

BETTER BUSINESS TECHNOLOGY REVIEW

A dynamic back-to-front move

AT8's Mark Loosmore discovers a solution from Distribution Technology that in his view will lead advisers out of the back-office and into the front



In our series of articles we have covered many of the leading practice management systems. Typically, these systems have come from the background of automating the back-office functions of distribution firms, which adds real benefit to a distributor's everyday business life and can deliver meaningful cost benefits.

In the run-up to the RDR, we are seeing a focus returning to the automation of front-office processes. There seems to be a growing recognition of the need for consistent, repeatable and auditable sales processes, particularly for mid- to large-sized firms.

The traditional back-office vendors do provide tools to assist at the front office. Indeed, some have quite comprehensive fact finds and financial planning tools, but few have really understood the complexity of successfully automating the sales process.

However, matters are improving, with some of the better vendors now having quite comprehensive workflow capabilities to link the sales tools into a set of processes. But most still struggle to provide a simple, usable process flow that is well laid out and easy to use, enabling efficiencies into their sales processes.

Front-office: a different breed

Front-office solutions are a very different breed from their back-office counterparts. Their user interface is simpler, they are more process driven and have a rich set of advice tools. However, they are often lacking in the tools to drive cost out of administrating the business. In the past, these vendors have serviced the very large distributors, the banks and networks that often have involved large budgets and elongated implementation programmes. Things are now changing as we are seeing a few vendors aiming at the mid-sized distributors, aiming to do so through Software as a Service (SaaS) models whereby they can deliver these solutions in an

affordable way that is quick to implement.

Last week we looked at TrigoldCrystal, which has begun to achieve this in the mortgage market (with a growing capability also in financial planning). This week we look at Distribution Technology (DT) which, through its Dynamic Planner product, has a strong front-office capability in the financial planning sector, as well as a mortgage capability (the mortgage solution is used by Openwork, for example).

Dynamic Planner was originally established as a set of niche financial planning tools. Its attitude to risk questionnaire, asset allocation model, stochastic modelling and cashflow planning tools have been adopted by many of the leading insurance companies on their extranets (AEGON, Friends Provident and Canada Life, to mention a few), as well as being used by many distributors. From this base it is not surprising that DT has spread the capability wider to create a more holistic front-office solution.

The solution contains the full front-office capability that you would expect: client management, fact find, financial planning, solution formulation, along with transacting business and client reporting. At the centre of the solution, though, is what DT calls 'a single financial ecosystem', ensuring consistent advice throughout the process. The same data and assumptions are used to drive the shortfall calculators and the stochastic modelling. This may sound obvious, but other systems do not always follow this simple principal.

The system is integrated to Assureweb to execute the quotation and apply functionality, which it does in a clean

manner, using the Assureweb APE interface, where available, to keep the user interface in the control of Dynamic Planner and therefore make the process appear seamless to the user.

The back-office functions, such as contract enquiry are not addressed as well as the specialist back-office systems address them. Here, Dynamic Planner is largely reliant on price feeds from Financial Express, rather than having its own contract enquiry links in place. However, the lack of contract enquiry functionality is beginning to

uncluttered and making the process easy to follow.

More and more distributors are realising the need to include repeatable processes. In part, the motivation is driven by an increasing focus on this area in the FSA Arrow visits, but it is also good business practice. If treating customers fairly is important, then arguably this means treating them consistently too.

Cost of automating processes

The challenge is that automating processes is expensive. Most distributors' processes are different and that, traditionally, has led to heavy tailoring and bespoke work when implementing front-office systems.

Once you get into large amounts of bespoke work, the risk of delivery cost and time-scale over-run increases and problems creep into front-office deployments.

Last year, DT released a SaaS version of its system. It is highly configurable by the end-user through the use of tables and attributes (without bespoke work) which includes the ability to allow users to:

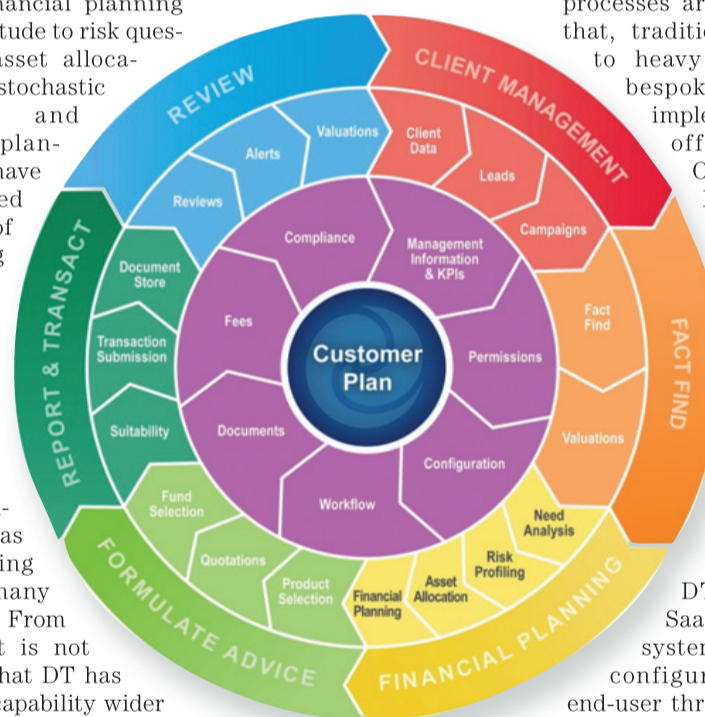
- Define their own hierarchy within the application (to any depth) and set access / permissions for each user;
- Configure the products which are available for recommendation;
- Amend the target asset allocations and volatility bands for each risk level;
- Implement their own risk questionnaires;
- Create and maintain product & risk level specific portfolios which are provided to the advisers for recommendations;
- Modify the default help and screen text and resource files.

If users stay within these levels of configuration, DT claims it can implement

Dynamic Planner within 30 days. In our experience the danger comes, regardless of vendor, if the distribution firm wishes to expand beyond this remit and where possible we recommend firms stay within the customisable limits.

For any sales system the next logical step is to provide the distributor with the ability to communicate directly with the end client. As part of our review we were given insight into some of the consumer tools that DT is working on. For example, we saw an online attitude-to-risk questionnaire that, once completed, provides a recommended asset allocation. I have seen this approach used very little in the market, but it has been implemented by one or two of the more progressive of IFA websites. In the cases I have seen, it is used both as a revenue generation exercise (the service is chargeable) and a lead-generation exercise, so I believe it can add real benefit to an IFA website.

Dynamic Planner is well-placed to help drive consistency into distributors' sales processes but actually goes beyond this. DT's marketing tag line is now 'Enriching Client Relationships'; by providing correct information at the correct time, combined with strong planning tools and efficient sales processes, it is beginning to achieve this. Traditionally, such systems have been out of the reach of all but the largest distributors. But with the SaaS model it is now becoming achievable for a much wider range of firms. We will watch with interest to see how wide the uptake is.



be addressed, and a valuations link is now in place with Ascentric. Work is also under way with Cofunds and a roadmap focusing on platform integrations, but it currently remains behind the market.

The layout and navigation of the system is very clean and simple. Adviser-facing systems have long faced the challenge of simplifying what is a complex process and typically possess a many layered data capture methodology within them. Distribution Technology keeps the process hierarchy simple by moving the macro process layers to a side bar navigation tool, which can disappear while that process is executed. It works well to keep the screen

KEY INSIGHTS

- Look to combine evolution and revolution in solutions to meet the changing needs of the industry.
- There is an increasing focus on consistent front-office processes.
- Many of the traditional back-office vendors struggle to understand effective automation of the sales and advice processes.
- Beware of heavily customising systems: choose vendors with a close match to your requirements and the ability to configure the solution without programming.