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Friday 31 October 2008

Industry in damage control

As revenue levels fall across the industry, financial planners and licensees are reassessing business practices with the objective of slashing costs and increasing efficiencies to minimise damage to their bottom line. And those technology and service providers that can offer solutions to time and cost dilemmas are set to benefit from the industry's renewed focus on efficiency.



Technology companies are likely to see increased interest from the financial planning community in the coming months. GBST Holdings chairman John Puttick said at the group's annual general meeting last week that its past experience of bear markets shows industry participants require more from technology companies during down times than in a rising market, "as pressure is brought to bear on the cost profile of

their operations".

Strategy Steps director Louise Biti said it's clear advisers and dealer groups are reassessing their businesses to discover both time and cost efficiencies.

Biti said possible efficiency enhancers include using software to automate processes, restructuring staff and office functions, and sourcing better planning support.

Biti said some groups, "particularly larger groups, are looking at moving into variable cost operations, rather than fixed costs".

This includes outsourcing to companies that allow clients to scale their service levels up or down to match their revenue flows.

"This means licensees aren't carrying large costs in periods when their profits are going down," Biti said.

Midwinter Financial Services managing director Julian Plummer said that while some of his company's new business was at the expense of his competitors, the majority was from financial planners upgrading from their more traditional, personal spreadsheet forms.

Plummer said a recent Investment Trends survey found that in the past, the average time taken to create a Statement of Advice was 7.5 hours, a time Plummer said had seen no improvement, even with the introduction of financial planning software.

Plummer said his company's software cuts that time down to 30 minutes, and it was this significant increase in time efficiency that was driving new business sales.

GBST chief executive Stephen Lake said while the current market conditions are challenging, "opportunities will certainly emerge as the companies we deal with look for new and better ways of doing things".

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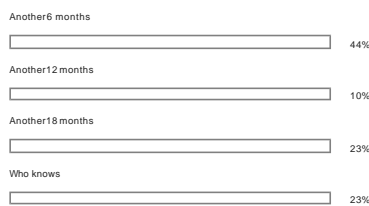
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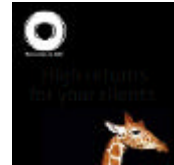
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