The Role of Technology in Driving Performance and Growth
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Technology has emerged as a clear and critical differentiator for advisors. Both advisors and broker/dealers alike who view technology as a key priority may have a significant strategic advantage in this increasingly tech-savvy marketplace.
Technology as a Practice Differentiator

What role does technology play in your practice?

Is it simply a cost of doing business? A way to differentiate your firm? Or the essential engine driving practice growth and productivity?

According to the InvestmentNews: 2013 Adviser Technology Study, technology is anything but a cost center at many of the industry’s most successful and thriving firms. “It is a living, breathing part of their practice—and it is an essential component of their business strategy, as well as their ability to achieve significant growth and competitive advantages.”¹

For many advisors, this represents a departure from previously held views and beliefs regarding the role technology plays in how—and how hard—they work. It also represents a challenge for advisors: How do you maintain technology relevance in a rapidly changing tech environment?

InvestmentNews reports that the number of software products specifically aimed at supporting advisors has roughly doubled over the last two years.² Among them, mobile applications and cloud computing stand out as potential game-changers.

- Mobile technologies are changing the way the industry communicates and collaborates.
- Cloud computing is fundamentally changing the way in which firms access core applications.

These and other developments are forcing advisors to keep their fingers more firmly on the pulse of technology as they aim to run more efficient and effective practices; and seek competitive advantages in the battle for clients, assets and industry talent.

¹ InvestmentNews: 2013 Adviser Technology Study.
² When the InvestmentNews Technology Directory was launched in 2011, there were 130 products initially listed. As of February 2013, there were 270.
**Tech Spending Considerations**

A significant shift is under way in terms of advisors' attitudes toward their technology spend.

They’re not only becoming more committed to technology, but are more willing to invest in their existing technology platforms and/or experiment with new and emerging technologies.

- On average, participating firms in the 2013 Adviser Technology Study spent 5% of total annual operating revenue, or 13% of total annual operating expenses, on technology.
- These firms also collectively increased their spending on technology by 31% in 2012, compared to 2011 spending levels.

The chart at right illustrates the outlook for future technology spending, indicating that half of the firms plan to increase the amount of money they currently spend on technology, 41% plan to keep spending the same and only 9% plan to decrease spending.

**Top Considerations Driving Advisor Technology Investments**

For participants in this study, productivity gains squarely rank as the number-one objective, with 43% of practices noting that this is their top consideration when making new technology investments. The expected benefit to clients ranks second at 22%, while increased profitability registers third at 11%.

**Technology Investments: Top Considerations**
The Productivity Connection

The *Investment News* study analyzed a subset of participants who delivered superior financial results in 2011 and 2012: *Top Performers.* They’re defined as firms that demonstrate success by achieving the highest levels of profitability per client, revenue per staff member and effective integration of technology—allowing for scalability, among other criteria.3

Nearly three-quarters—71%—of the Top Performers in the study describe themselves as wealth managers and generally cater to high-net-worth clients. The study found that among the Top Performers surveyed:

- **Revenue, assets and profits** of Top Performers—on both a per-employee and per-professional basis—were **three to five times greater** than all other firms.
- A significantly higher portion of Top Performers confirmed that they’ve seen a **direct increase in scalability** as a result of their technology.
- Top Performers are more likely to look directly at **efficiency gains** as their primary measurement of successful technology implementation.
- Top Performers use the same number of software solutions as all others, but are more likely to use **portfolio management** and **portfolio rebalancing software**.
- Top Performers are using **cloud computing** and accessing core work technology from **mobile devices** more frequently than all other advisory firms.

The study concludes that these findings align with the chief objective of most Top Performers when deciding whether to invest in new technology: **improved productivity.**

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3 Top Performers are those firms that registered in the top quartile against study criteria; *InvestmentNews: 2013 Adviser Technology Study.*
Which Technologies Are Top Performers Using?

Nearly three-quarters of the Top-Performing advisory firms use portfolio management software, compared with 64% of all other firms. At the same time, 43% of Top Performers are also using portfolio-rebalancing software, versus 35% of all other firms. Top Performers are also accessing and using their software solutions more frequently—specifically from mobile devices.

Top Technology Categories Used

![Graph showing the use of technology categories by Top Performers and All Others.]

How Are They Using It?

Top Performers are effectively taking the backbone of their technology platforms “to go.” The ability to access client-specific data from a mobile device improves response times to client requests and enables timely updating of client and prospect information in CRM systems.

Mobile Access: What Top Performers Use Most

![Graph showing the mobile access usage by Top Performers and All Others.]
How Are They Measuring Results?

The number-one factor Top Performers use to evaluate technology is the efficiency of their internal processes. This is more widely used as a measurement of success by Top Performers than other firms, as the chart below illustrates.

Evaluating Tech: Efficiency First

InvestmentNews: 2013 Adviser Technology Study
The Smart Choice for Your Technology Needs

Financial advisors find themselves serving a greater number of clients than ever before. As you seek to provide the same level of quality service and attention across a growing client base, technology becomes a critical factor in creating efficiencies for your practice. LPL Financial provides enhanced technology offerings and mobile capabilities for LPL advisors and their clients—designed to simplify account management, improve practice efficiency/scalability and improve the overall client experience.

“Technology has clearly emerged as a critical differentiator and enabler for our advisors, and we have made it a key priority to enhance our technology offerings to serve as a strategic advantage for them,” explains Mark Casady, chairman and CEO of LPL Financial. “We are committed to delivering a technology experience that is smarter, simpler and more personal. Our technology platform provides efficiency and scale to advisors and institutions, and in turn, improves their experience with their investors.”

Simplify with Our Suite of Tools

LPL Financial provides full digital office capabilities to advisors, reducing physical paper consumption and enabling anywhere-to-anywhere transaction functionality with Streamlined Office. This suite leverages several critical electronic document-management solutions—eSignature, Remote Deposit and iDoc—into a single workflow to help save time and money for advisors while improving the client experience.

- **eSignature** – Offering increased efficiency, eSignature reduces physical paper usage and enhances the signing experience for advisors and their clients.
- **Remote Deposit** – A mobile solution providing advisors with an easy, fast, convenient and secure way to deposit client checks into LPL Financial accounts.
- **iDoc** – Acts as an online vault, in which advisors and their staff members can store documents electronically and securely.

Improved Client Experience

Our client account-access portal, Account View, offers convenient 24-hour online access to investment account information via computer, tablet or smartphone. Account View features significant new functionality that allows advisors to brand client-facing web pages with their DBA name and logo. Advisors and their clients have access to current market info and financial headlines, and can export portfolio data for future analysis.

Enhanced Trading & Rebalancing Tool

This integrated, single-platform solution enables advisors to execute trades across multiple advisory accounts—all at the same time. Enhanced Trading provides an easier way to place trades and helps advisors better serve existing clients. Complementing Enhanced Trading is the premier Rebalancing feature, which allows advisors to eliminate manual rebalancing and significantly reduce processing times. It also helps them become more strategic by rebalancing advisory accounts using custom models that they create.

LPL Financial Mobile, an application associated with Account View, enables LPL advisors to access client account, position, transaction and statement information from mobile devices. The application provides advisors with additional insight and portability to help them manage their practice.
For its 2013 Advisor Technology Study, *InvestmentNews* surveyed hundreds of financial advisors to provide a diverse set of snapshots that can be used to measure investments in technology—not just in terms of capital investments but detailed expense allocations and specific selections of both software vendors and products. This study was fielded by *InvestmentNews* Research from November 2012 to January 2013. The survey requested estimated financial data for all 2012 year-end figures that are referenced throughout the report.

About LPL Financial

LPL Financial, a wholly owned subsidiary of LPL Financial Holdings Inc. (NASDAQ: LPLA), is the nation’s largest independent broker/dealer (based on total revenues, *Financial Planning* magazine, June 1996–2013), an RIA custodian and an independent consultant to retirement plans. LPL Financial offers proprietary technology, comprehensive clearing and compliance services, practice management programs and training, and independent research to approximately 13,500 financial advisors and 700 financial institutions. In addition, LPL Financial supports over 4,500 financial advisors licensed with insurance companies by providing customized clearing, advisory platforms and technology solutions. LPL Financial and its affiliates have approximately 3,000 employees, with headquarters in Boston, Charlotte and San Diego.

LPL Financial provides the freedom, flexibility and scalability you require to grow your business in the direction you choose. Our universal platform supports any business model. For more information, please contact an LPL Financial representative at (888) 250-2420 or www.joinlpl.com.