



# New tools headed your way

After a couple of tumultuous years, the financial planning software sector is heading for a period of simplicity. **Janine Mace** explores how providers are adopting a fresh approach to their product offerings.

**L**ooking for an easier life? Well things might just be about to get a little simpler for financial planners as software providers take a fresh look at the products and services they are creating and bringing to market.

With the planning market changing rapidly, Investment Trends senior analyst, Ian Webster, says new tools and innovations are starting to appear.

"In financial planning, there are different periods when lots of people are interested in developing financial planning software. Providers have been looking at the opportunities and this has led to a proliferation of new applications," he explains.

At the top end of the market, the big providers have been particularly busy developing new products and services. According to Coin/Web head of product & technology, Robert McCabe, the constant change occurring in the planning industry places heavy demands on technology providers.

"We see the financial planning industry and businesses as continuously evolving and they need technology that evolves with them. This year Coin has been focusing on product technologies that allow advisers to compare super options and we have invested in insurance capabilities that allow greater product integration," he says.

Iress has been busy extending the panel of insurers integrated into its Xplan package and has also added greater integration of third-party service provider tools, including payment gateway systems, electronic postal services and accounting software.

The big boys are also looking to expand

their offerings outside traditional planning applications.

"We are expanding our footprint in the domestic market and into adjacent areas like mortgage broking," McCabe explains. "We are also moving to offer bespoke solutions which allow customisation of the product to meet the needs of users with specific requirements."

Coin is also offering technology-linked services. "We see software as a service and we see client needs as going beyond simple technological needs. In today's market, you need to be more than a software provider. You need to provide access to the right people and the right solutions," he says.

This means talking to planners about the non-traditional technology services they need.

"We are going beyond providing functionality. We have been investing in new infrastructure such as data storage and hosting capabilities that allow clients to deal with the risk management issues in the businesses," McCabe says.

## Specialised or generalist?

According to Midwinter general manager strategy and technical services, Matthew Esler, one of the main trends in product development reflects the desire by some advisers to move away from generalist software packages to specialised tools.

"The trend has been a move away from those software solutions offering a generalist approach. They have the ability to do everything, but not do anything really well," he says.

"It is all about best-of-breed software. To put it all into one system is difficult and it

shows with the current systems. It has led to advisers having hugely inefficient financial planning businesses as they are using inefficient software tools."

AdviserLogic managing director, Gundeep Sidhu, agrees there is growing interest in specialised applications.

"We are seeing a trend away from big packages which offer functionality right through from the front end to the back office," he says. "A trend we are seeing is best-of-breed software having an interface with other systems and not trying to be everything to everyone."

According to Sidhu, this mirrors the planning market itself. "There is increasing specialisation in financial planning and in the same way, the technology has to cater to particular needs, rather than trying to do everything," he says.

A high profile example of the trend towards specialised applications is Midwinter's Reasonable Basis software, which claims to have dramatically improved efficiency in the advice process.

"Advice is a very specific process and the arrival of Midwinter showed it is possible to use technology to provide advice very cost effectively," Webster says.

He believes that as a specialised application, Reasonable Basis has created new opportunities in the advice space and has opened the market to lower balance clients. "This allows a business model where advice is available at a reasonable cost."

Another area where technology providers have been focussing their attention is customer relationship management (CRM), according to Sidhu.

"As advisers are revisiting their operations,



they are coming back to how they can approach existing clients in an efficient manner and make it easier to access client information and make workflows more robust within the practice," he explains.

"The relationship with clients is a big area and we have seen huge interest. There is increasing customisation of CRM tools to reflect the individual practice's way of approaching clients."

Tools to improve practice management have also been a focus for product development.

"Practice management has been an important area in terms of workflow and efficiency within the practice," Sidhu explains. "The main thing in smaller planning practices is that with workflow management systems they can establish specific processes so activities are standardised based on the practice – rather than on the person – and this increases productivity."

**Complexity versus simplicity**

Although advisers often bemoan the difficulties of using the extensive functionality available in package products, Webster

believes these problems reflect the tasks required in a planning business.

"The reality of the planning business is it is very complex and there are millions of circumstances that need to be modelled, so the software needs to be complex to cope with all of that," he explains.

"There is a tension between the capacity of the planning application versus the planner wanting their life to be simpler."

Webster feels this goes some way to explaining the popularity of new specialist tools.

"One of the reasons Midwinter received such a good reception is the advice business is simpler and the tool makes this process very simple," he says.

Esler believes planners are looking for straightforward tools to make their life simpler. "Ease of use is a huge factor for advisers," he says. "Price is also a factor, but for many firms it is a side issue as the desire to generate advice quickly and simply is more important."

Sidhu agrees simplicity and useability are increasing market drivers. "Most practices are realising functionality is important, but

the most important factor is useability as this is adding to productivity," he says.

"In some cases there has been too much functionality in the big packages, as often practices will only use 30 per cent of the functionality."

Esler is critical of many of the big providers, believing they have developed solutions from an IT perspective rather than based on the needs of the industry. "The big change with the introduction of IT into the financial planning industry should have been to increase efficiency, but it hasn't worked out that way," he says.

"Simple software creates efficiencies and means you are able to use it both in the front office and the back office. It makes advisers feel confident to use the software in front of the client."

Conversely, planners are always demanding more functionality and according to Webster, their ideal option would be to "live inside their applications on the desktop". "Each year in our survey, planners always say they believe they are going to do more inside their planning applications," he explains. **MM**

