

A look into financial planning practices around the country would reveal most are using one of three software applications in the market to automate their practice management and compliance requirements. The software being employed would likely be Coin, owned by Macquarie, VisiPlan or Xplan, both owned by Iress.

As is often the case with technology, the appetite of the user increases over time, particularly their desire to make the application as relevant to their needs as possible. Lately though some advisers are beginning to feel the duopolistic nature of the financial planning software industry means they are not receiving the functionality they really need to help run their businesses in the most efficient manner.

HNW Planning principal Robert Cumming is one adviser who feels the current systems are no longer delivering the type of support required to add value to financial planning practices.

According to Cumming, the main software providers are being hamstrung by legacy architecture that has seen applications evolve in a disjointed manner. In particular, he says it has led to financial planners implementing a range of software applications to help them service their clients, some of which are incompatible and require the same data to be re-keyed over and over again.

An example he cites is a typical practice using Coin, Xplan or VisiPlan in conjunction with Microsoft Word and Microsoft Excel, which are not integrated with one another.

Cumming has identified proper customer relationship management (CRM) functionality as the main element most advisers are demanding in order to get real added value from a financial planning software tool.

"The majority of financial planning software currently available proclaims to have inbuilt CRM functionality, however, in reality it is limited, not fully integrated and often does not have much more than contact management capability," he says.

"Many advisers actually try to use their software as a CRM tool but the incumbent key software is simply not CRM-centric. Here lies a central problem. Most of the real workload in the financial planning business is around CRM-related issues and most of the complexities are within the work flows internal to the business."

In response to this perceived demand in the market, Cumming has developed a new financial planning software system, through a company called Syncrm, which uses a bottom-up construction approach beginning with an effective CRM base.

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HNW PLANNING

To make the application easier and more intuitive for its potential users it has been based on the existing Microsoft CRM product. Basically the core Microsoft CRM product has been customised for the financial planning community to create the Syncrm Financial Planning Solution (FPS).

If the product is taken up by enough financial planning practices it will add more efficiency in terms of relevance of the support software and may place a different emphasis in the skill set needed for financial planning employees, according to Cumming.

"In essence we know Microsoft is in every office. We know that most employees in these offices know how to use Microsoft Word and Excel, so with this system you may well see a big shift in advertisements for jobs where instead of seeking somebody with two years of experience in using Coin you can employ a competent person off the street who has used Microsoft Office before," he says.

The new application uses the SQL system to capture and store data. This can either be kept on site or hosted on an external server and can be migrated between the two as a business evolves.

The Syncrm FPS product has also been designed to accept data feeds from all of the investment product providers and research houses.

Access to the data can be achieved via one of two ways. Advisers can either use a web browser to log in to the system or an add-in can be installed so automatic access through Microsoft Outlook can be set up.

"One of the things we do as financial planners is come into our office and open Outlook and we get on with our business answering emails and creating word documents to do with our clients' planning," Cumming says.

"Meanwhile our assistant comes in and fires up Xplan or Coin and because in general financial planning software is run by assistants there is a fundamental discord between the adviser and the software."

By enabling advisers to access the software through the application they use to effectively run their business, being Outlook, Syncrm FPS can overcome this existing problem, he says.

One important area of functionality that has been incorporated in the application not offered anywhere else is the ability of advisers to pull together information automatically regarding different members of a family group.

"So for one family group an adviser can see all of the accounts, companies, super funds, discretionary trusts and that sort of thing, including all of the contacts, so an adviser can see all of the people

associated with one family group," Cumming says.

From a compliance perspective, several templates for documents, such as statements of advice (SOA), have been included based on the model templates formulated by the FPA. These can be modified to suit the individual practice or dealer group where necessary.

Fact finds and reverse fact finds can be performed on clients at anytime with the results being able to be stored in Microsoft documents such as Word to create a working history for the adviser.

"When you create a document in Coin or VisiPlan or Xplan you have to store them within that software environment so you end up invariably having two places to store documents for a client, which can end up in a bit of a mess," Cumming says.

"So what we've done is created the ability to create system documents in Word and because they are standard Word files it makes them easier to file and locate."

In regard to compatible versions of Microsoft applications, Syncrm FPS has been designed to run on the previous version available. For example, the system design work has been performed in Microsoft Office 2007 but will run on Office 2003 with limited graphic capabilities.

Another organisation that has established a new electronic tool for financial planners is Decimal. Like Cumming, Decimal managing director Jan Kolsz acknowledges there are flaws with the current financial planning software available.

"Financial planning software has tended to come in a multitude of stand-alone pieces. For example, there are stand-alone suites of calculators, software to help capture the fact find, strategy modelling tools, cash-flow modelling tools, product selection tools, as well as SOA production templates, all of which do a part of the financial planning process," Kolsz says.

Specifically, he wanted to provide advisers with an automated tool that would help them streamline the initial fact-finding process with a client.

"Wealth Insights published research last year that confirmed that financial advisers were not turning to technology to assist in the planning process, and when they did, it was most likely to have been Microsoft Office," he says.

"For example, the initial fact find took a considerable amount of time and involved a large degree of tedious and time-consuming data entry.

"Decimal was designed to be an easy-to-use, end-to-end solution automating the time-consuming



ROBERT CUMMING:
current systems not delivering

processes associated with financial planning, starting with the fact find, and including modelling, product selection and plan production all from a single, web-based console with access for every registered financial planner."

Decimal simplifies the process by using census data from the Australian Bureau of Statistics as a starting point to determine a certain client's circumstances based on age and salary.

The data can then be tailored for the client's specific situation with several investment scenarios formulated from this level of information.

Financial planners can access Decimal via the Internet. However, Decimal is not intended to be a practice management tool and has been designed to run alongside applications such as Xplan, VisiPlan or Coin.

New developments such as Syncrm FPS and Decimal have not shocked the incumbent players in the market.

"It comes as no real surprise that some groups desire to build a better mousetrap or seek to solve particular problems they see as gaps. Users of any software will always form an opinion about software usability and how it might be better if specific features were introduced," Iress senior business development executive Michael Kinens says.

However, Kinens cites years of experience in servicing the industry as an advantage his organisation still maintains over new entrants to the software landscape.

"New entrants also need to appreciate that advisers are well aware of the risks associated with backing an unproven player. Now, more than ever, a big financial commitment is required to demonstrate to advisers that their investment in technology will pay dividends in both the immediate and long term," he says.

Scale is another factor in favour of the incumbents as new providers will have to make a decision on the amount of resources they can dedicate to the system and what their core activities really are.

"The challenge for new players is the cost to create and maintain financial modelling capability, which remains up to date with the comprehensive rules that apply to the financial services industry in Australia," Coin managing director Darelle Jenkins says.

"The cost of maintaining calculations and functionality to support the Australian tax, Centrelink, superannuation and compliance regimes, for example, is significant.

"Historically, this is one of the reasons why some larger institutions have walked away from providing their own in-house capability. It makes more commercial sense for them to outsource to a provider that has scale in this area."

Kinens agrees scale is a factor that can count against start-up product providers in the industry, but is not necessarily a defining deterrent.

"Given time, money and the right resources, most things are possible. There are certainly areas in which new entrants will find it very difficult to develop comparable solutions. But we don't believe that this will necessarily discourage new entrants from entering the market and trying their hand," he says.

But while the major software providers in the sector do not feel immediately threatened by new entrants, they agree the continued development of their own products in response to feedback from advisers is critical to their own longevity.

"We are constantly seeking feedback on any new functionality or services advisers require from Coin. Our product developments are mostly guided by this," Jenkins says.

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MICHAEL KINENS
IBRESS



"If Coin consistently stays close to its clients and potential new clients, we will continue to add value to their businesses by providing the features and services that meet their core needs."

Kinens agrees constant improvement is the key for IRESS.

"We have a tradition of ongoing improvement and development, and commitment to clients and their goals. We have an insecurity complex about sitting still, which ensures we continue to think and respond nimbly to new opportunities, often presented by clients," he says.

"If we thought clients were completely satisfied we wouldn't be motivated to improve, evolve and invest." □

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