUM, growing without increasing cost and maintaining a static headcount also feature as a measure of success.
- Some firms have no formal measures of success. Holistic measures include how well a measure has been received and whether the uptake is good.
- Better use of technology is not a goal in its own right, but it does enable other strategic goals like growth, operational and cost efficiency.
- The list of tech demands is outstripped by the capacity to provide it.
- Technology is not just an efficiency play. It is also an internal and client value add too.

QUESTION 1

What are the main strategic goals for your business today?

Growth and scale

Participant 8: "Our key strategic aim is always growth- both in itself and relative to the market. We also look at investment performance, again both in itself and relative to the market."

Participant 7: "We want to grow our assets under management (AUM) and our profitability."

Participant 3: "Our main business goal is scalability. By this we mean the ability to attract and retain new customers and grow our AUM."

Participant 1: "We are keen to grow the business and we see a huge amount of consolidation in the market which makes us think it's an 'eat or be eaten' situation."

Participant 10: "We aim to grow organically- tasking our wealth managers to grow their AUM either by growing their existing book or by accessing new clients."

Cost efficiency is a consideration

Participant 3: "We want to increase inflows and AUM without increasing cost and head count."

Participant 8: "We want to reduce cost and add in efficiencies."

Participant 5: "We are trying to scale and grow our revenues by increasing our AUM without increasing our cost. The cost of our service delivery needs to come down by making it sleeker and quicker."

Integrating existing processes and systems

Participant 8: "We have our own strategic platform, and the aim is to migrate as much as possible over now that a major acquisition period is over. By doing this we will be able to grow organically in the future."

Participant 7: "Our main goal is to have alignment with our parent company and to be able to provide a cohesive customer journey."

Participant 2: "The firm has experienced rapid growth over the past 12 months and we now need to consolidate that and use technology in a more integrated and joined up way."

QUESTION 2

What plans or programs do you have in place to achieve those goals?

System integration

Participant 2: "As a result of rapid growth we need to bring together disparate IT systems that cannot integrate or talk to each other."

Participant 7: "The challenge has been getting systems to align and share data."

Participant 8: "Everything needs to funnel down to our platform rather than operating disparate systems."

A smoother digital journey

Participant 7: "We have introduced elements of digitisation to support a smoother look and feel to the customer journey."

Participant 8: "We want to reduce friction everywhere but particularly in places that touch the client directly."

Participant 4: "We are looking at encouraging clients to use our client portal."

Participant 10: "We are using digital to create self-service opportunities for the lower end of our client base."

Improving the investment process

Participant 2: "We do not currently have a link between the back and front office platforms and we need to address this in order to be able to scale efficiently."

Participant 10: "We are looking to merge our planning and investment client data. This will allow for a single version of the truth and thus allow for cross selling and more efficiency which leads to better servicing opportunities."

QUESTION 3

How does the business measure success and/or its return on investment?

Traditional measures of success

Participant 9: "We have a cost efficiency programme which has measurable KPIs and deliverables."

Participant 8: "The measure of success is dependent on the KPIs that we have set for a given initiative. Revenue growth is an easy one to measure."

Participant 5: "From an operational perspective we are looking to measure efficiency and track FTE savings in order to see how our employees spend their time."

Other considerations

Participant 8: "Client retention and experience are not as easy to measure but important nonetheless."

Participant 10: "We always try to use qualitative data to look at not just the long terms financials and the operating margins but also inflows and outflows and client surveys."

Participant 2: "This is more about getting the overall proposition right and managing capacity and workflows right in order to deliver on service."

Holistic measures of success

Participant 7: "We have a project scenario process where we look to look at business demands and how much IT support they would need and what the value and cost of any project would be. The aim is to identify what is worthwhile to do and what is not."

Participant 4: "Success is measured on uptake of new processes and tools and the reasons why, or why not."

QUESTION 4

Where does the improvement of how you utilise technology rank in terms of your business' goals and priorities?

Technology as an enabler

Participant 4: "Technology is up there in the top priorities along with cost reduction and growth."

Participant 1: "Technology is not a business goal in its own right, but it is a solution to the vast majority of other business goals. Good technological support and capability frees people up to add value to clients or improve other processes."

Capacity

Participant 6: "Technology is a fundamental part of our business and one of the highest priorities – like any company the list of technology demands is outstripped by the capacity to provide it."

Participant 8: "There are lots of things that we know we can do but we also have conflicting priorities in terms of other projects, notably around regulation and resourcing 'Business as Usual' projects."

Technology as a value add

Participant 6: "The risk and reward scenario is key in making a decision. We look at anything that is making the customer journey clunky or disjoined. We are also looking for a 'do it once and do it right' strategy."

Participant 3: "Technology and its use is a clear business goal in terms of enabling growth but we recognise that technology is not just an efficiency play; it is also a value add too."

SECTION TWO

Business efficiency

RAISING EFFICIENCY IS A CORE FOCUS BUT IT IS NOT WITHOUT CHALLENGES

There is a good understanding of the importance of efficiency and how to work towards it and areas for focus include architecture, data and improvements to front-end processes. Efficiency gains have been notable in terms of time saved and not needing to increase headcount. However, participants also noted that in some cases the technological gains are outweighed by the effort required to implement them. The top areas for business inefficiency were cited as the middle and back office, dealing with counterparties as well as onboarding and fact finding.

Section highlights:

- Respondents largely feel that they are on the journey, that there is a good awareness and knowledge of what needs to be done and what the benefits are but that there is more to come.
- Architecture and strategic efficiency gains have been looked at, process and scalability were cited as imperative, data aggregation and reporting were a top concern, while front end improvements have also been important.
- Time savings was the number one gain, while maintaining headcount was also cited as important.
- However, participants realised that some initiatives have limitations and therefore needed consideration over their value.
- The middle and back office came up top of the inefficiency list, with issues with counterparties also raised as a problem, while onboarding and factfinding are also seen as needing attention.

QUESTION 1

How would you rate your business' efficiency?

On the journey- where next and why?

Participant 3: "We have already implemented strategic solutions to achieve greater efficiency. We are on the journey. In the next 12 to 24 months, we think we will have thoroughly bedded in what we have just implemented. Then we will need to tweak things."

Participant 8: "We are not leading edge, but we do deploy technology where we think we need it and where we can define and show a significant benefit in doing so. Interactions with clients is a key area that we want to make efficient and we think this has seen massive change, promoted by Covid-19."

Participant 1: "We seem to be winning so far. One of our aims is to get everything onto our single platform and that is our organisational design. Our DFM is pretty efficient; we have unitised our portfolios into a fund so that limits the amount of trades that we have to do."

Understanding

Participant 7: "We are middling, but we do have a good understanding of where the big wins are and where we can improve. We are looking to move our platform to a place where we can make better use of data and have it aligned with that of our parent company."

Participant 2: "We have put in a team to help identify where our workflow and capacity gaps lie. We know that we need to work to understand where the problems actually are before we put in solutions to solve them."

QUESTION 2

In which areas have you focused your efforts to increase efficiency over the last three years and why?

Architecture- getting the basics right

Participant 9: "We have invested heavily in the Cloud. The view is that not only does that bring about business efficiency but it also beings about the ability to be evergreen."

Participant 2: "We have upgraded our technology stack from on premise to working in the Cloud with Office 365. This has allowed us to work in a more agile fashion and to automate some business processes."

Strategic projects

Participant 2: "We have used HubSpot to see where we are in terms of pipeline and from there identify what workflow will be going forward. We have another bit of middleware that comes into play when we are balancing portfolios. It looks at allocation and risk profile and then creates a dealing spreadsheet which then we (manually) upload."

Participant 6: "Our focus in on migration. We have looked deep into process and tried to work out where the inefficiencies lie and challenging them."

Participant 4: "We acquired a business and have moved their back office and custody onto our central core system- this is a common problem where you get a chunk of new business."

Process and scalability

Participant 7: "We want processes that are scalable. We are looking at simplification and process efficiency and from that we have simplified the process on giving advice through to investment in one of our funds so that it is straight through."

Participant 2: "We had no end-to-end transparency and so it was hard to see where workflows were and measure capacity and downstream issues. We created a granular map of processes and workflows and workloads and looked to see where we could improve things."

Participant 5: "Our focus has very much been on scalability where we look at each process and see what would happen if we added 25% more volume. For some processes like onboarding then it is not currently scalable but others, such as for payments, then it is."

Data aggregation and reporting

Participant 10: "Our focus when it comes to efficiency has been in data aggregation to create a 'one stop shop' for data collection and have an assured quality and control function over data uptake and output. With that comes quicker response times. It also means the investment managers can access intraday data and that helps them to make their decisions with more information. End of day processes have now become intraday process, and in some cases, we now have a two-hour cycle."

Front end wins

Participant 8: "We have invested in making sure that the bits of the business that touch the client; onboarding, engagement, reporting, etc. Are all available digitally."

Participant 1: "We have tried to make onboarding as paperless as possible. We get the client to populate a form online and it goes straight into the system. It means

that the adviser can look at the form before the meeting and arrive prepared- this is adding value. We also use a tool for our KYC/ AML which integrates into the platform."

Participant 2: "We introduced a client portal and we have also removed paper; introducing E-signatures and using electronic reports where possible. As a result, the velocity of documents has increased and so we have needed to work on the speed of our response to that and resolve some best execution issues."

Participant 10: "We have tackled some high value areas- high-cost functions in the front office. We have also tackled some of the lower hanging fruit in things like digital signatures and Zoom-based E-meetings which have made us more immediate and efficient. Beyond that we are trying to automate data capture, but we are not looking to wholescale reengineer anything."

QUESTION 3

What impact / outcomes have those efforts had and how did you measure those?

Time efficiency

Participant 3: "We have massively reduced the time taken to provide data."

Participant 4: "We looked at scaling trading volumes as a result of new business and found that on the platform we now have STP processes which buy us time."

Maintaining headcount

Participant 2: "We are very conscious that the measures we have introduced serve to look at where we are in terms of capacity and identify any gaps that we have and need to fill. We don't want to be recruiting at scale again any time soon having gone from 26 to 41 in the past year. The biggest thing is not ROI, it is whether people have the right capacity."

Limitations

Participant 10: "We looked at whether it was less or more expensive to have humans doing a job or to introduce RPA in some areas, notably reconciliation. We think that it is more of a scale play."

Participant 8: "Every initiative needs to have a business case and within that we obviously look at the financials. The benefits need to outweigh the risks and the effort."

QUESTION 4

In which areas of your business do you feel you remain inefficient? Where are the bottlenecks, productivity issues and manually intense work and where should you now be looking to improve?

Middle and back office

Participant 4: "We are inefficient when it comes to our custody, and we have moved to streamline that to ease the pressure on the operations team. We are pushing for reporting automation too."

Third parties

Participant 3: "We remain inefficient when it comes to our counterparties, i.e., custodians and trading brokers. They are still using some pretty hefty manual processes. That affects our connectivity and latency. They may need to move away from their legacy systems in order to achieve this and in line with that we might look to have preferred partnerships to support our efficiency efforts."

Participant 6: "We are reliant on third parties being efficient. That is not always a success story."

Onboarding and suitability

Participant 6: "Onboarding is one example where we are looking to provide something that is joined up and process efficient both internally and for our clients."

Participant 4: "We are pushing for our onboarding system which is still pretty much paper based to become more automated by using an App. We are also looking to manage our messaging capabilities through a new CRM."

Fact finding

Participant 1: "By getting the client to fill in as much information and detail as possible before a meeting, then the adviser can arrive at the meeting up to date, informed and ready to make some suggestions. This has a positive impact on outcomes and conversion rates."

Participant 8: "The biggest issue we have is treading the fine line between the personal touch and self-service. A one-to-one meeting cannot be scaled and so we need to make those meetings as efficient as possible and this is where technology can help. Lower down the scale we would look at having more self-service and so there is an element of client triage to decide what level of service they get."

Automation

AUTOMATION IS UNDERSTOOD BUT A CHALLENGE TO DELIVER BROADLY

Interview respondents understand the role of automation in promoting efficiency and visibility. They also point to the positive changes brought about by Covid-19 and point out that further cultural change is required to deliver greater automation. Participants know that and end to end process manages the delicate balance between automating, the actual value add, retaining the human touch and not having negative downstream impacts. Suitability, onboarding, factfinding and reporting are high priority areas for automation.

Section highlights:

- Respondents said that the automation journey is an ongoing one. There is a good understanding that automation is the tool and efficiency is the result.
- There is resistance to change within the industry which makes automation harder to achieve, while tardy counterparties can also make automation harder.
- Covid-19 forced improvements in automation and proved the worth of those already implemented.
- On a basic level automation means taking out the human. Efficiency is the measure and automation is the means.
- Automation gives visibility. This is notable in areas like valuations and reporting.
- Participants are aware of the need to identify the right opportunities and not just automating for the sake of it.
- There is high value placed on retaining the human touch and oversight - automation supports humans but does not replace them.
- There is also awareness of the possibility that automating one area might cause issues in another – end to end is desirable.
- The areas that need efficiency are those that also need automation, including suitability, onboarding, factfinding and reporting as high priority areas.
- Improving counterparty automation is also an issue, while improved automation within a firm's own architecture is also cited.

QUESTION 1

To what extent do you feel that wealth management firms are hampered by manual processes?

The automation journey is ongoing

Participant 9: "We are not at the start of this journey, it has been ongoing for quite some time. Automation brings about process efficiencies."

Resistance to change can make automation harder

Participant 4: "Automation is what you make of it. The solutions are out there but we still face cultural challenges and barriers to uptake. For example, some of our clients still use cheques and they are more troublesome to upload when it is a business account and so we are held back by client tolerance for new methods and tools."

Participant 3: "Our remaining issues are with our counterparties- hence they now have to be our focus. We need to work with them on this."

Participant 1: "Before Covid-19 we still had some third-parties insisting on wet signatures. You might find that although a third party has a great front end, beneath that people are still entering data manually and trying to work with multiple underlying systems which can't actually talk to each other."

Covid-19 has forced improvements

Participant 2: "We have been lucky in that our portal was fully functional before Covid-19. Otherwise, we would have had a very manual process of rebalancing on a client-by-client basis, sending out individual letters with recommendations and then manually recalculating."

Participant 8: "Covid-19 moved things along in terms of communications methods, data capture and giving consent digitally. We expect to see this retained."

Participant 7: "Covid-19 has really helped to move expectations forwards, but we don't want to have a totally automated proposition. We are all about customer engagement and so it is knowing where the line should be drawn."

QUESTION 2

What do you understand by the term automation and has the business invested in automation so far?

Automation means taking out the human

Participant 5: "We define automation as whether there is a need for a human to interject in a process at any part and the impacts of any human involvement - like errors in keying in data or the human element slowing down a process."

Participant 3: "Efficiency is the measure and automation is the means. So, we need new streamlined process that are automated and that promotes efficiency. The less manual and the more automated a process is the more efficient it becomes."

Visibility

Participant 4: "We have invested in our valuations in that we are using our CRM and client portal to get people to access them that way."

Participant 7: "We have something close to automated when it comes to reporting and customers being able to see valuations. This feeds through into quarterly reporting. We also have dynamic data uploads on a daily basis."

Participant 8: "We have a policy that we keystroke once and reuse the information multiple times. We have also been focusing on being able to look at our dashboards to show the book of business and how it is doing- where it is performing and where not so much. It's led to greater visibility and oversight."

QUESTION 3

What impact / outcomes have those automation efforts had and how did you measure those?

The right automation

Participant 3: "We look to see automation gains in terms of time and effort to do a given task previously, versus gains in term of risk and time."

Participant 7: "There are still some bits round the edges where we are manual and, for those, we need to decide whether it is worth doing anything or not."

Participant 1: "We use batch APIs and RPA but only where we see that it adds value and it is worth investing in. So, for example, something like updating an address can go in a batch overnight but placing a trade needs more attention and speed."

The human touch

Participant 10: "It is important to ask whether having the human there doing something is less expensive than automating."

Participant 2: "This is a capacity and capability play. It is about where automation is and isn't useful in supporting our people."

The role of end to end

Participant 1: "We also consider that automation needs to be end to end. It is not good having a flashy front end if underneath someone is still doing manual data entry."

Participant 7: "Sometimes getting efficiency into the middle and back office just kicks the can elsewhere and requires someone else to be more manual. Our cost to productivity analytics is more around whether you can create something that is scalable and track manual processes back to the cost of continuing/not changing things."

Participant 5: "Sometimes you introduce a level of automation and that brings about other issues where you need to go back in and reengineer something. There needs to be an understanding of downstream impacts and the entire end-to-end process."

QUESTION 4

Which processes, or areas of your business do you feel further automation would be most relevant or beneficial?

Suitability and onboarding, factfinding and reporting

Participant 7: "We now look to extend automation to the risk profiling process to give relationship managers a better overview and oversights on their customers."

Participant 6: "We think onboarding needs work to identify where the human elements need to be and where they don't."

Participant 3: "We are yet to tackle suitability and that is a priority for the rest of the year."

Participant 1: "We continue to focus on our reporting, and we are also working on getting the adviser portal directly linked to the platform."

Counterparties

Participant 3: "In the next two years our intention is to work with counterparties to get them to increase their automation and thus efficiency and therefore increasing ours. We are aiming to get some end-to-end connectivity."

Participant 1: "We also want the same functionality from third parties to avoid manual data entry and this would mean that we can update clients' values more frequently using RPA."

Architecture

Participant 3: "The back office cannot speak to the trading platform and this is something that we do need to address."

Participant 6: "There is still work to be done at the back end and with regard to market infrastructure."

SECTION FOUR

Growth & technology

TECHNOLOGY IS AN ENABLER OF GROWTH BUT A CULTURAL CHANGE IS NEEDED

Growth and scale are significant priorities for our interview respondents, but success is defined and measured differently across firms depending on their individual focus and needs. Firms have individual priorities on how to create growth and scale within their businesses with the focus falling on needs such as system integration as well as greater digitisation and further refining and improving the investment process. Alongside this, technology is seen as an essential support framework to achieving most if not all of these goals. It is an enabler which supports their other strategic goals.

Section highlights:

- Technology has a key part in facilitating growth through the provision of efficiency and visbility, but technology cannot replace the human, nor should it.
- Better onboarding is a key concern, while front end functions for clients are also in sight.
- Care is needed to use technology only where it makes sense to do so – using a sledgehammer to crack a nut is a risk.
- There are benefits to upskilling and reskilling – the focus will change to supervising output in the middle and back office.
- Freeing up the adviser to develop existing relationships and seek out new ones is a priority.
- There needs to be C-level led cultural change and support to drive through the necessary technological changes.

QUESTION 1

How do you feel that technology can play a part in growing your business?

Technology - facilitator of growth and scale

Participant 8: "Technology is a must have- the alternative is standing still and stagnating. There needs to be a very high level of competency in use and deployment."

Participant 3: "Our strategy is to offer consistency, quality and accuracy in the client experience, so we need to be able to scale to offer that. This applies to the client experience at the front end, but it is also applicable to the middle and back office in that we need to be able to manage our data and processes too."

Participant 6: "Technology and having the right people in place will allow us to grow and service our clients more efficiently. It is valuable to grow a business and to introduce scale without having the cost to income ratio shoot up as well."

Participant 10: "The platforms and the structures need to be the right ones to bring about the cost savings and the value adds. Technology enables automation which enables growth."

Participant 1: "Cost reduction per se is not a goal but delivering economies of scale is important and with that you get some efficiencies."

Technology supports humans and the client experience but does not replace them

Participant 5: "The nature of our business means that the more functionality- rich experiences we can provide the better the client experience will be."

Participant 3: "Our value is in the face to face so it is all about freeing up people to do their jobs better and, for those that are front facing, to meet with their client and not spend time on things that could be automated."

Participant 7: "Ultimately the technology has to underpin the ability of the adviser to offer the best levels of service possible. The UX needs to be right so that relationship managers will use it and support their clients to do so as well. It is a question of identifying what is worth investing in and what is not and whether a process can be scaled or not."

Participant 10: "The higher up the wealth scale you go then the less willing people are to self-serve, so the debate becomes about right-sizing technology so that it is placed into context and used in a way that is appropriate to the client base."

Participant 1: "For us only having manual intervention where you actually need it is key. For example, we do not have automated phone lines or use bots because we know that our clients want to speak to people and so we invest in that instead."

QUESTION 2

What do you understand by the term automation and has the business invested in automation so far?

Automation means taking out the human

Participant 5: "We define automation as whether there is a need for a human to interject in a process at any part and the impacts of any human involvement - like errors in keying in data or the human element slowing down a process."

Participant 3: "Efficiency is the measure and automation is the means. So, we need new streamlined process that are automated and that promote efficiency. The less manual and the more automated a process is the more efficient it becomes."

Visibility

Participant 4: "We have invested in our valuations in that we are using our CRM and client portal to get people to access them that way."

Participant 7: "We have something close to automated when it comes to reporting and customers being able to see valuations. This feeds through into quarterly reporting. We also have dynamic data uploads on a daily basis."

Participant 8: "We have a policy that we keystroke once and reuse the information multiple times. We have also been focusing on being able to look at our dashboards to show the book of business and how it is doing- where it is performing and where not so much. It's led to greater visibility and oversight."

QUESTION 3

If you automated time consuming and repetitive tasks, where would you have your staff re-focus their efforts and spend more time?

The benefits of upskilling and reskilling - supervising output not input

Participant 5: "We want people not to be cranking the handle but looking at the quality of the output at the other end and whether it matches needs and expectations."

Participant 3: "The staff play is all about enabling people to supervise and add resilience to areas that we have upgraded from a technological viewpoint. We want to train our staff to get the very best out of the technology and be able to scale their productivity."

Participant 8: "If technology is to be leveraged, there need to be high standards of expertise and competency and a deep understanding of how to get the best from it. This is an opportunity for existing staff."

Enabling better relationships

Participant 5: "There is a fine line to be trodden in an industry that revolves around personal service and so we need to be sure to retain that where it is needed. We will introduce automation where that adds to the service either at the front end or under the bonnet."

Participant 2: "Advisers, we think, should be spending 90% of their time with clients and technology is an enabler of this."

Participant 8: "Technology for the front office plays a vital role in allowing relationship managers to service existing and new clients and in a better, more efficient way."

Resistance to change? The C-Level must lead

Participant 10: "When it comes to staff, we feel that moving them to more value-added tasks need to be led from the top. We have a business analysis team- we look to lean manufacturing a lot for how we could improve things within our own business."

Participant 6: "There can be resistance to change but that is an inevitable. Normally where people have gotten comfortable, they need to be brought round by an understanding of the vision and the bigger picture."

Participant 10: "It is commonplace to encounter cultural opposition to radical technological change and execution and deployment is something that needs to be carefully thought through."

Participant 10: "There is always the question about whether in a back office in a mid-sized firm people have the motivation to be tech savvy and at the cutting edge. There is also the view from senior stakeholders that they want to look after their staff and not force overwhelming amounts of change on 'normal' people who are just doing a job. The lack of confidence that some may having in embracing technology is to be understood rather than seen as a threat."

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