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WEALTH PLATFORM



# The 2022 WealthStack Study

Using technology  
to drive – and  
accelerate –  
the growth of  
your wealth  
management firm

Produced by:

**WealthStack** | Part of  
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# Contents

- 3 Understanding the role of technology to serve client needs
- 4 Who we surveyed
- 5 Focus turns to clients entering 2023
- 6 Technology is critical to advancing wealth managers' business goals
- 7 Stronger strategies drive better results
- 10 Technology works better when it's aligned with business goals
- 12 Planning with a goal in mind



# The wealth management industry is focused on client needs and the technology that will help serve them.

Wealth managers have always been concerned with meeting client needs. Those concerns are only heightened when markets are volatile and investors face headwinds. In today's environment, clients are hungry for information, worried about the health of their portfolios, and looking for guidance and reassurance.

To better understand wealth managers' views on technology, WealthManagement.com conducted a survey of advisors, c-suite executives, and others across the industry. The results demonstrate that wealth managers are entering 2023 with a sharp focus on how they can leverage technology to better serve their customers. Managers are looking for solutions that will help them build and strengthen relationships, while also making their firms as efficient and effective as possible.



# Who we surveyed

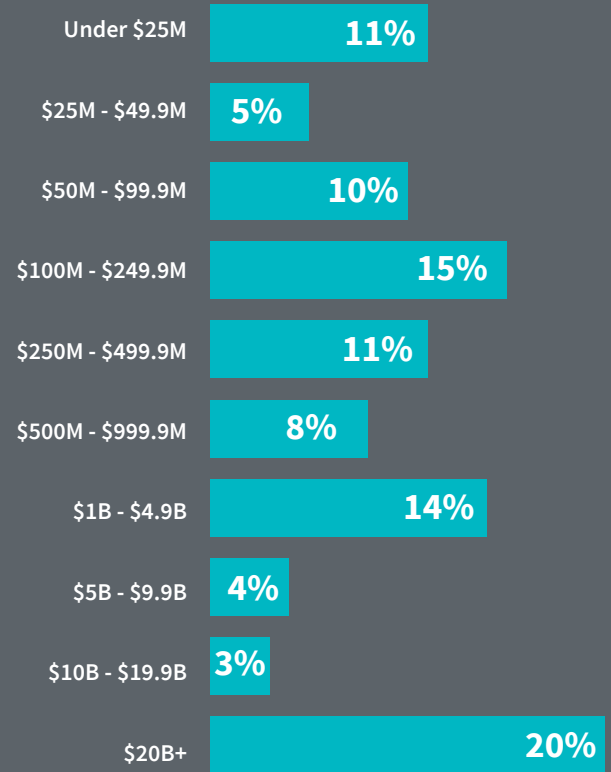
Half of the 2022 WealthStack Survey respondents work for firms with more than \$500 million dollars in assets under management. With firm sizes ranging from less than \$25 million AUM to those topping \$20 billion, the results reflect the full spectrum of the wealth-management industry. In addition to a healthy sampling of RIA and dually registered firms, the survey captures the views of regional brokerages, banks, insurance firms, wirehouse firms and others. More than a third of the firms (36%) predate the personal computer era with founding dates before 1980. And nearly a quarter (22%) are less than 13 years old.

Roughly two-thirds of respondents (66%) work as financial planners/advisors or investment advisers. C-suite executives are also well represented, informing the results with the perspective of key decision-makers.

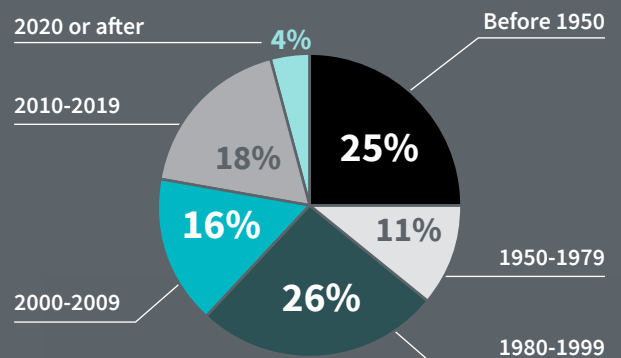


## Respondents at a Glance

Approximate total of ALL assets managed or advised by firm or branch



## When was firm founded?



# Focus Turns to Clients Entering 2023

Firms of all types share the same top business objectives: Wealth managers are seeking solutions to help them find new prospects, and better serve their existing clients.

With markets down, firms are no longer benefitting from the organic growth that occurs at times when markets are lifting asset values across the board. Entering 2023, firms are looking to increase AUM by adding clients and capturing more of their existing clients' investment business. Wealth managers are much more focused on improving client experiences, cross-selling and referrals.

## Priorities differ by organization size

More than a third of large companies (34%) ranked increased market share among their top three business goals. Firms with at least \$500 million in assets under management may see opportunities to attract and retain clients by expanding the services they provide, a strategy that could pay dividends when markets rebound.

By contrast, only 23% of smaller firms are pushing for more market share. These firms are much more focused on productivity instead, with 40% ranking it a high priority, compared to 28% of larger firms. This likely reflects the need to make every dollar count during a year when growth will be more difficult than it has been in recent history.

While improving client experience is the top technology spending priority for firms of all size and type, it is particularly important to large firms, suggesting that this is one of the key ways those firms hope to differentiate themselves from the competition. Nearly five in 10 large firms call it their top technology priority for 2023 (48%), compared to roughly four in 10 smaller firms (41%).

Top business objectives in 2023





# Technology is critical to advancing wealth managers' business goals

Firms of all sizes recognize that they need new tools to provide effective, efficient services in the years ahead. Standing still is not an option. There is consensus across the industry that technology will be a major driver of business success over the next five years, with nearly three in four (74%) saying that technology will be critically or very important. The sense of technology's importance is particularly sharp at large companies, where 82% say it is critically or very important. That compares to 66% of small firms.

The survey also finds broad agreement on the top priorities for technology spending. More than half of wealth managers are looking to improve productivity and efficiency, deepen relationships with existing clients and provide richer services that are aligned with their clients' evolving needs.

## Grading their performance

Firms understand the importance of technology investment to their future. However, many wealth advisors are not confident in how their firms currently engage with technology and say that they could be doing better. The finding suggests that there are opportunities to focus more on their technology strategies to ensure they are making the most of their investments.

More than four in 10 respondents grade themselves as a C on the use of tech they already have, showing there's opportunity for improvement. They view their organizations as adequately invested in technology, but not leveraging it to its fullest potential. This is how respondents graded their firms' performance:



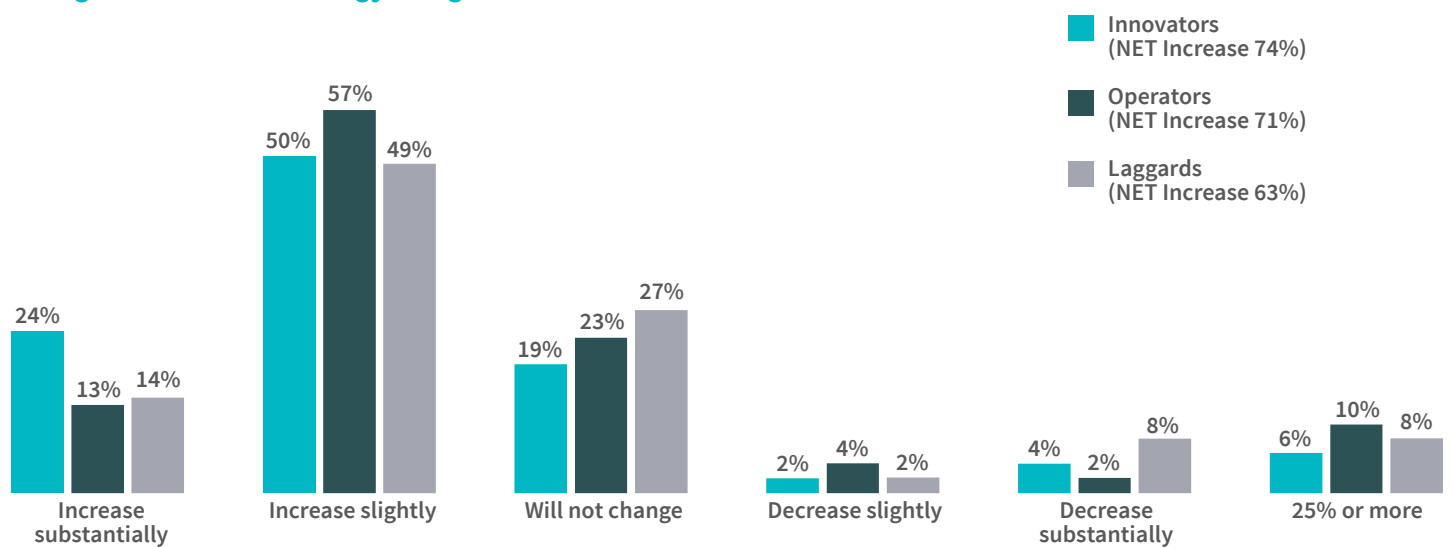
# Stronger strategies drive better results

How firms approach technology and tech investment is a key determinant of their success in addressing their business goals. To learn more about how wealth advisors view their organizations' approach, we asked respondents to choose one of three categories that describe their organization: innovators, operators, and laggards

- *Innovators* are the firms that invest in technology to differentiate the organization and provide the best possible client experience. A little more than one in four respondents (28%) classify their firm's approach as seeking to set their firm and services apart from others through technology.
- *Operators* invest in technology largely to improve operations and internal efficiency. Most firms (59%) conclude that they are this kind of bread-and-butter technology user, focusing on inward-facing uses of technology and business operations.
- *Laggards* are firms that do not prioritize technology or leverage it effectively. About one in eight wealth managers (13%) suggest that their organizations could be doing much more to enhance business operations and engage with clients through technology than the firm is currently exhibiting.

Interestingly, each of these groups is investing in technology at about the same rate, with very little differentiation between those pursuing a variety of approaches. Technology spend is largely expected to continue to increase in 2023 and beyond, however, and those that can optimize their existing investments and align with their broader business objectives will see accelerated growth rates.

## Change in Firm's Technology Budget in 2023



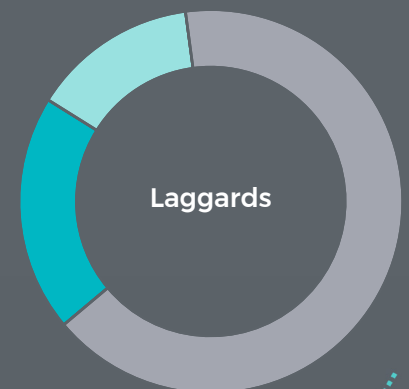
Clearly, the level of investment on its own does not guarantee successful technology solutions. Some firms are smarter about how they choose and implement technology. To create value, they must maximize their technology spend.

Firms generally report that all functional areas benefit from technology spending. They also generally agree on which functional areas produce the best return on their technology investment.

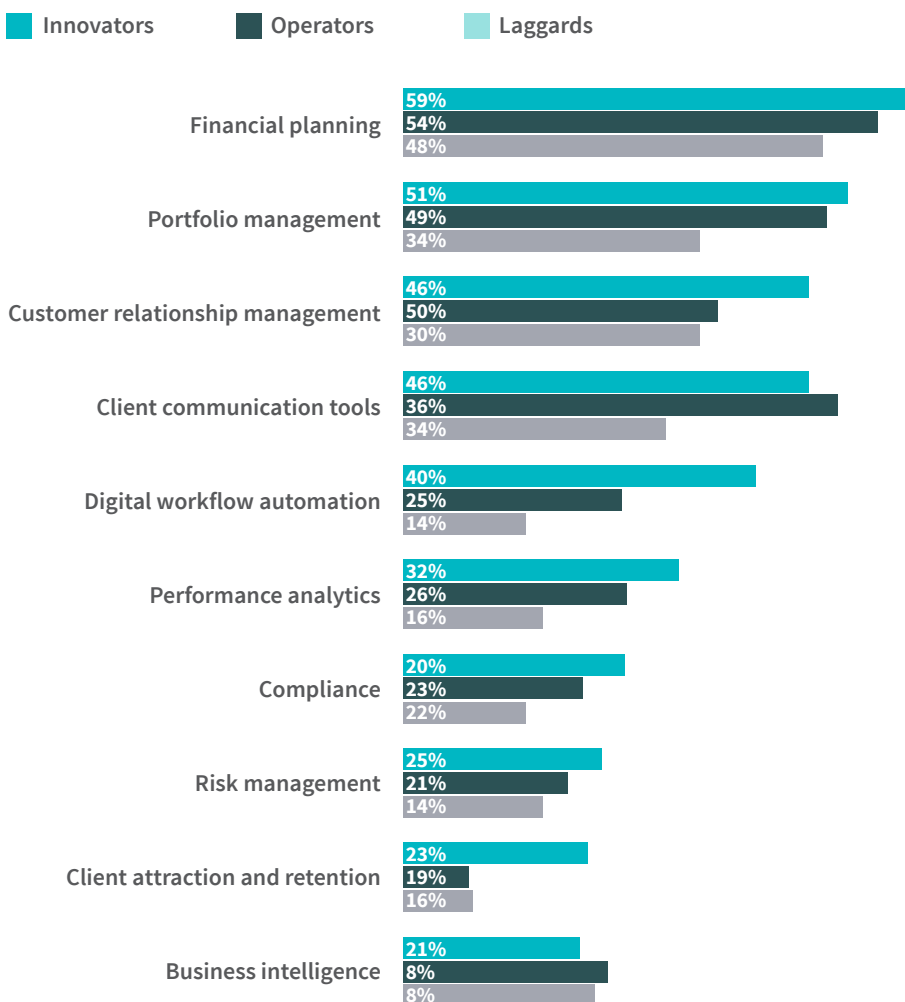
Notably, innovators are seeing higher ROI from client communication tools, digital workflow automation and business intelligence solutions than other companies. Some of this variance likely stems from the fact that innovators are more likely to have a strong foothold in these technology areas than other firms. Three in four innovative firms (75%) are using business intelligence technology or planning to within a year — more than double the proportion of laggards doing so (34%) and substantially ahead of operators (49%).

### Firm use of business intelligence software

- Yes
- No, but planning to adopt in the next year
- No, and have no imminent plans to adopt



### Technology solutions delivering the best ROI





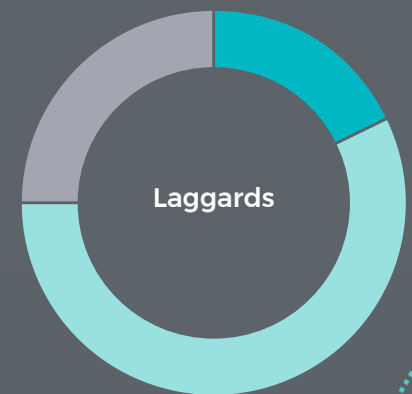
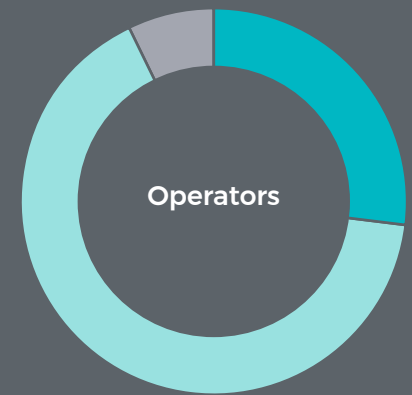
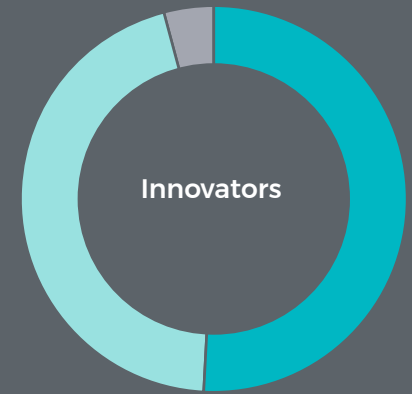
These results suggest Innovators have a clearer view of the types of technologies they can leverage to improve their businesses — and how to use them. The greater breadth and understanding of technology is producing tangible benefits: Innovative firms are happier with their ROI from the use of technology overall.

Innovators also are having fewer challenges with technology, especially in relation to laggards who were reporting much higher levels of challenge around things like integration with the current technology stack, deployment costs, and insufficient ROI from available offerings.

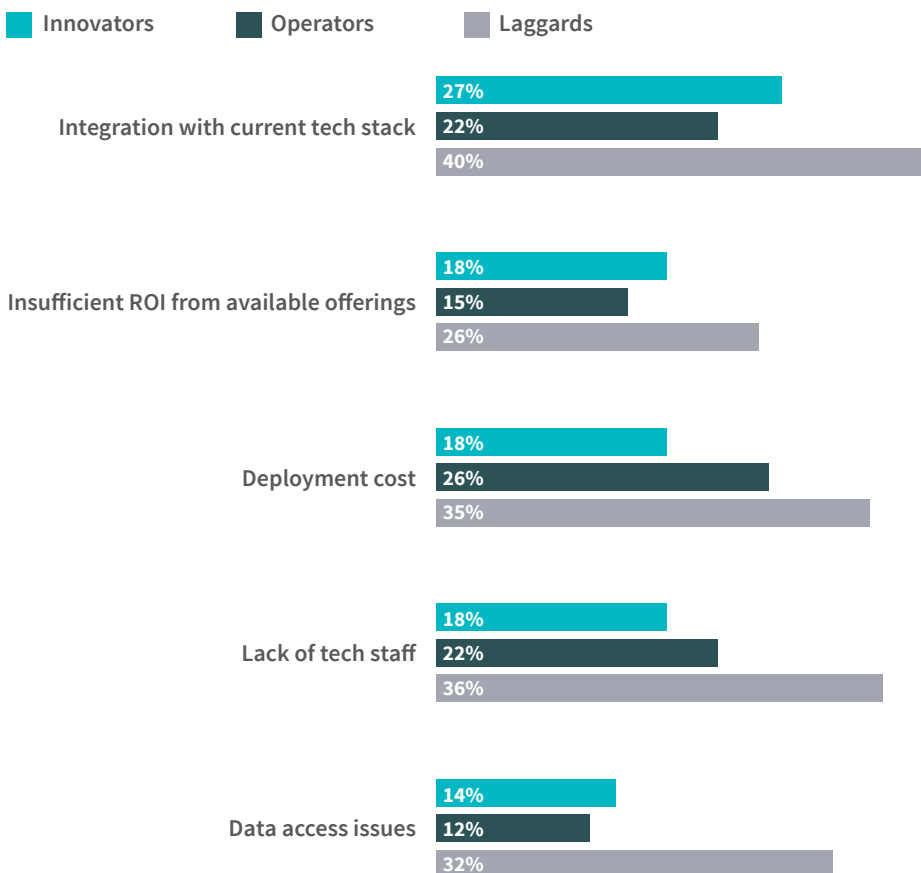
Notably, laggards are finding it extremely or very difficult to integrate their current technology stacks. More than a third (35%) also say that deployment costs are extremely or very challenging for them. These results suggest that in addition to being slow to adopt technology, laggards may not be thinking about choosing and implementing their technology strategically enough. A lack of integration and a lack of easy access to data are likely driving their dissatisfaction with the return on investment they see from their technology spending.

### Satisfaction with ROI from current technology stack

- Very satisfied
- Somewhat satisfied
- Not very satisfied



### Challenges posed by technology-related considerations



# Technology works better when it's aligned with business goals

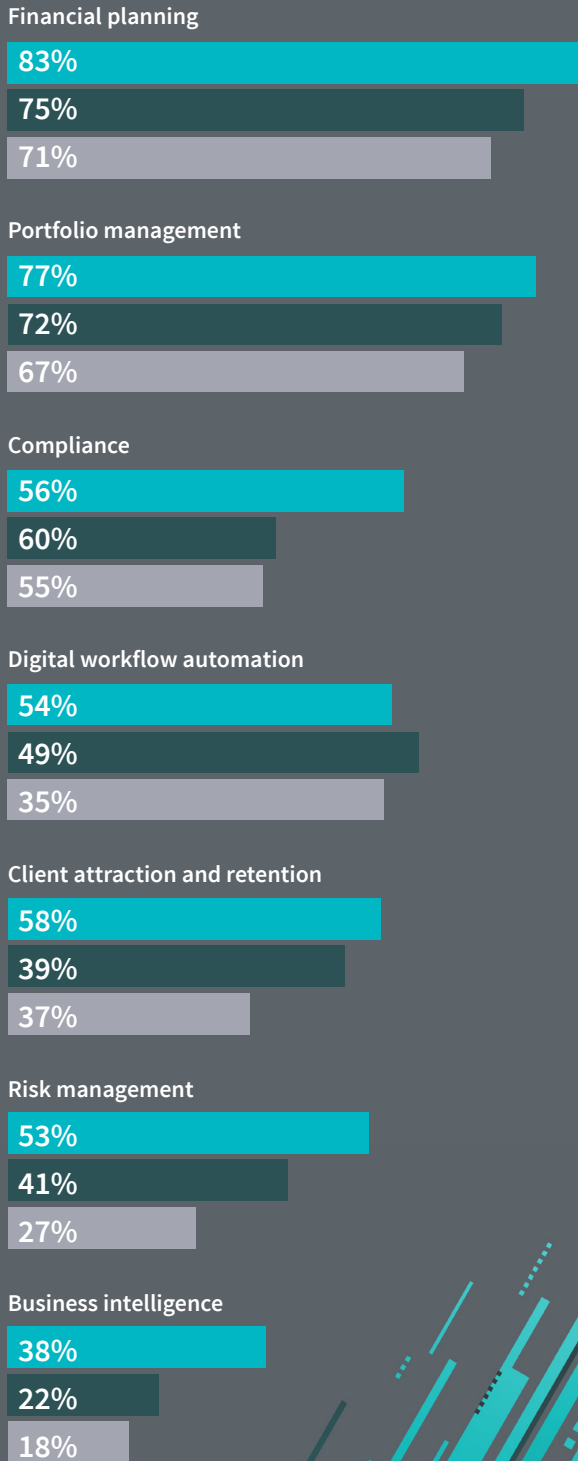
Wealth managers are turning their attention to the client experience at a time when businesses such as Netflix, Amazon, and others are setting a high bar. Wealth managers looking to attract and retain clients need to create differentiated services and exceed consumers' ever-rising expectations. In many cases, however, their technology strategy appears misaligned with this overarching goal.

Currently, tools that directly address the client experience, such as client attraction/retention tools and workflow automation technology that can be integrated with client portals to speed client responses, reduce errors, make onboarding easier, and provide transparency are used significantly less than inward-facing technologies at wealth-management firms.

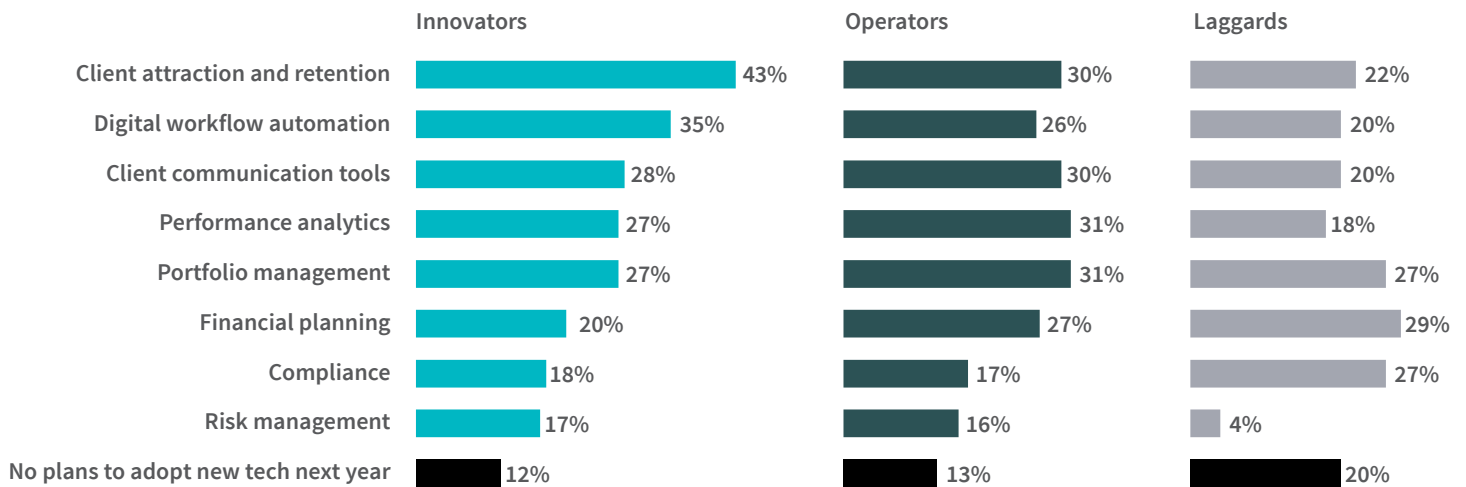
Financial planning and portfolio management have been the focus on many firms' technology strategies for some time. Areas such as digital workflow automation and client attraction/retention tools are tied to firms' evolving business focus. But only innovators seem to be prioritizing these sorts of tools over the next year.

## Areas of the business supported by technology tools

Innovators Operators Laggards



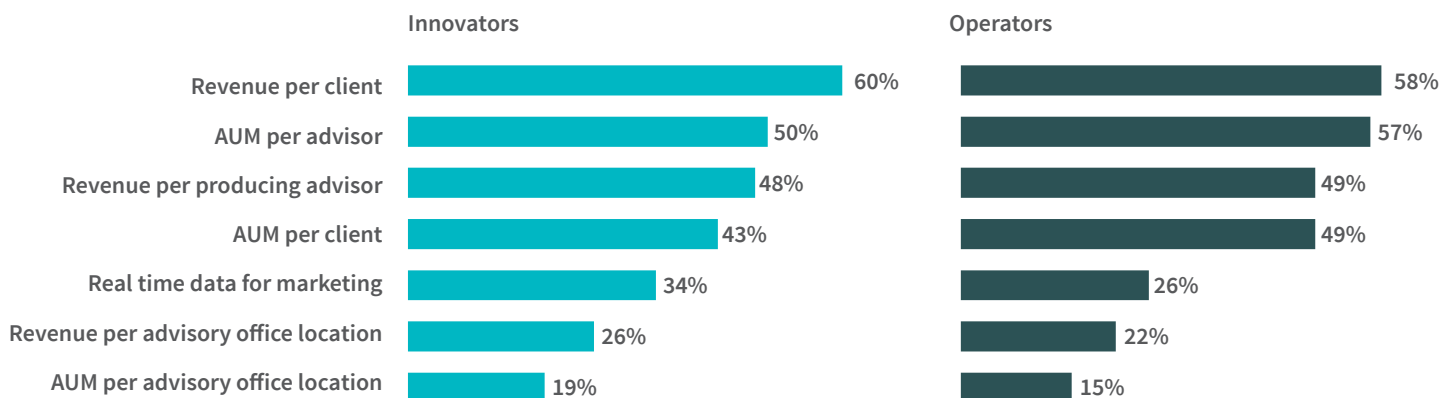
## Technology solutions planned for adoption in 2023



Historically, technology strategies have focused primarily on improving wealth managers' core, back-end technologies. Improving the customer experience will require them to pivot toward technologies that help attract and retain customers. Those technologies are more difficult to pigeonhole, since nearly all functional areas of the business eventually affect the customer either directly or indirectly. Integrating a range of technologies across both the back and front of the business is going to be critical for success.

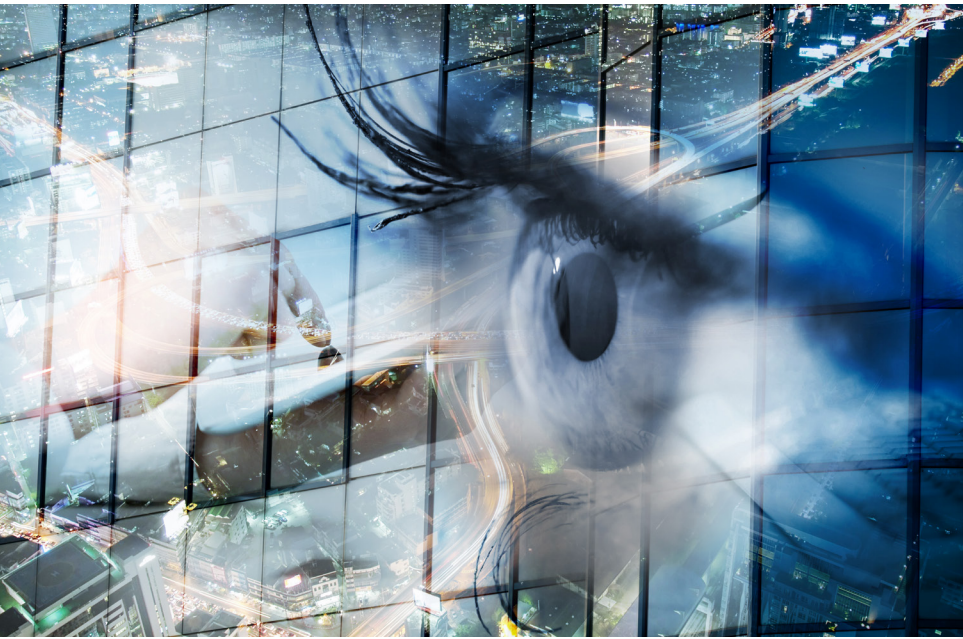
The ability to leverage business intelligence software is a good example of this principle. Innovators and operators report that they are using business intelligence to improve revenue per client, AUM per advisor, revenue per producing advisor, and AUM per client.

## Most useful metrics obtained from business intelligence software



Business intelligence requires a well-integrated technology stack and access to a wide range of data. The payoff for enabling its use lies in metrics that speak directly to business priorities.





# Planning with a goal in mind

Many firms remain anchored on a view of technology as a set of discrete solutions, rather than an integrated set of tools supporting business priorities. More than two-thirds of firms (68%) say that improving overall efficiency and productivity is a primary objective of their technology spending. By contrast, only 57% cite deepening relationships with and improving communications with existing clients as a technology goal. The gap is even larger for firms with more than \$500 million in assets under management: 72% are focused on efficiency compared to 59% focused on building relationships and improving communication.

Given that firms' top business objective for 2023 is around improved client experience, these findings suggest that some organizations need to back up and rethink their technology strategy, particularly if they find themselves lagging behind their peers. Integrated systems that support both front and back-office functions and ultimately improve the customer experience will keep innovators ahead of their competitors — or give laggards an opportunity to catch up.

## Pursuing an innovator's mindset

Technology innovators are an elite quartile of the wealth management industry, adopting an approach to technology that provides them with more confidence in their abilities, greater returns on investment, and opportunities for success entering 2023.

More than half of innovators (53%) give themselves an A for embracing technology and maximizing its benefits, compared to just 10% of operators and 2% of laggards. Here are some of the factors that make innovators stand out:

- **Leveraging Technology** – Across the board, innovators leverage technology at a higher rate than the rest of the industry. When looking at seven areas of the business — ranging from financial planning to client attraction/retention and risk management — innovators use technology more than laggards in all seven areas and in six of seven when compared to operators, with compliance being the sole outlier.
- **Differentiating With Technology** – Innovators also are much more likely to look toward technology to help their firms differentiate the services they offer, raise awareness of the firm and its capabilities, and obtain business intelligence. More than half of innovators are using business intelligence software, compared to less than a third of operators and a fifth of laggards.
- **Technology Staffing** – To support these efforts, innovators employ full-time, in-house technology staff at a disproportionately high rate: 44% compared to 26% of operators and 18% of laggards.
- **Focus on What's Next** – Looking ahead to 2023, innovators are focused first and foremost on client attraction and retention technologies, with more than four in 10 innovators saying they plan to adopt new solutions in the coming year. More than a third of innovators also say that they will adopt new digital workflow automation solutions in 2023.

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# Wealth Management

## ABOUT WMIQ

Wealth Management IQ is a dedicated division of Informa Connect that provides research, content creation and marketing services to the wealth and asset management communities.

WMIQ has a truly unique combination of:

- Deep research and analytical capabilities
- Extensive knowledge of the financial advice industry
- Content strategy and direct distribution to over 400K wealth management professionals

Our mission is to educate and inform financial advisors with our research content — and provide the companies that support and empower them with unparalleled access, intelligence and understanding of the wealth management market.

Through the audiences of WealthManagement.com, Trust & Estates and WMRE, WMIQ has the ability to tap into some of the most influential communities of financial advisors to conduct targeted surveys, focus groups and one-to-one interviews to inform our research projects. Our audiences of RIAs, IBDs and wirehouse advisors—and their affinity for our brands—positions WMIQ to access more engaged advisors than any other industry research provider. This reach across the entire wealth management ecosystem is a unique differentiator of WMIQ—and allows us to discover the true drivers of change, behaviors and influence throughout the industry.

If you would like to partner with WMIQ, please contact Graham Thomas, Director – Relationship Management & Strategic Partnerships, [Graham.Thomas@Informa.com](mailto:Graham.Thomas@Informa.com), 312-343-0686.