

NEW MODEL CLIENT PLATFORMS

Dan Gregerson, Executive Chairman at **Summitas**, LLC, talks about how the digital client experience revolution transforms how we engage and interact with the people we serve while improving retention, AuM, and profitability.



Happy clients require seamless access to their digital lives, material security, and financial partners that exude traits and produce results that build trust. Behind the scenes, operations, IT, and other professionals orchestrate workflows that meet everyone's needs.

COMPLEXITY

Investment in technology focuses externally on the benefits clients enjoy and internally on new insights and better processes. For wealth management firms, the downstream benefits are increased retention, AuM, and profitability. Family offices must ensure technology keeps the family engaged and meets the needs of tech-savvy family members, who expect information at their fingertips.

Today's family offices and wealth management firms navigate a rapidly expanding software landscape where portfolio management and planning, risk analysis, client engagement, CRM, behavior analytics, etc., are becoming more specialized and interconnected. At the same time, the number of solution categories and the competition within each is increasing.

Life is good when everything is whirring, but we risk letting the pace of change disrupt our progress when complexity gets out of hand. Like servicing interest on a growing debt, fewer resources are available for everything else.

Complexity is less a computable function than a human experience resulting from the limits of our ability to appreciate the subtleties of interconnected components and data flows.

Sometimes complexity is outside our awareness, like the connections and signaling between neurons in our brains (whose output is the emergent behavior we call thought). Computer systems are straightforward compared to brains, but not solely because fewer parts communicate. Unlike the innate capabilities of our brains, we define the logic and communication rules governing software.

But something new is happening.

Systems are becoming less predictable as they become more capable. Even though we create the rules for AI systems like Google's AlphaZero and LaMBDA or OpenAI's ChatGPT and DALL-E, when their behavior appears creative, even their developers can be surprised by the results.

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New model client platforms hide complexity and inform us of their value through metrics.

Systems of interconnected components that include ones with human-like unpredictability will add complexity in the years ahead. Managing it can be like herding cats, so we need to simplify. For example:

- Systems with well-defined protocols for information exchange are easier to integrate and isolate when problems arise.
- Compartmentalising sets of features avoid redundancies and side effects.
- Fine-grained metrics are vital. When running a race, we know if we've won immediately! Technology investments take time to reverberate through enterprise and client populations. To predict value, we need to see trajectories.

Hiding complexity requires standardization, specialization, and tools to help measure whether we are achieving our goals. Qualitative factors like net promoter score and client happiness and quantitative ones like feature engagement and usage rates let us know whether clients are engaged.

Metrics are like blood tests for bodies. Measurements mapped to benchmark ranges, and prior results tell a health and trajectory story we need to take corrective measures.

New model client platforms use layered security.

The need for enhanced security and privacy seems evident in 2023, but high net-worth families are most sensitive to the ramifications of personal information breaches. These are some of the measures software companies should take:

- End-to-end encryption should be standard. Transport layer security should use the latest releases. Encryption at rest should employ client and vendor encryption keys and standards-based algorithms.

- Data integrity should be an active process integral to the system that alerts us if encrypted client information changes.
- Client platform components should authenticate each other before sharing client information.
- Users authenticate themselves using at least two communication channels. For example, an authentication app on a mobile device generates codes entered with a Login ID and password on a website.
- Policies, controls, and systems should be in place to detect and block intruders and malware.
- Backups should be real-time and flow to different geolocations. In the event of a disaster at the primary location, the secondary site must be up and running within minutes with little or no loss of work.
- Instrumented systems, applications, and networks should report heavy loads, slowing performance, and other problems before they escalate.
- Physical and perimeter security should include “need to know” rules that protect mission-critical assets, even when malicious or negligent insiders exist.
- Auditable programs like SOC 2, GDPR, CPRA, and ISO 27701 that improve governance, IT security, and compliance management will help keep the company resilient to cyber and other threats.

New model client platforms are architected to abstract and simplify their connections with external systems containing the information individuals and families need.

By adding value beyond financially focused graphs, charts, and statements, advisory firms reduce complexity in their clients’ lives and make it more likely they will stay through economic downturns. An analogy from data aggregators is apt; they built connectivity to client banking, brokerage, and other financial accounts 20+ years ago to make it possible to generate a complete picture of assets managed by many custodians.

Today, all portfolio management and reporting systems use data aggregation as a primary connection layer at the lower bound of their systems. Some companies still build custom solutions to gather information from alternative investments and held-away accounts, but most use what others have built and tested. Data aggregation is a complex, maintenance-intensive problem that requires cleansing, normalising, and synchronizing financial data from numerous sources and maintaining conformity with financial service providers’ access methods and protocols.

Like portfolio management solutions using data aggregators, new client platforms add an abstraction layer to simplify collecting information from different systems and human sources.

New model client platforms do not favor one vendor over others and will make connections to anyone.

Client platforms should enforce loosely coupled connections (published APIs, export/import) to highly specialized Fintech, CRM, and file system solutions. Vendors who must deliver

end-client portals to access their core products should avoid insider information that weakens the APIs and protocols created for their developer communities. Vendor-neutral integration aims to maximize choice, flexibility, and industry progress by preventing cross-linked technology stack components.

Loosely coupled systems reduce complexity. Well-defined protocols open to everyone promote Lego-like connection standards and greatly simplify problem resolution. They make it easier for technology buyers to swap out components when superior alternatives arrive. Strategically, vendors and technology buyers are better able to focus on core competencies leading to a livelier ecosystem. Specialists produce superior results in disciplines ranging from cardiology to astrophysics. Technology is no different.

New model client platforms are active hubs for clients, advisors, and administrators; they create value in new places and add stability to resist unexpected events.

New model capabilities include:

- Branded customized solutions with little or no programming
- Support for secure virtual private conferencing to instantly address client matters and increase engagement
- The ability to “push” content to client cohorts, informing them of events, new capabilities, and thought leadership that highlight the organization’s value, accomplishments, and vision
- Reducing costs by automating the delivery of onboarding documents, statements, reports, contracts, legal and tax actionable items, and financial snapshots collected from other systems
- A secure place to keep safe and share one’s most important documents, photos, videos, contacts, calendars, and communication to keep people engaged

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About Summitas Platform®

Summitas Platform® is our Software-as-a-Service (SaaS) system accessed through Web browsers and mobile applications. Our customers use Summitas to simplify operations, increase communication, and provide a safe way to organize, protect, and share information - all from one place. From the Digital Vault to collaboration tools, integration of financial information, and the ability to streamline workflows, a branded Summitas portal provides measurable value to a growing community of family offices, wealth advisors, and other client-facing businesses.

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