

## WHY TECHNOLOGY INTEGRATION MATTERS

**The right technology can transform an advisor's business. And the good news is that RIAs have never had more sophisticated solutions from which to choose. With the average firm operating five different systems,<sup>1</sup> integrating technology can be a challenge. But that integration is the key driver of both productivity gains and satisfaction with technology.**

Weaving technology into a firm's fundamental approach to business is a critical factor for success. Accomplishing this requires integration between core applications and key business processes, but this poses a challenge for most firms. According to Schwab's 2010 *RIA Benchmarking Study*, the two top challenges are "integrating technology with existing systems" (56%) and "selecting the right vendor or solution for a particular need" (55%).

### **Where should firms look to get the most out of their technology investment?**

The benchmarking data points to key areas for improvement:

- Integration of process workflows in CRM
- Integration of key systems, including CRM, portfolio accounting, and document management

1. 2010 *RIA Benchmarking Study* from Charles Schwab.

## Creating a Holistic View of the Client Relationship

RIA firms rely on a number of distinct, task-specific applications, including custodial technology platforms, portfolio management, financial planning, document management, and trading and rebalancing. The ability to view key information from multiple sources via one portal—the CRM—is a powerful advantage. This holistic, comprehensive view gives firms visibility and insight into their client relationships and the operational performance of their businesses. Important client information is easily accessible, providing advisors with the information they need to respond to client questions and make informed decisions faster—resulting in improved service.

Integration between the CRM and these different applications is what creates this single client view. Because the portfolio management system is so integral to a firm's transactional business, it is the most critical application to integrate with CRM. Other key systems include email applications and document management systems. Firms can then examine integration with other systems, such as financial planning and tax planning.

Whether integrating a new application into an existing environment, adding new features, or building a new system from the ground up, the integration process can be involved and time-consuming. Remember that firms can still benefit from systems that are linked together without tight integration and one-to-one mapping of data flows. Batch file imports and exports and the ability to view or launch applications within another system like

CRM can also greatly improve productivity. Firms that have been most successful in implementing integrated systems follow these key best practices:

- **Set attainable goals.** The process of integration is evolutionary, and most successful firms integrate systems one by one.
- **Make usability a priority.** User adoption is critical to the success of any technology implementation. When integrating data from disparate systems, it's important to understand how end-users will be accessing and using the information—and design the system accordingly.
- **Address data integrity.** Successful firms take time up front to correct client data in their existing CRM or content management system before exporting it into the new CRM.
- **Ensure flexibility and scalability with standards-based technology.** Avoiding technologies that use proprietary or closed systems and architecture is a key requirement in achieving a well-integrated environment that scales easily.
- **Seek outside expertise when needed.** More complex, customized solutions present integration challenges. Firms may want to consider hiring a specialist or third-party consultant to manage the integration process.

**“Application integration is my strongest recommendation—and the biggest technology issue at many firms, including ours.”**

**—Mark Motley, CFA, president,  
Foster & Motley, Inc.**

## FIRM PROFILE: CLARFELD INVESTMENT ADVISORS

**“When our systems are integrated, we can respond to our clients faster, more efficiently, more accurately, and with the most updated information.”**

**— Anthony Schembri, partner and managing director, Clarfeld Investment Advisors, Inc.**

### Achieving a Holistic View of Client Relationships

Clarfeld Financial Advisors is a large firm with multiple core business lines spanning financial planning, tax planning, investment advisory, and family office services. At the heart of the firm's value proposition is a unified offering, leveraging each of these business lines. Clarfeld “takes a holistic approach to management and client service,” says Anthony Schembri. To do this, Clarfeld has built an integrated technology environment that unifies data from different applications across its businesses to deliver a comprehensive, single view of important client information via its CRM.

The client relationship is at the very heart of this strategy. In addition to aggregating data from different applications, the CRM aggregates and tracks critical details about every client interaction, recent transactions, and documents such as tax records, wire confirmations, and engagement letters. Anyone speaking to a client can see the entire relationship at a glance. This visibility enables advisors to provide more informed, comprehensive counsel on their clients' entire financial situations, strengthening the business value Clarfeld delivers.

Clarfeld has achieved this level of transparency by integrating systems and applications. “We've been so vigilant about technology because we hold ourselves to be financial confidants and liaisons among different services for our clients,” says Schembri. “All the different businesses are talking to one another, and we use these systems to communicate among ourselves as well as with our clients.” For example, information from the firm's tax system is integrated with the firm's portfolio rebalancing system to help advisors manage clients' portfolios as they relate to their current tax planning. This integrated approach also gets everyone in the firm using its systems, driving high firmwide adoption.

Schembri is confident that the firm's technology approach has had a positive effect on client service and perceptions. “We now have the infrastructure to best serve our clients, and our clients know it because we can very efficiently and quickly respond to them,” he says. These capabilities add up to a technology-enabled responsiveness that sets the firm apart.

### Clarfeld Financial Advisors creates a unified single client view by:

- **Building one central portal for visibility into critical client information.** Clarfeld aggregates important client information from different sources and embeds access to different applications within its CRM. The CRM stores comprehensive client contact information, tracks every client meeting and phone call, and records the history of every transaction. The document imaging system stores important documents such as trade confirmations, tax documents, engagement letters, quarterly reports, and wire confirmations, all of which are scanned within a few hours of receipt. Clarfeld also makes these documents and investment reports available to clients via a secure Web portal, facilitating more meaningful communications.
- **Emphasizing usability to improve user adoption.** Clarfeld's Schembri stresses that different applications should work together as seamlessly as possible to ensure ease of use. When choosing a solution, the firm evaluates different applications on ease of use and the user experience, which is key to widespread user adoption. “Adoption really has to be mandatory. If you don't have it, technology is practically worthless,” he says.

## Learn More

To learn more about best practices for leveraging and integrating technology, read the following Schwab Market Knowledge Tools (MKT) reports:

- *Integrating Technology Into Your Practice: Keys to Improving Productivity, 2010*
- *Getting the Most out of Your CRM Investment: Customer Relationship Management Best Practices, 2009*
- *Technology Best Practices: Making the Most of Your Technology Investment, 2007*

To access these MKTs online, please visit Events & Education > MKT Reports on [schwabadvisorcenter.com](http://schwabadvisorcenter.com).

Additional resources are available through **Schwab Intelligent Technologies™**. Visit [schwabintelligenttechnologies.com](http://schwabintelligenttechnologies.com) to learn more about integration solutions, workflow best practices, and information about technology providers that can help you both manage your business more efficiently and deliver exceptional client service.

### IMPORTANT DISCLOSURE:

This Report was produced by Charles Schwab & Co. Inc. (Schwab), a registered broker-dealer and member SIPC, and is intended solely for independent investment advisory firms. The Report is intended for general informational purposes only, and is not intended to provide financial, investment, regulatory compliance, legal, or tax advice. Any guidance taken from the Report is not tailored to the particular circumstances of any reader of the Report or their firm. The Report relies, in part, on information provided to Schwab by the advisory firms named and others that participated in Schwab's research and interviews. Schwab did not independently verify that information, and Schwab makes no representations about the accuracy of the information in the Report. In addition, the experience and practices of the firms named, quoted, or discussed in the Report may not be representative of other firms or the experience or results you might obtain.

This Report is not intended for use by investors in evaluating or selecting an investment advisor or otherwise. This Report is not a recommendation or endorsement of, referral to, or solicitation on behalf of any investment advisor, whether or not named, quoted, or described in the Report. Investment advisory firms are independent of and not affiliated with Schwab, and their employees and agents, including individuals named in the Report, are not employees, agents, or representatives of Schwab.

Schwab Intelligent Technologies (SIT) provides technology solutions to independent investment advisors, while Schwab provides them and their clients with custody, trading, and related support services. SIT and Schwab are separate companies affiliated as subsidiaries of The Charles Schwab Corporation, but their products and services are independent from each other. SIT's intelligent integration solutions integrate data about accounts custodied at Schwab. Participating providers are independent companies that are not affiliated with SIT or any of its affiliates. Their participation is not a recommendation or endorsement of, or referral to, the provider by SIT or any of its affiliates. Neither SIT nor any of its affiliates make any representation or warranty about information furnished by any participating provider. Participating providers are required to develop the interface needed for integration, which, once developed, will be subject to validation and successful pilot before becoming available to advisors. There can be no assurance that development will be completed in a specific time frame. SIT will continue to provide updates on status. Advisors are solely responsible for evaluating, selecting, and purchasing products and services offered by them.

©2012 Charles Schwab & Co., Inc. (Schwab). All rights reserved. Member SIPC. Schwab Advisor Services™ includes the custody, trading, and support services of Schwab. (0512-3359)

*charles* SCHWAB