



INVESTMENT SERVICES

Think Outside the Tech Stack

How Outsourcing
Solves Four Financial
Advisor Challenges

eBook



As rapidly as the independent advisor segment expands—at a rate higher than the market—so too does the volume of advisor technology that exists to support it.

And according to a recent Schwab study¹, advisors believe that the growth of the technology industry is what's driving innovation within the RIA market.

That's no surprise, considering the number of fintech firms designing, developing, and promoting products and solutions for today's advisors.

But the idea that technology is the answer to financial advisors' greatest challenges is a combination of reality and marketing magic. Of course, technology can drive efficiencies, streamline manual processes, improve communication capabilities and even create better outcomes for end clients.

Yes, implementing a new technology platform can be a way for financial services firms to scale, alleviate operational burdens on their advisors and deliver an exceptional client experience.

But it's not the only solution—and too many advisors have been conditioned to believe that it is.

Because for all of the efficiencies a tech stack creates, it also presents major challenges of its own when it comes to implementation, ongoing maintenance, training, customization and support. And when financial services firms are looking to grow their businesses, lack of enough time is always the greatest problem they face.

Financial advisors are trained to think that what they need is more additions to their tech stack. What they actually need is the operational efficiencies, time savings, and relationship management capabilities that advisor technologies claim to provide—without the burden of maintaining the tech itself.

If your firm doesn't have the time or the resources to dedicate to maintaining one more tech platform, there's another way.

¹"RIA Industry Will Grow Faster Than the Market: Schwab Study" 7 Jun. 2021, <https://www.riaintel.com/article/b1s5l2lcj3ws/ria-industry-will-grow-faster-than-the-market-schwab-study>. Accessed 6 Aug. 2021.

Outsourcing as an Alternative to Traditional Advisor Technology



Just like advisors have been conditioned to believe an ever-growing tech stack is the answer to their workflow challenges, they've also been fed a misleading narrative about outsourcing operations—namely, that handing over the keys to the middle- and back-office means giving up complete control and insight into their day-to-day business management.

And that may be the case with some outsourced providers, but it's not a ubiquitous truth.

Outsourcing operations can solve the efficiency equation while still allowing advisory firms full transparency into their data and control over the tasks they wish to retain inhouse. But because the tech stack narrative is so pervasive, advisors don't always consider outsourcing as a viable option for managing their operations.

To illustrate the unexpected benefits of outsourcing, let's take a look at a few of the biggest challenges facing today's financial advisors, and explore the differences between trying to solve them with a tech stack or an outsourced provider.

1 Offering a Differentiating Client Experience

Client demands are increasing. Largely as a result of the rise of digital delivery, consumers have been trained to expect gratification instantly—anytime, from anywhere—and are reluctant to settle for less from any service provider, including financial advisors.

Today's wealth management client wants to be able to interact with their advisor anytime, anywhere and on the most convenient device or channel. They also expect it to be easy to access—and update—information about their accounts, goals, performance, portfolio and more.²

And client engagement tools developed by fintech companies can certainly help create that experience by offering ways to connect digitally, share important resources and stay on track with financial plans.

But technology providers are focused on improving technology—not necessarily on facilitating the powerful human connection that forms the foundation of the most successful advisor-client relationships.

Because of the way their business models are designed, outsourced providers approach experience—for both advisors and end clients—with a service-first mindset, thoughtfully considering how to help curate better advisor-client relationships. And stronger client relationships ultimately help advisory firms achieve their growth goals.

²"RIA Industry Will Grow Faster Than the Market: Schwab Study" 7 Jun. 2021, <https://www.riaintel.com/article/b1s5l2lcj3ws/ria-industry-will-grow-faster-than-the-market-schwab-study>. Accessed 6 Aug. 2021.

2 Implementing Operational Efficiencies

At the core of any operational provider's value proposition—fintech firms and outsourcing companies alike—is efficiency. That's because managing tasks like trading, reporting and billing manually is slow and cumbersome at best, and can even pose real risks to your business, since the potential for human error is high.

You didn't go into financial services to spend your time in spreadsheets. You did it to help people. Fintech firms and outsourced providers alike recognize this; it's why they lean into the powerful ways their solutions can streamline your workday so you can spend more with people instead of with Excel.

But when you implement a new technology stack, you add a whole new level of operational management to your plate. Between installation, onboarding, training your staff, upgrades, prioritizing ongoing maintenance and dealing with outages, you're simply trading one set of non-client facing tasks for another.

You didn't go into financial services to manage technology, either. And adding resources to handle tech operations for you is an option, but it can also be a significant drain on your budget.

Outsourcing your operations eliminates the need to maintain technology yourself. Not only does it build tremendous efficiencies within your day-to-day processes, but it also creates a sense of peace of mind. Working with an experienced provider allows you the freedom to focus on your clients without worrying about problems with your tech stack.

3 Reaching a New Level of Growth

No matter what stage your firm is in—whether you're just recently established, expanding rapidly, or already a large enterprise—growth can be a byproduct of improving operational efficiencies. And technology is effective as a mechanism for growth, since most modern platforms are built to scale with your business.

But technology isn't as important to growth as people. And losing key employees, or slowing momentum to onboard and train new ones, can be real stumbling blocks on your journey to your growth goals—especially if they need to get up to speed on your tech stack.

Efficiency is key, but an outsourced operations partner provides something else essential for growth: **Consistency.**

Your provider knows your business inside and out, because they spend every day in it. They've been a part of your path to growth from the start, which means that not only will they be able to keep your operations running smoothly no matter how fast you expand, but they'll also be able to offer key business and best practices insights specific to your firm.

4 Attracting and Retaining Top Talent

As we mentioned earlier, the independent wealth management space is on fire—which means competition for top advisor talent is fierce.

And while technology has long been lauded as a powerful differentiator for firms trying to attract and retain great financial advisors, there's a disconnect between what advisors think they want, and what they actually need.

Consider this: A J.D. Power study³ reports that only 48% of advisors believe their firms' technology is 'very valuable.' J.D. Power's senior director, Mike Foy, explains that, "While firms are investing heavily [in technology], many have been missing the mark on delivering technologies that truly meet advisor needs."

Advisors think they need technology. But what they actually need is the benefits technology provides.

Outsourcing gives firms the ability to offer top advisors the operational efficiencies and relationship management functionality of a robust tech stack while eliminating the burden of having to manage, maintain and run the tech on a daily basis.

Finding the Right Operational Outsourcing Provider

Not all outsourcing is created equal.

Financial services firms are right to be wary of operational outsourcing providers that try to force their businesses into a one-size-fits-all model, with no option for customization or flexibility about which solutions to outsource and which to keep in house.

And it's also critical for firms to retain transparency into their data, operations and business intelligence insights, which not all outsourced providers are able to offer.

STP Investment Services is the best of both worlds: An operational model that balances the efficiency of outsourcing your front, middle and back office with the transparency and control of running your own tech stack.

³"2020 U.S. Financial Advisor Satisfaction Study | J.D. Power." 7 Jul. 2020, <https://www.jdpower.com/business/press-releases/2020-us-financial-advisor-satisfaction-study>. Accessed 6 Aug. 2021.

Ready to see how a tech-powered, service-first outsourcing partner can help you overcome your greatest challenges and transform your operational outcomes?

Learn more about how we work with wealth management firms, or get in touch with us right away.