SEPTEMBER 2022

A FRAGMENTED WORLD

THE LANG CAT

KINDLY SUPPORTED BY

WealthWizards GBST Financial Services Technology Benchmark

ZERO
instances of advice firms that are
FULLY SATISFIED
WITH THEIR
technology set up

TWO live integration Hubs
(Origo & FINIO)

1 Adviser Paradox
On page 9

3 fragmenting forces on page 37

FIVE KEY THEMES
facing advice firms on page 23

70% of firms state a completed Letter of Authority process can take **6 Months**

73%
of firms agree that **it's impossible to do a side-by-side comparison of technology**

75%
our estimate of **how much more efficient core adviser processes could be with the right technology**

351
possible **primary & secondary** platform combinations
— ACROSS —
27 adviser platforms

3 MILLION
possible permutations of mainstream technology

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Sponsors’ Welcome

WealthWizards

The challenge of integration and efficiency while offering a frictionless client and adviser experience is fundamental to the future health of the advice sector. At Wealth Wizards, our response to this challenge has been to design a financial guidance and advice platform that provides personalised journeys for people of all wealth levels. At the beginning of the journey we have codified, consumer-led guidance capability for more simple requirements, right through to human-assisted (hybrid) advice for more complex decisions. This proposition has been driven by our mission to improve the financial wellbeing for everyone. Our vision is that all organisations who offer financial help, should be able to offer codified guidance and / or advice to help them serve more customers, more profitably while offering a frictionless client experience. We hope by doing this, we can help to create a less fragmented sector and we’re very pleased to sponsor this report from the lang cat, which takes a deep and critical look at the space and share its key findings.

GBST | Financial Services Technology

As a technology provider to some of the largest platforms the subject of connectivity of systems to improve efficiency and the adviser and client experience is paramount to GBST’s product strategy. We recognise the importance of open access to data, common standards, ease of integration, paperless processes and reduced cost of ownership of maintenance to support this drive for improved efficiency. One of our key principles in developing platform technology is to provide a single core solution to all our customers, so any new feature, and that includes an API, becomes available to everyone in the same format, structure and functionality. This principle promotes standardisation with the intention to encourage our customers to deploy standard interfaces out to their customers to help accelerate the rate of integration across the industry. GBST is pleased to support the lang cat on their updated review on adviser integration; it is an important topic and putting a spotlight on this can only help to move the dial towards a real-time, open access, data on demand environment that underpins our industry.

Benchmark

Benchmark is a leading provider of financial planning solutions to over 1,000 financial planners in the UK. Our services aim to help advisers navigate the complexity of integration with a turnkey solution, which covers the key services a high quality financial planner needs to run their business. Through provision of practice management and client portal technology services, compliance solutions, practice management support, integration into both our own and over 35 discretionary investment solutions, and support of an integrated platform solution, as well as whole of market options, our aim is to help independent financial planners grow and develop their value. Our services support the entire lifecycle of an advice firm, helping practices launch, run more efficiently, accelerate growth, and then ultimately think about succession planning, with one simple aim – to help our advisers achieve more than they thought possible. With our proprietary technology solutions and the backing, through ownership, by Schroders, we are here for the long term. We are delighted to support the lang cat, and their Fragmented World research, as our focus is to help advisers navigate this complexity, with the aim of taking these worries away for them.

SECTION ONE

WELCOME TO THE FRAGMENTED WORLD

It's been three long years since we brought you the predecessor to *A Fragmented World*. That paper was called *A Disconnected World*[1] and took the novel approach of considering the technological landscape as it pertains to integration and connectivity through the eyes of advisers rather than providers.

1 We produced *A Disconnected World* in conjunction with Origo, and it's still available for free download here.

Welcome

Since that time we've all experienced a thing or two, to say the least. Many of us learned new ways of working, very quickly. Clients learned that they can experience financial planning while providing their own tea and biscuits, and in general if we were to do a top ten list of sectors that survived the pandemic well, financial planning and advice would be on it.

The industry – by which we mean the sector that provides the kit financial planners and advisers use – didn't stand still either. The velocity at which platforms and other providers adopted new digital ways of working varied, but as we move into the tail end of 2022 it's undeniable that there's been a step-change away from wet signatures and paper forms. We're not done yet, but lots has moved on.

Alongside that, the pace of consolidation picked up – no respite from corporate activity on both the adviser and provider side despite the pandemic. And in an unusually restrained regulatory period – the calm before the Consumer Duty storm – lots of new technological development hoved into view.

So the question is, have we got anywhere in terms of the fragmentation and disconnected nature of the technological landscape adviser firms are meant to navigate during all this frenzied activity? In *A Disconnected World* we said, "if we showed how this industry works to clients, they'd be appalled." Is that still the case?

I won't spoil the surprise, but we're in a battle here between fragmenting and integrating forces. Fragmenting forces include industry issues such as the mismatch between the control often very small adviser firms have and the technology stack that supports them.

They also include societal issues with the rise of individualism and even the sheer number of historic plans new advised clients turn up with. These are met with integrating forces – the rise of new ecosystems which advisers can select, integration hubs, providers publishing open APIs and more. The task we set ourselves in *A Fragmented World*, then, is to find out which set of forces is in the ascendancy, and if we agree that integrative forces are what we want, then let's see if we can work out how to strengthen them.

A paper like this doesn't happen without lots of help. I'd like to thank in particular the 40 or so adviser firms we spoke to in some depth, the many who completed our quantitative survey, and the dozens of providers who gave us data (even when it was wrong), told us how the industry works (even when they were wrong) and helped us understand their reality too (that last one is true). A lang cat thanks attack goes out to every single one.

Thanks too to our sponsors – Wealth Wizards, GBST and Benchmark Capital, who funded the considerable amount of work that went into this and behaved impeccably throughout.

A Disconnected World still does the rounds three years after publication. It's my hope that *A Fragmented World* will have a much shorter shelf life because things will have moved on so fast over the next year or so. We'll see. For now, enjoy the paper and let me know what you think if you feel like it.

Mark Polson
Principal
the lang cat

Where We've Come From: A (Still) Disconnected World?

In our 2019 paper, we noted the lack of meaningful connection between the various systems that advisory and planning businesses use[2] and found that they were routinely rekeying information across three or more standalone systems. Here are a few more key stats from that time:

Firms could be up to **100%** more efficient if their systems spoke to one another

It would take **18** point - to - point integrations to improve the life of one firm using a single platform

85% of firms agreed lack of integration was a major cause of inefficiency

No major business process enjoyed **real-time two-way integration** in the firms we surveyed

We'll revisit some numbers in a moment. First, though, a word on how far we have and haven't come in the last three years. From where we sit, we think more firms than ever before are realising that if they wait for the sector to create seamless experiences that fit their business, they'll be waiting a long time. Part of the reason for this is that virtually every business we spoke to during the interview phase of our fieldwork had something unique or unusual in the systems it used. One loved to use mind-mapping software during the client discovery process and really wanted the lovely maps to pop up seamlessly in suitability reports generated in their back-office software. More than one other has started using 'pure' CRMs like Monday.com out of dissatisfaction with the industry standard CRMs.

The great joy of the advisory sector is that one size does not fit all and clients have a real choice. But in a world with about three million[3] potential combinations of just the basic packages most firms use, creating meaningful integrations across every possible combination just isn't possible. So we're already in a position where firms need to balance up their desire to use a certain package or system with the level of integration it brings or doesn't. Despite their best intentions, during our fieldwork we routinely saw advisers adopting two potentially conflicting mindsets regarding their technology use and procurement: the adviser paradox.

Adopter vs Adapter

There are two roads firms can go down. The first is to be an adopter. This is the typical way an adviser firm uses software, whether it's a back-office system, a risk profiler, a CRM or even a platform. That is to say, you sign up and you use what's there to the best of your ability. This doesn't require specialist technical knowledge – or it shouldn't – but does require you to be able to shift what you do to suit what the technology facilitates. That last point is a crucial one and we'll come back to it later. The second route is to be an adapter. Adapters are the kinds of firms who look at what's there and think "hmmm."

[2] For ease, from here, we'll just use 'advisers' for this. We know some firms prefer 'planners', but life's full of disappointments.

[3] Source: State of the Adviser Nation, the lang cat, 2022

THE ADVISER PARADOX

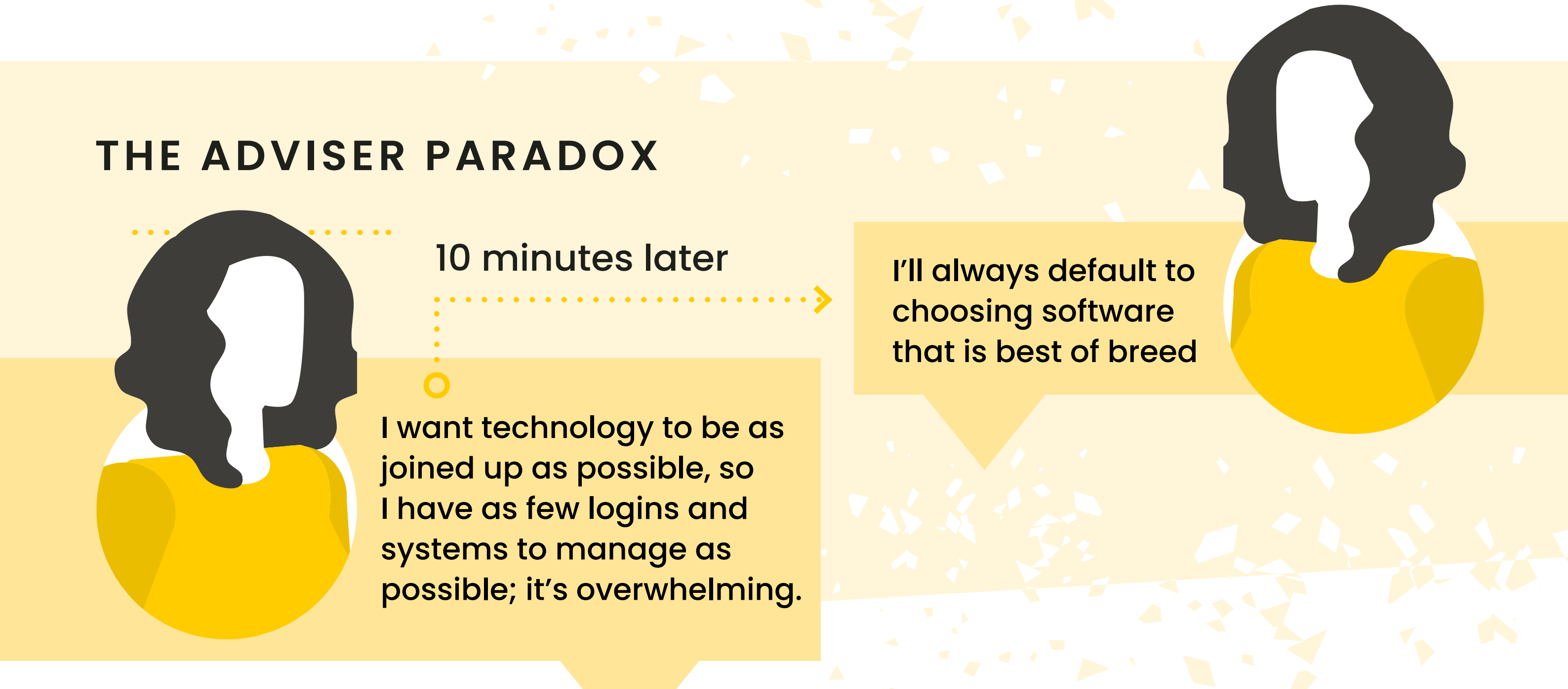


Figure 1: The adviser paradox

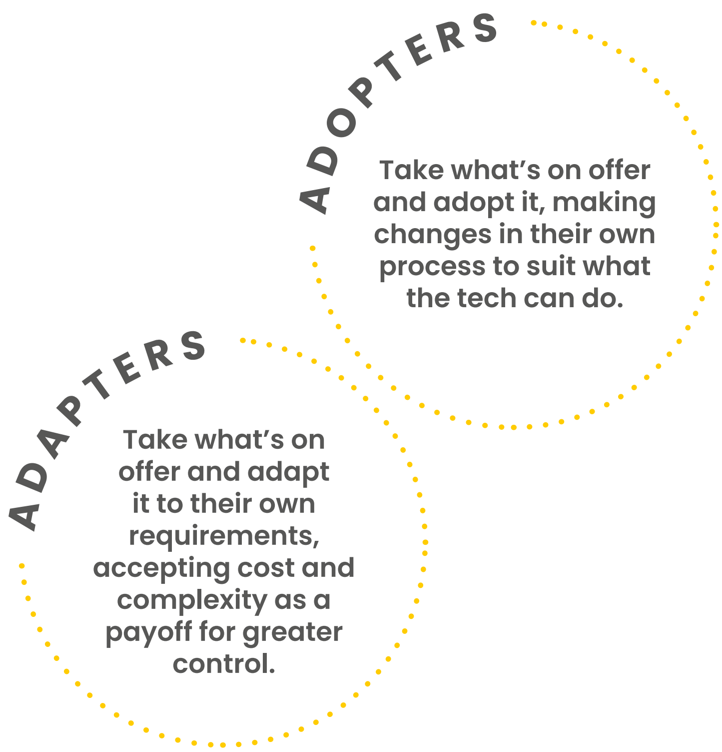
Adapters have the specialist skillset required to start adapting what's there to their own requirements – either through the natural aptitude of the folk in the business or through being able to afford to hire that skillset in through a Chief Technology Officer (CTO) or similar role. To be a good adapter is tough, and usually expensive, but it does mean that you end up with something that closely resembles something that you want rather than what someone else thinks you want.

The best analogy is a decent camera – you can set everything to automatic and be an adopter.

> *We've always focused on the adopter market – where we work with firms who want control of large elements of what they do, but are also happy to rely on someone else to bring together the complexity of the tools they need to run their practice.*

Ed Dymott, Managing Director of Wealth, Benchmark Capital

You'll get decent photos, but your settings will be based on an algorithm that a bunch of folk in a lab in Japan reckoned was best. Or you can switch to manual and control it yourself for your requirements and your location: there's a greater chance of getting it a bit wrong, but it's the only way you'll get it exactly right.



We've also seen – and we'll cover this in more depth later – new propositions coming to market which aim to help. Some of those are middleware – last time we covered the Origo Integration Hub, and this time we also have the new FINIO hub from Sprint Enterprise to think about. Some are collaborations, such as between FE and CashCalc. Others are integration-first offerings which expect more of firms in terms of being able to spend time and money on technology development, but which offer a world of control which would have seemed unthinkable only a few years ago.

All of these are here for firms in 2022, but to take advantage firms have to be in a position to understand their own requirements. And, crucially, to accept compromise in their own existing procedures to allow the software to do what it does.

Those numbers, then.

- Based on our research this time, we think firms have achieved some gains over the last three years. Much of the gain is pandemic-related, but some integrations have made a difference. We cut our view that an 'average' firm (if there is such a thing) could be 100% more efficient to 75%. Still lots of gains possible, though.
- Although we didn't ask a directly comparable question on integration being a major headache, our qualitative responses, responses as part of State of the Adviser Nation 21/22 and verbatims from our survey lead us to believe the 85% figure is still about right. Some firms have joined networks or consolidators where integration is taken care of and for them the headache is gone; for others it remains.
- Real-time two-way integration is still highly unusual, but we can now find 23 instances where it happens, and two major businesses where it's a bedrock.
- But firms are using just as many packages as ever they did, and the number of point-to-point integrations it would take to make everything seamless hasn't changed.

We remodelled all our processes when we moved to IO. We looked at our processes, looked at what IO could do, and basically remapped them to make sure we're making the most of the system. We've banned spreadsheets that sit around the system; the only time we'll use spreadsheets is when we're taking MI out.

Head of ops, large national firm

WHAT'S COMING UP

A word, then, on the structure of *A Fragmented World.* Our original intention was to repeat the process mapping we carried out in *A Disconnected World* to show how far things had come in three long years. But as we started to do that work we realised things hadn't moved as far or as fast as we'd expected them to. To be fair, some areas which required wet signatures in the past didn't any more, but this paper concentrates on integrations and the power of doing work over here saving you further work over there. At a process level we didn't really have much new to tell you over and above what we covered last time. So we're leaving that this time – in the hope that in a couple of years we can write a report called A Newly Connected World or something and show how things really have fundamentally changed.

So we still live in a disconnected world, albeit one which is improving. But connectivity is only part of the story. If the landscape is fragmenting faster than the sector can build integration, the effort is wasted.

And that's our premise for the rest of *A Fragmented World* – that clients, advisers and providers are all facing their own fragmentary forces. It's how we navigate this together that will determine the longer-term outcomes clients enjoy and it's this that'll keep us busy and – hopefully – you reading in the pages to come.

THE RESEARCH

In preparing *A Fragmented World*, we spoke to 39 firms on an individual basis. Most of these discussions were remote, with interviews taking between 30 and 60 minutes. The smallest firm we spoke to was a one-person band, and the largest was a major consolidator with over 50 advisers.

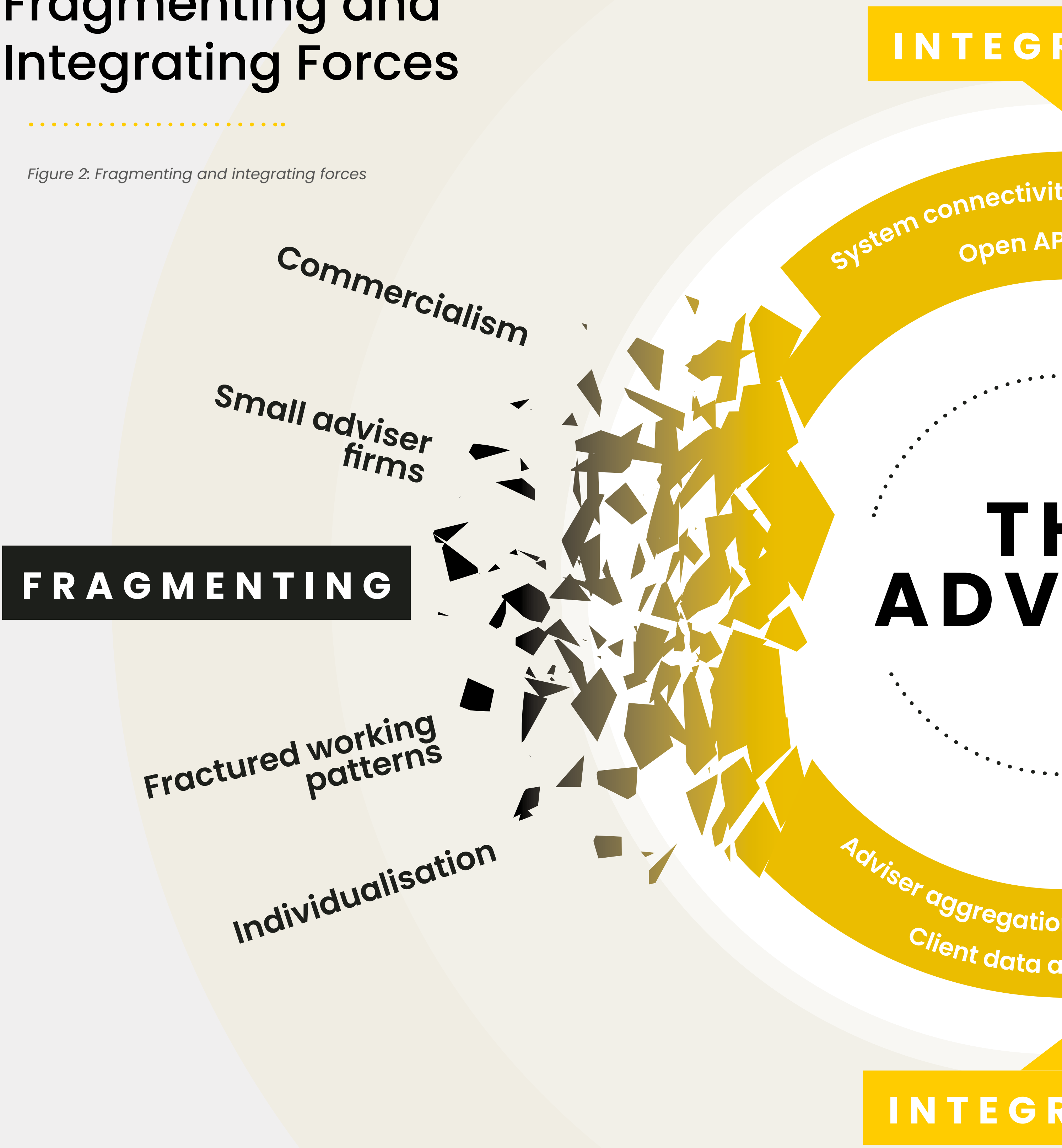
Of the firms we spoke to, 85% were directly authorised, and just under 90% were independent.

We conducted an online survey to test our findings from the interview stage. 146 firms responded to this, with 75% being independent and 79% directly authorised.

Finally, we took in integrations data from over 30 providers across platforms, CRM/back-office systems, and other advicetech providers. We had individual discussions with 12 of those, usually at Chief Technology Officer or proposition director level.

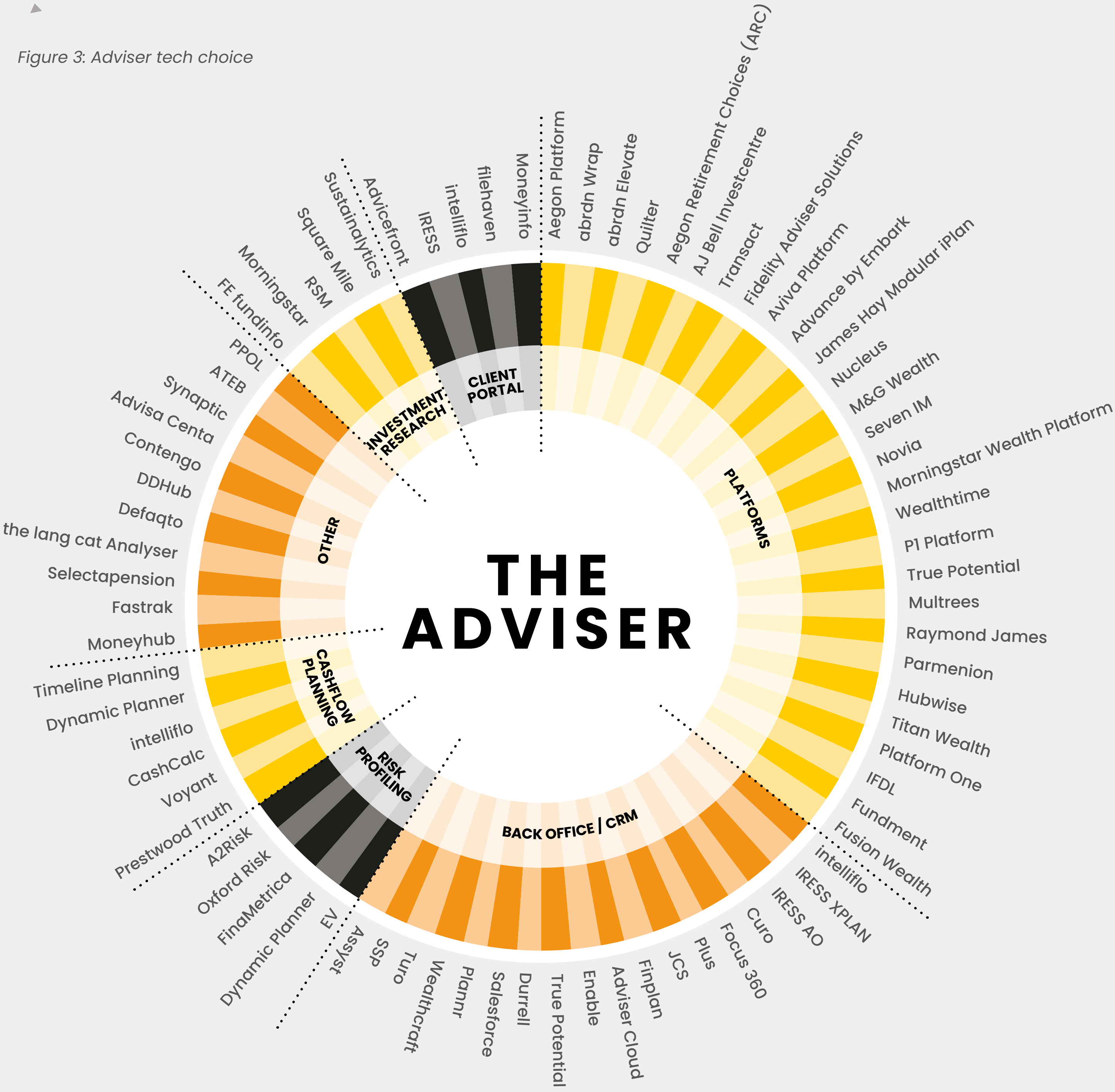
Fragmenting and Integrating Forces

Figure 2: Fragmenting and integrating forces




New ecosystems
Hubs
Clients' expectations
Control without technology
Incentives misaligned
FRAGMENTING
Poor quality integrations
No shared view of end state
Industry groups

Figure 3: Adviser tech choice



Where We Are Now

So where are we? How are fragmenting and integrating forces balancing? And what does the advisory firm need?

> *The thing is, you have to build to a specification, and if advisers can't agree on what that is because they all have different ways of working that they're trying to fit your product into, you'll never get anywhere. If someone can give me a clear use case, I can build something that works.*

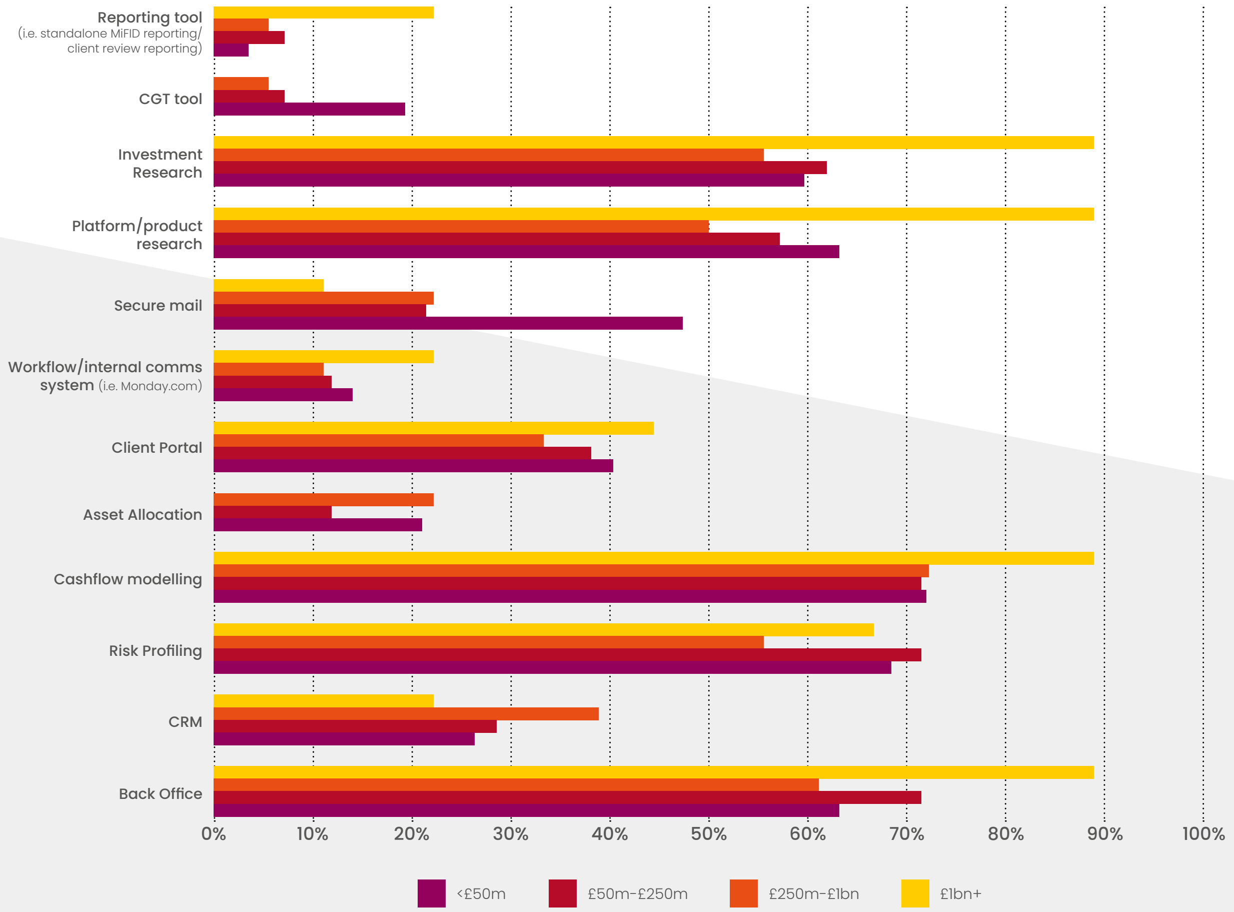
Ex-platform CTO

These aren't straightforward questions, but they're vital. Financial planners will tell you, probably quoting Lewis Carroll, that there's no point in having a plan unless you know where you're trying to get, and the development and implementation of technology is no different.

The adviser paradox we mentioned in the last section is just one example. The fragmenting forces at work in the advisory sector – with a few very large firms and thousands of small firms – makes it difficult for those charged with making everything work.

When you look at the permutations of primary platforms, secondary platforms, back office, risk profiling and cashflow modelling tools, there are several million different potential ways a firm could structure their basic technology proposition. And that's just looking at the mainstream options. Another way of looking at this is one can state definitively that there's a vanishingly small chance of two firms looking alike.

Figure 4: Tool usage by firm size



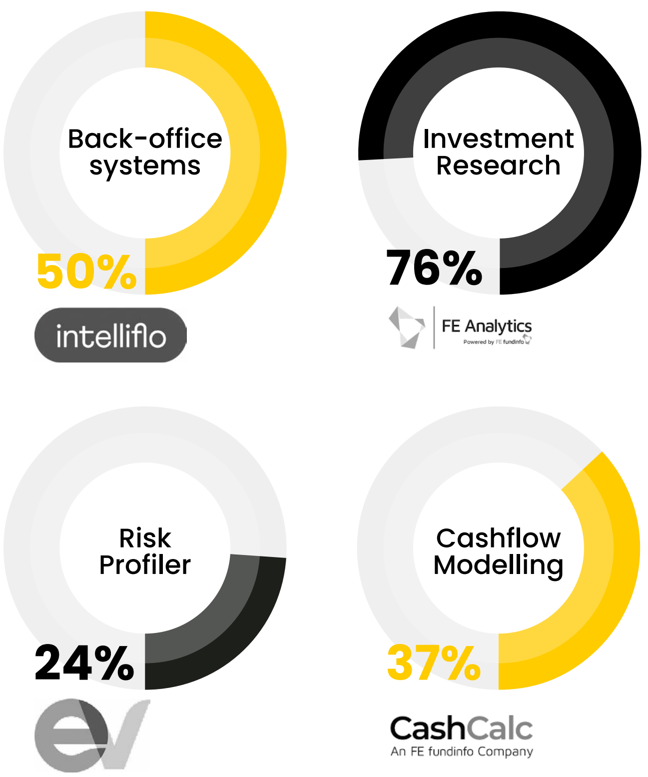
While each firm is indeed beautiful and unique, there is commonality in the types of packages firms use, as you might expect. It's also the case that the centre of gravity is pretty clear for where firms see the majority of their daily technological lives happening.

Not every firm uses every system in Figure 4. But – anecdotally at least – most firms are using at least five, plus everyday packages such as Office 365 or Google Suite. These are (in order):

- Back-office
- Risk profiler
- Cashflow modeller
- Investment research
- Product research

If we ignore product research, the top four systems firms use have clear market leaders. Here's a finding from *State of the Adviser Nation*:

Figure 5: Most used systems



In all four areas, it's noticeable that until recently all bar intelliflo were standalone systems; they have one job and concentrate on doing it. But now we have a different picture. intelliflo has bought and rebuilt a cashflow planning system (I4C, now intelliflo planning). FE has bought CashCalc and has set about creating a new integrated ecosystem with some enthusiasm. At the same time, though, both integrate with intelliflo. EV is a little different on the risk profiling front, powering as it does countless risk questionnaires. But its own Advisa Centa toolset integrates with intelliflo. So if we were to try and draw this out, we'd have a complex neural map. And that's just for four systems. Multiply that up by the 70 or so participants in our earlier graphic and...well, we couldn't represent it in a report like this, that's for sure.

> *My approach with CashCalc has always been that if it benefits users for us to do an integration, then we'll do it. Even if it's with a rival or someone who could be seen as a rival. Our job is to make advisers' lives better and if we do that they'll stay with us, so the idea that we'd do anything else except be integrative makes no sense to me.*
>
> **Ray Adams, founder, FE CashCalc**

This is just one example of where integrative forces can only be so effective in combatting the pernicious forces of fragmentation. Each new integration, or new ecosystem, creates new neural links and more complexity. We may be reaching a tipping point where glorious isolation for new ecosystems in particular starts to make more sense.

Integration is good, and more integration is mo' better. But integrations don't matter much if you don't know how to use them, and if you don't have the time, energy or expertise to view your technology stack as a whole.

The good news is that we found significantly improved integration in 2022 compared to in our fieldwork in 2019. Valuations – for the most part – are working well and more and more platforms, advisertech providers and other systems are exposing open APIs to encourage integration. There are proper examples of providers working together to give advisers seamless, properly integrated experiences.

> *Pension dashboard is the start of mandating open finance, it wont stop there, the future is an open access, data on demand environment where providers who don't want to play will soon find themselves not being included.*

David Simpson, Head of EMEA, GBST

On the demerit side, we still have issues around transaction histories, and too many providers are very slow to accept that adviser persistency isn't the same thing as time spent on their online real estate – a refusal to accept this is a fragmenting force in its own right.

Too many integrations are poorly built and maintained, and hanging over all of this is the prospect of the current landscape being swept away by massive cloud data infrastructure. Even at a more functional level, Letters of Authority and transfer times are two areas causing pain, and these should certainly be solvable.

But none of this matters if firms can't navigate what's on offer. Our research shows that for firms with less than £1bn under advice, the responsibility for IT procurement and management is likely to sit as part of a wider role.

Only one in five firms in this bracket have a full-time Chief Technology Officer (or something similar), and this falls to one in ten for firms with less than £50m AUA. Contrast this with the larger firms, with over £1bn AUA, where over half (55%) have a CTO in place.

And that's the adopter/adapter split once again. Unless it so happens that the principal of the adviser firm is a technologist, it becomes prohibitively complex and expensive for smaller firms to be adapters. And so smaller firms tend to be adopters, but they also tend to rub up hard against the edges of what their adopted systems can do because they would like to be adapters but don't know how to. This is the cause of much friction and upset, and not a little bit of wasted spend from both adviser firms and technology providers. Later on we'll look at how to get past this issue. For now, we have another clear fragmenting force in the quality of integrations and the ability of non-technological specialist firms to navigate them.

The Provider's Reality

It might seem strange to have a section on providers early in a paper that's really about the landscape advisers find themselves working in, but we think it's important to set the scene.

To prepare this section we researched and surveyed dozens of providers across platforms, CRMs, planning tools and more about their integration experiences. We had in-depth discussions with a dozen, from Chief Technology Officers to CEOs and heads of proposition.

As readers of *A Disconnected World* will remember, the whole reason for researching and writing about the issue of fragmentation in the depth we have, was that most explorations of this issue have concentrated on providers: who does what, with whom and how often.

The problem with this is that if you sit 100 providers in a room and ask them if they thought integration was a strategic priority, you'd get 100 broken necks from violent nodding. And yet, as we've already seen, the issues of fragmentation, lack of interoperability and administrative friction remain.

It's marvellously tempting and satisfying to lay the blame at the feet of providers; if they'd just get on with it everything would be fixed and there would be one less paper on fragmentation in the world. But things aren't that simple.

You won't see a big table of who-integrates-with-what in this section. There's simply too much nuance to create something like that here without it taking over the whole paper. If you turn to the Annexes though, you'll see some tables about key integration areas and how they play out in a platform-centric view (after all, that's where much of the data is generated).

WHERE ARE WE NOW?

Let's have a few basic stats to kick us off.

Figure 6: Integration headlines

18 out of the **top 20 platforms** support valuations to five or more popular back-office systems

SEVEN platforms allow account opening from within another system

Nucleus, Transact and Aegon Platform are the most connected platforms by number of integrations

ONLY **SEVEN** platforms have real-time integration with one or more popular CRMs

THE WORLD'S SMALLEST VIOLIN

We have come a long way – and in a moment we'll talk about what developments have happened over the last few years that excite us and have the potential to move the industry forward in leaps and bounds. But before we do, we want to achieve the impossible and make you feel sorry for providers.

Let's turn to our most recent adviser census – *State of the Adviser Nation 2021/22*. Here we worked out that – without worrying about outliers – there are in the region of three million combinations of platform, CRM, back office, financial planning, investment profiling and other systems that a typical firm might use. There's one category error in that previous sentence: did you spot it? That's right, it was the word 'typical'. As one platform proposition director put it, "the jigsaw puzzle is just too complicated".

With comically high numbers of potential combinations, now imagine that you are the Chief Technology Officer of a leading platform[4]. You have the budget and manpower to make three new integrations work this year. Which do you choose? And how deep do they go? You have heavy-duty data protection responsibilities – how robust are the systems you're sending data to? Can they deal with what you send them? Or are they asking for more than you can provide? How do you monitor them and do you have the budget to do so on an ongoing basis?

The point is that there are only so many individual, point-to-point integrations that any one system can manage. And even within that, not all integrations are the same.

WHAT'S GOING WELL

1. BASIC INTEGRATIONS

As we saw in the infographic, valuation feeds are popular and in the main work fine. There can be issues where valuations return unexpected amounts; this isn't because platforms make it up but because many platforms are really a combination of a number of underlying systems. The exact value you get from a valuation feed will depend on which bit of the platform is generating the figure, and the time of day it's sent. As a result, as all advisers know, the platform and the CRM valuations are rarely identical. Once again, not handled well, an integrating force can be fragmenting in its own right.

2. HUBS

In *A Disconnected World* we talked about the possibility of third-party 'hubs' which could lighten the load for providers. Origo's Integration Hub was pretty much the only game in town at that time, and three years on it supports bulk valuations with 29 organisations in one form or another, with nine more coming soon. Bulk transaction histories are a bit slower, with 13 providers supported, and account opening with seven. So far only L&G has signed up to transfer tracking via OIH, but hopefully more are on the way.

Since then, we also have a new entrant in the space in the form of Sprint Enterprise's FINIO hub. FINIO is launching with 7IM and Raymond James initially, but when we interviewed Sprint they suggested several others are at various stages of signing up.

The two hubs aim for the same thing – companies don't have to integrate to lots and lots of individual systems; they just integrate to the hub which does the rest. The tricky bit, of course, is that not everyone's data is in the same shape and controls are understandably needed.

Origo and Sprint go about this in different ways; we don't have space to do this justice but in effect Origo matches a data field from one system to the corresponding one in the other system and then knows that those two match up.

> *There's expansion in terms of what we can do in terms of capability, there's expansion in terms of the data that we can go after with open banking and open finance, but the key challenge is someone's got to put their hand in their pocket and make an investment to deliver the user experience to get all of this working.*
>
> **Proposition director, investment platform**

[4] To all the platforms wondering if we're talking about you: yes, yes we are.

This is handy because what one system calls "postcode" another might call "post_code" and without that translation the computers don't know what's what. Artificial intelligence, we need hardly add, is some way off.

Sprint's FINIO, on the other hand, takes data in and holds it. It then – to quote them – 'enriches and transforms it' so it can ship it back out to whoever is authorised to receive it. If you'd like to find out more about FINIO you can do so here, and you can find out about OIH here.

The great thing about hubs is that they level the playing field. Smaller firms can – as long as they can pay the hub provider – integrate to it, whereas they might struggle to get the attention of larger organisations. It may well be that hubs aren't the ultimate answer to fighting the forces of fragmentation, but they're a worthwhile step along the way. We view them as a strong integrating force and a vital tool in the fight against fragmenting forces.

3. TIGHT INTEGRATIONS

In the last few years we've seen an increase in the number of close integrations, where two different systems either talk in real time (so as soon as you update client details in one system it immediately updates in the other) or where you can make changes (such as opening a new client account) on system B from inside system A. Most of these are partial, but there are a number of ecosystems springing up where much tighter integration is possible. Benchmark Capital's Fusion and Enable systems are still the best known, but True Potential has also done a lot of work here, as have FE and CashCalc, intelliflo, Fundment, Timeline and more.

Platform account opening from a CRM has been around for a while, but has never really been enthusiastically adopted, mainly because it can only do so much; admins still have to go onto the platform to execute instructions, even if client details have moved across successfully in many cases. However, we are seeing reports of individual firms using it more and more, particularly larger firms with more strategic platform relationships; in these cases admins learn the ropes and get used to the workflow. One of our respondents singled out Morningstar Wealth Platform for particular praise here.

WHAT'S GOING LESS WELL

There are a number of headwinds for providers, whether they're platforms, lifecos, tools or CRMs. Each of these is a fragmenting force, or adds to them.

- **COMMERCIALITY** – it isn't free to create integrations, and they need to be maintained. Who pays? The firm who is sending the data out? Or the one receiving it? Or the adviser who benefits from the integration? Or the client directly? No-one likes paying for this, and it's rare that CTOs can make a business case for an integration compared to other functionality advisers might value more.

- **FUTUREPROOFING** – integration technology is moving on all the time. Cloud-based data warehouses such as Amazon Web Services, Snowflake and others are changing the ways many industries think about their data. We heard reluctance from some CTOs in our research to building costly integrations which will likely be ripped up in a few years' time.

- **USERS** – the system is perfect; it is you who is imperfect. Put another way, integrations don't happen in the abstract. They need to be done for a purpose. Because of the multiplicity of ways that advisers work, it's brutally hard to come up with something that is going to work for everyone, and getting a clear view on what's most valuable is almost impossible.

- **LUDDITES** – some providers (more than CRMs or toolsets) simply can't or won't play. The whole industry doesn't go at the pace of the slowest, but it's certainly frustrating for advisers who can't control what policies a client walks in the door holding.

I'm one of what, five, six, seven thousand? You can't listen to all of us and build something that caters to all of us. What's that they say about a camel being a horse designed by committee?

Planner, regional firm

LET'S GET API

Any technologists reading this are excused. For real people, it's worth unpacking what Application Programming Interfaces (APIs) are and why you hear so much about them.

Put simply, APIs are a way for systems to talk to one another. If you are in system A and you want a bit of data that system B holds, system A can go and get it. To make this happen, both systems have to agree how they'll talk to one another, what's OK to send across and what isn't, and how it will arrive.

You'll often hear fintech companies, back office firms and some providers talking about having open API libraries – if you'd like to see what one looks like then here's a link to Seccl's Developer Hub. In effect these are playbooks for developers to get systems talking to one another.

On our website we can track unusual patterns for fraud detection…the amount of money we stop getting into fraudsters' hands each year because we have that level of control…my worry for the industry is yes, we talk about open APIs, but where is the investment coming from to do the protection of the customer…I think it'll take a couple of nasty shocks before we stop and think.

Head of proposition, investment platform

The advent of API-driven interactions between systems in our industry is a great thing. It's definitely moved integrations forward, particularly between systems which don't handle client money – but these are starting to open up too. However, not every API is created equal and it is far from the case that once you've published it the job is done. APIs need constant monitoring – they fall over sometimes – and careful documentation. It's far from the case, then, that the very existence of an API means a system (whether a platform, a CRM or a tool) is easy to get data to or from.

"The reality is with integrations these days…APIs aren't always the best choice. When you're dealing with data in bulk…an API is useless. You're talking 20 or 30 calls per client, and maybe you're doing a couple of thousand clients – that's 60,000 calls on the API and it doesn't work like that.

Head of proposition, investment platform

It's also not the case that calling an API is the best way to get data in all cases. For example, if you're moving a very large data set made up of thousands of individual datapoints – such as a bulk transaction history – then getting your system to carry out thousands and thousands of calls to another one is a bit of a pain and may cause a tense, nervous headache unless a specialised bulk API facility is in place. Far better to download a big data file – probably a CSV – save it somewhere secure and then upload it into the next system.

APIs, as we can see from the quote above, when used to allow transactions to be generated on one system and fulfilled on another, also cause additional issues for security and fraud prevention. These aren't insurmountable, but nor can they be waved at; it all has to be built right, paid for, and maintained.

APIs, then, can be a real force for integration – right up until the point they don't work as intended. Nonetheless, they're one of the best weapons we have against the forces of fragmentation.

SECTION TWO

THE ADVISER'S REALITY

- Living in a fragmented world
- Deep dive: Letters of Authority and transfers
- How firms experience fragmentation

Living in a Fragmented World

As part of the research for this paper, we visited or spoke with just under 40 advice firms. A huge thanks again to everyone who was so generous with their time. We deliberately targeted a range of firms, large and small, independent and restricted. Here's how our sample for qualitative research looks:

BIGGEST FIRM

£11bn AUA
4000+ Advisers

SMALLEST FIRM

£50m AUA
1 Adviser

MOST COMMON CRM

intelliflo

MOST COMMON CASHFLOW TOOL

CashCalc
An FE fundinfo Company

We also carried out online research with 146 firms. The research profile of the firms we surveyed is in Annex 1.

Most firms we spoke with could best be described as "confident but frustrated". Not one single firm had any concerns about attracting or acquiring new clients. The demand for advice remains strong, and their new customer acquisition process is working, whether that is via referrals, professional connections or simple organic growth. Advisers are confident, and this confidence comes from the knowledge that they are creating good outcomes for their clients.

Instead of sticking to rigid questions about process, we allowed conversations to flow, using a sample discussion guide. Experienced members of the lang cat team conducted the conversations, so firms always knew they had someone who could relate to what they were saying.

Once we'd finished a couple of dozen conversations we felt we'd settled on a range of themes that firms were returning to over and over. So we pivoted our conversation to test those themes more explicitly, and then used those as the basis of our quantitative research.

Here are the five key themes we identified. We'll expand on each in turn.

1 **Digital ability › technology**
Things have moved on in three years. The tech can do more and more. The issue is whether firms can move with it.

2 **Control**
Firms are learning that the more control they exert, the better the outcome. But that doesn't come for free.

3 **Data is the new oil**
Firms are starting to understand the real value of data and how it moves. Providers who hoard it will be punished; those who expose it will be rewarded.

4 **Platforms aren't enough**
Platforms still play a vital role in offering wrappers and custody, but their reporting role is just part of the picture.

5 **Clients expect more**
The pandemic reframed advice. But now clients expect the whole process to be as smooth as the initial experience.

DIGITAL ABILITY > TECHNOLOGY

The fragmented technology stack we found in most firms is a huge challenge to support and maintain. Even if a firm is using "out of the box" systems, discipline and time devoted to ensuring data integrity between the various systems is essential. Defining, managing and maintaining the technology stack is a role that needs specialist skills – a Chief Technology Officer (CTO) or equivalent. But the reality is most advice firms are simply too small to support such a role.

Our research shows that for firms with less than £1bn under advice, responsibility for IT procurement and management is likely to sit as part of a wider role. Only one in five firms in this bracket have a full-time CTO or similar, and this falls to one in ten for firms with less than £50m AUA. Contrast this with firms with over £1bn AUA, where over half (55%) have a CTO in place.

> *I've no idea how smaller firms do this...as an advice sector we accept sub-par for technology and service.*

CTO, large regional wealth management firm

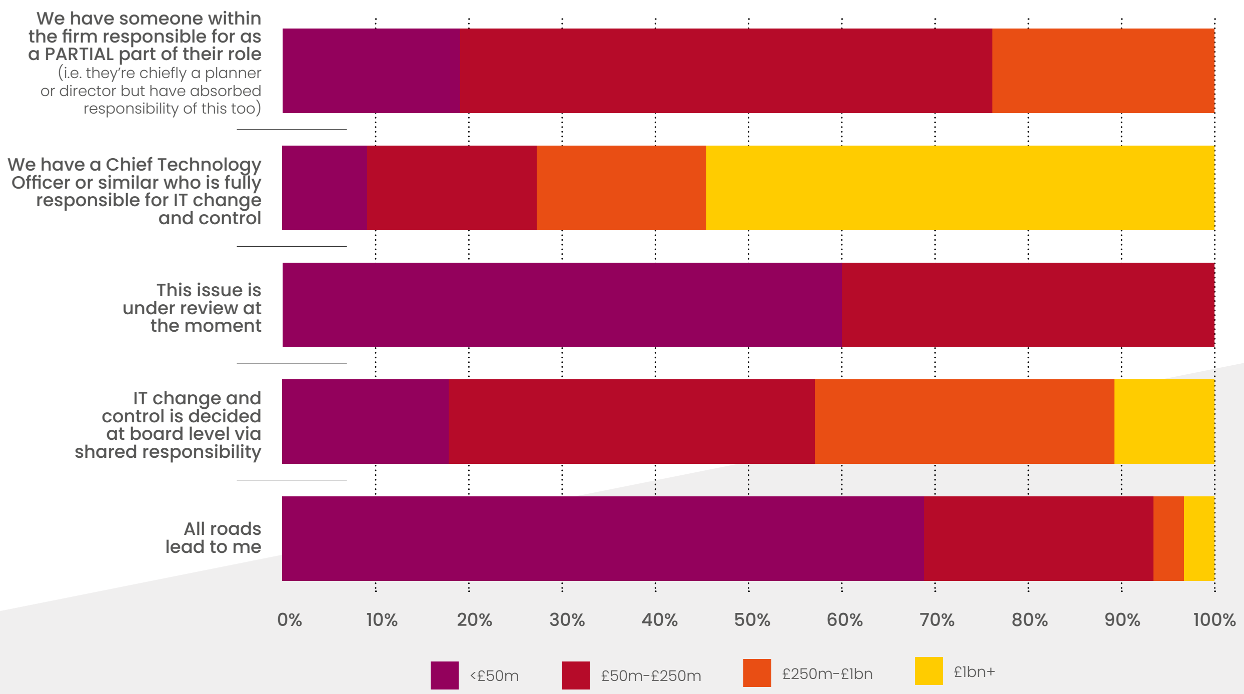
Even if you have the budget, it's a challenge to find individuals with the right skillset. We spoke with one firm who described the role as sitting in the middle of a Venn diagram of financial planning and IT expertise. This individual's career path started out in paraplanning, moving to advice and then back to heading up the paraplanning function. They then spent over two years obtaining formal IT qualifications, so they now are "the best of both worlds".

> *There is a massive gap in the skillset required for IT implementations etc. Professional bodies need to start recognising this, and help individuals learn the necessary skills.*

Paraplanner, medium sized firm

It seems odd to say that the lack of specialist IT skills is a fragmenting force in the world of adviser firms – but that's where we are.

Figure 7: Regarding the issue of IT change and control within your firm, which of the following best describes your organisation?



2 CONTROL

We found that firms were willing (if not happy) to sacrifice digitisation of process in return for control. It is when firms lose control – of process, of outcome, of the way that data flows – that mistakes happen and frustrations creep in.

Control doesn't come easy, especially for smaller firms. As we just saw, the skills required to navigate these waters are rare in all but the larger end of the market.

We generally don't feel well supported by technology providers. More interested in upselling us to maximum features rather than helping us get the most out of software. Mind you, now that we're getting a lot bigger that's starting to change. That's just commercial reality I guess.

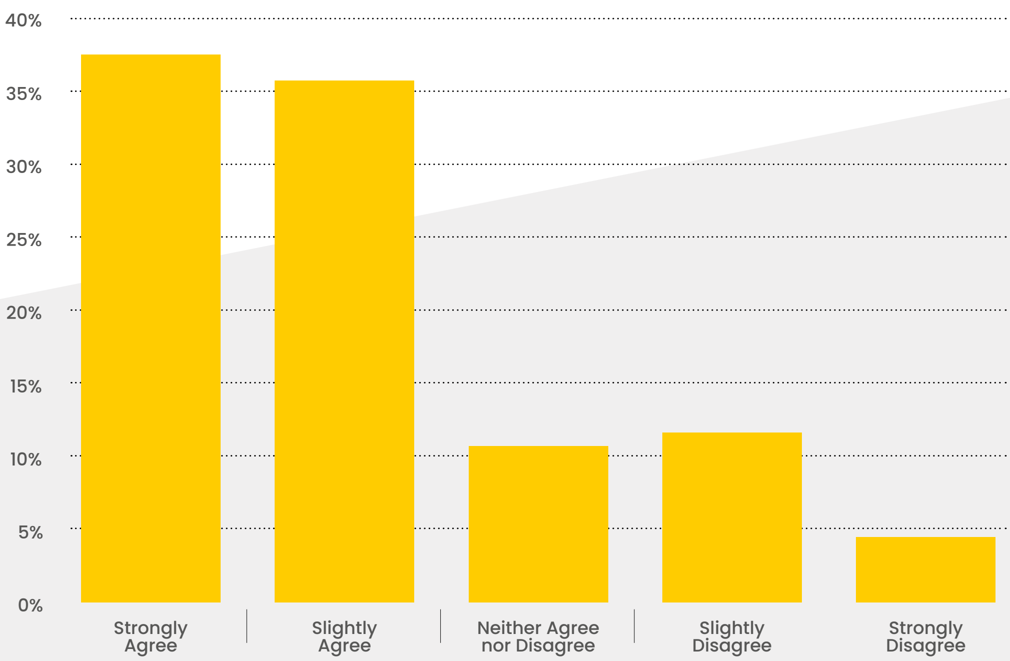
Financial planner, regional IFA

Well-meaning suppliers and providers try to help in their own way, but commercial reality creeps in, and this leads to frustration. Firms feel trapped and very much not in control. The answer of course is – coining a loaded phrase – to take back control, but this is easier said than done. With no expert purchasing available, and the nature of adviser technology meaning you can't ever really understand how something is going to work before you sign up for it, many firms stick with the devil they know.

Lack of control is a key fragmenting force. No-one is holding the total digital experience together for these firms; they are at the mercy of what everyone thinks they want. Providers and tech firms don't deliberately build solutions people don't want, but as we've said earlier it's brutally difficult to build into a vacuum.

Interestingly, we think this control point is a supporting reason as to why small firms give up their direct authorisation and join consolidators. The first reason is commercial, of course, and the second generally to do with regulation and professional indemnity insurance, but a world freed of the need to control technology stacks is certainly part of it for some.

Figure 8: "I find it impossible to put software providers side by side and make an informed comparison" To what extent do you agree with this?



For firms to be genuinely in control, technology has to be flexible enough to allow them to 'plug and play' with the elements that they believe make their proposition most compelling. History has shown us that doing this across different technology platforms is impractical. We think it needs to be built on one platform which ensures consistent and compliant guidance and advice.

Andrew Firth, Chief Executive, Wealth Wizards

More than seven in ten firms in our online survey slightly or strongly agree that it's impossible to make an informed comparison and pick what's right for their business. As one MD of a large regional firm put it:

"We do look at other tools. They look good but how do I know it's not just marketing spiel and that we're getting what they say we're getting? The problem is everyone says it can do everything now but we know that can't be true. But how do I make that judgement? There's nowhere to go to make a proper assessment."

One final point here: for some time firms such as Hubwise, Seccl, IFDL and latterly FNZ have been offering 'adviser-as-platform' structures, where the firm itself becomes the platform operator.[5] Apart from one major network, none of our respondents had decided to go down this route, even though it does offer significantly more control than traditional platform relationships. There is a clear line between controlling regulated functions and 'softer' elements such as CRM as far as technology ownership goes (even if most adviser-as-platform structures keep key parts of regulatory responsibility such as client money with the provider).

That's a no. We're sceptical of the model itself but the main reason is we don't want to be early adopters. We are here to be cautious and prudent on behalf of our clients. I'd much prefer for other firms to dip their toe into the water first and we'll follow them if it turns out that we see enough evidence that it might work for us. Too much at stake.

MD, regional IFA, on adviser-as-platform

An example, then, of where a potential point of future integration isn't quite meeting its mark yet, as a result of another fragmenting force holding firms back from making a jump that some of them might quite like to, all other things being equal.

3 DATA IS THE NEW OIL

If you asked 100 clients of financial planners who had the most personal data on them, we suspect a majority would nominate their bank or their doctor. But they should include their financial planner on that list. The amount of data – both personal and financial – that attaches to each individual advised client is quite staggering. We've already mentioned issues with the sheer tonnage of transaction data that a typical platform holding generates; add to that valuations, personal details, attitude to risk, goals and cashflow, holistic wealth and more.

Advisers are the custodians of this information, but given the incredible richness of what's there, as a sector they have been poor at making the most of it, and certainly mining it for insight. That's one way of putting it. Another way of putting it is that the fragmenting forces at play on the adviser's world and the lack of connectivity between systems has systematically thwarted firms' ability to work with data at scale.

[5] We wrote a paper on this in July 2021, and you can find it here.

And that's just in an everyday context; who knows what new products and services firms might have been able to come up with if they had years of working constructively with data under their belts.

If you use data well it encourages customers to engage and act at the right time. It's a better experience and helps create better outcomes. We use Salesforce Marketing Cloud to nudge customers to act at appropriate times. We believe help, guidance and advice shouldn't just happen during an annual review or when a customer experiences a significant change – it should be an ongoing journey.

Andrew Firth, Managing Director, Wealth Wizards

We've actually got two data analysts, and that's down to [our back-office system's] limitations on MI more than anything. So they will mainly take data out of it to do analysis for the board. They'll stitch a lot of data together and build reports in Python and Power BI that we can run each month.

Operations director, large firm

Even just getting proper financial data on plans and investments under advice is harder than it should be. Valuation integrations work – but 'work' is a word that causes some trouble here. It is certainly not the case that a client valuation today on platform will be the same as is reflected on another system. There are good reasons for this, but they're not well understood. If data is the new oil, it's certainly not flowing.

Take legacy providers – one of the main moans we heard from respondents was about legacy and closed book providers, who have a whole extra year to implement Consumer Duty compared to everyone else. If you speak to the right people at some of these providers, you'll hear a concern that if they improve the data integrations from their systems to adviser planning tools and CRMs, this might lead to an increased flow of assets away.

We believe the opposite might be true – by giving advisers access to the data they need, in the absence of a clear suitability driver to transfer, the assets will remain invested where they are. Right now data availability is a casualty of fragmenting forces rather than one in its own right; but if the forces of integration can win the day then we think the richness of data and the huge opportunities that offers will be a big multiplier.

Another wealth manager we spoke to similarly told us that their last hires weren't paraplanners, or planners, or admins. They were data scientists: people who understood how data lives in systems, how to get it out and what you can do with it when you have. This firm is also building its own client management system, based on its understanding that if it has genuine control of the client's data, it can deliver better outcomes, better value for its own business, and a better way of working for everyone involved.

4 PLATFORMS AREN'T ENOUGH

We've written many times before about 'the battle for the adviser desktop' over the years. Back in the day, knives were out between platforms and back-office systems in particular over which would end up being advisers' North Star for where they spent most of their working lives. We know who won that battle, and it wasn't platforms.

If you were to ask our staff I bet they'd say that not having information to hand is the biggest gripe. Not having the data and information at hand to do the role. But that side of our sector has worked for so long within that framework haven't they? It's hard to see a different future.

Financial planner, regional IFA

Platforms don't like the idea that they can be commoditised into a custody, admin and dealing service. This doesn't sound like the sort of thing that can cost from 25-45 basis points, and so they pile on more and more richness to try and sweeten the deal. Vertical integration is a valid and normal reaction to the fear of commoditisation as well. So are they right to be concerned?

In part, we think our research says yes (but in part not so much, because nothing is that straightforward).

First of all, if you look the tables in the Annexes, you'll see that vanishingly few platforms allow advisers to transact with them via other systems. You can get (some) data out, but setting up a new client, investing monies, rebalancing and so on nearly always needs to happen on platform. There are some honourable exceptions to this, but even where it's available both platforms and advisers told us it's rarely used.

Platforms need to recognise they are simply part of the supply chain, not a product or standalone service. We don't want client or adviser portals, we want access to data, API-services, and ability to connect from our advice process straight through.

Ed Dymott, Managing Director of Wealth, Benchmark Capital

Part of the problem here is that the integrations that exist are focused on new business. Most firms – especially those under £100m AUA – really don't do that many new cases a week, and so the gains are marginal.

One operations director at a large firm with more than £2.5bn under advice told us they would save about 15 minutes per client if they didn't have to rekey new client details onto their chosen platform. That means that in order to free up one FTE, the firm would need to take on 140 new clients a week based on a 35 hour work week.

Time might be better spent on data integration for existing business. We looked at how far the creation of client review packs had come since *A Disconnected World*, and despaired. This is a great example of how firms exert their own form of control over fragmented systems, but at considerable time-cost for the business. There are huge time gains to be made out there – but unless firms feel that they are in the driving seat, development budgets won't be as effective as we all would wish.

Platforms in themselves are more of an integrating force than a fragmenting one. But their desire to be the point of adviser focus causes downstream effects, process breaks and administrative issues they will never see: an unintended consequence to be sure, but a fragmenting force nonetheless.

5 CLIENTS EXPECT MORE

We don't need to go over the impacts of the pandemic on technology use for client meetings. More interesting for our purposes is the speed at which client expectations have shifted.

Technology allows our clients to go from 0-100 in terms of their engagement, but they then fall off a cliff with Letters of Authority and transfers taking months to complete.

MD, small/medium financial planning firm

Respondents told us that when a client's initial experience is offline, that frames their expectations from that point. Another way of saying that, we think, is that the bond between client and adviser is stronger when there is an element of tangibility about it; a visit to the office, a coffee in a nice environment, even a home visit. In these circumstances, getting clients to engage in online information gathering, risk profiling and portal usage can be more difficult. But when the relationship is framed as online – albeit forced – from the outset, this difficulty appears to be relatively easily overcome.

The problem is that while firms can use any number of client portals to streamline the front end of the onboarding process, this initial burst of digital goodness isn't consistently maintained as things move on. In our deep dive coming up in a moment, we'll look at transfers and Letters of Authority. A number of firms mentioned this as a key area where client expectations – riding high after a really positive initial experience – are soon dashed.

Sometimes the problems have nothing to do with the matter of transferring and managing investment portfolios and financial planning. One Scottish financial planning firm told us a great anecdote about a provider who had asked a client of theirs to register for secure email so they could exchange confidential documentation directly. Once the client had done so – which wasn't straightforward – the email address found its way onto a marketing list and the client received secure email inviting them to a promotional event.

Clients' attitudes to tech might even be shifting slightly quicker than advisers...there are lots of different bits that provide a degree of capability, but it's trying to actually use those together to provide a more efficient service. I remember starting off six or seven years ago, and it was 'get rid of dual keying'. And we've done it, we've got rid of dual keying by introducing quadruple keying.

Head of proposition, major network

This is closely related to the control point. As the forces of integration work to try and combat the forces of fragmentation, more and more organisations have a relationship, however distant, with the client. But the client will still expect her adviser to be in charge. It doesn't take much in the way of slip-ups for that fragile, emerging trust to be broken.

WHAT HAPPENS WHEN IT'S ALL DIGITAL?

We've concentrated so far on how firms stitch together propositions that have a traditional, human-to-human approach.

That is to say, an adviser firm sits at the centre and acts as a hub for all the disparate systems they choose – or are expected – to use. Having a firm do this makes life a lot easier for tech and product / platform providers – as we've seen in both this report and *A Disconnected World*, they'll pick up the pieces and even rekey data across multiple systems where integrations don't exist or don't work reliably. But what happens when that isn't an option?

This takes us to fully digitised or hybrid advice. Where a client is expecting to go through a completely digital journey, it's unacceptable to keep things hanging on while swivel-chair processing happens. As such, the demand on integration is clearly higher – mainly for the client experience, but also, frankly, because the commercial success of these propositions depends on minimal human intervention outside of planned elements such as reviews for complex advice.

There are relatively few fully evolved propositions of this type in the UK. Those that are around – and we'll look at one in a moment – share some characteristics. That is that they work particularly hard at ensuring the core elements of advice-giving are fully integrated – so of those systems we listed earlier on, at least client discovery and factfinding, risk profiling, cashflow modelling and goal-setting and suitability report production are all working well together. Behind the scenes it depends on the provider as to whether all these elements are produced in-house or outsourced in part – but the crucial element is that it must all hang together seamlessly.

That leaves the issues of practice management for regulatory returns and record-keeping, and custody, dealing, settlement, tax wrapper administration and so on to contend with. These naturally sit with specialist providers – especially regulated parts – and so aren't in the box, so to speak. That means even digital or hybrid advice businesses aren't immune from integration requirements – but their numbers are fewer, and in general terms custodians and execution providers are very well set up to integrate with their clients; it's the core of what they do. So the advice business can concentrate on building out the core of what *it* does – that's provide an advice experience – and put its integration energy (if such a thing exists) into monitoring just one or two very fundamental integration points.

Looked at in this way, the place which many traditional firms aspire to get to seems quite close to what this new generation of adviser firm has had to build as a minimum acceptable proposition. The big difference is that they have naturally accepted that they need considerable investment in technology from the outset and on an ongoing basis; most adviser firms simply aren't there. Nonetheless, we see elsewhere in *A Fragmented World* that some firms are taking matters into their own hands; where that's the case the similarities are striking.

A QUICK LOOK AT A HYBRID FIRM

Happily Wealth Wizards, one of the sponsors of this report, is just such a hybrid firm.

Its approach is to combine the core elements above into one platform and then to integrate out from there.

So, for example, it provides a digital guidance and advice capability via its hybrid platform; the actual advice process happens within the platform using Wealth Wizards' codified[6] advice capabilities, but when it's time to transact an ISA, the client moves across into external transaction capabilities, without really knowing that they're moving from one part to another.

HSBC uses the codified consumer-led guidance part of the platform to engage its customers with pension saving and retirement options. They also use the human assisted side of the platform for pension consolidation and retirement income advice.

Andrew Firth, chief executive and founder of Wealth Wizards, says:

"Consumers should be able to get advice the way they want without the experience suffering. Too often, when digital and human advice mix, the experience falls apart because data isn't moving in the right way. The consumer doesn't understand this, of course; they just see a disjointed experience. For us, the power of getting all this fully integrated is fundamental to allowing more consumers to access advice. It allows things like really relevant gamification and helps people visualise their future on a real basis, without needing to be experts themselves in interpreting illustrations."

"To do this, we knew we had to design out multiple system usage as much as possible. We developed an intelligent platform which automates key processes including onboarding, fact finding and suitability report production. We also use our own cashflow analysis, tax calculators and algorithms to reduce fragmentation still further. Automation is key and it's really only possible when you have control end-to-end."

[6] Codified in this context means advice which has been organised into a systematic framework that can be delivered digitally.

Deep Dive:
Letters of Authority and Transfers

As mentioned earlier, we're not going to repeat the process work we carried out in *A Disconnected World* here: not enough has changed. But we do think it's worth highlighting one area in which the fragmentation of clients' lives and the fragmentation of the industry are causing genuine harm.

Most clients have anything between 5 and 15 products to onboard. Occasionally it will be one pension, but if so it will almost certainly be a DB scheme that will take even more time to assess!

Financial planner, regional IFA

If you break down the advice process to three main stages - onboarding, implementing and reporting - the first and last stages can now operate completely digitally. Implementing a financial plan, however, is still a major issue.

Our research shows that for most firms, the most common client segment is the approaching retirement cohort. In other words, clients in their early 50s, starting to think about retirement, and wanting to build a plan for the next ten years or so.

Advisers tell us that clients in this segment will typically have anything between five and fifteen products, mostly pensions, to be assessed and transferred (if suitable). Most clients will be accessing advice for the first time and will not have gone through a consolidation exercise. And here's an example of a fragmenting force that isn't the industry's fault – clients simply change jobs more often, DB schemes are dead for the most part, and so the fragmentation of careers and also the individualism that clients display come to the fore.

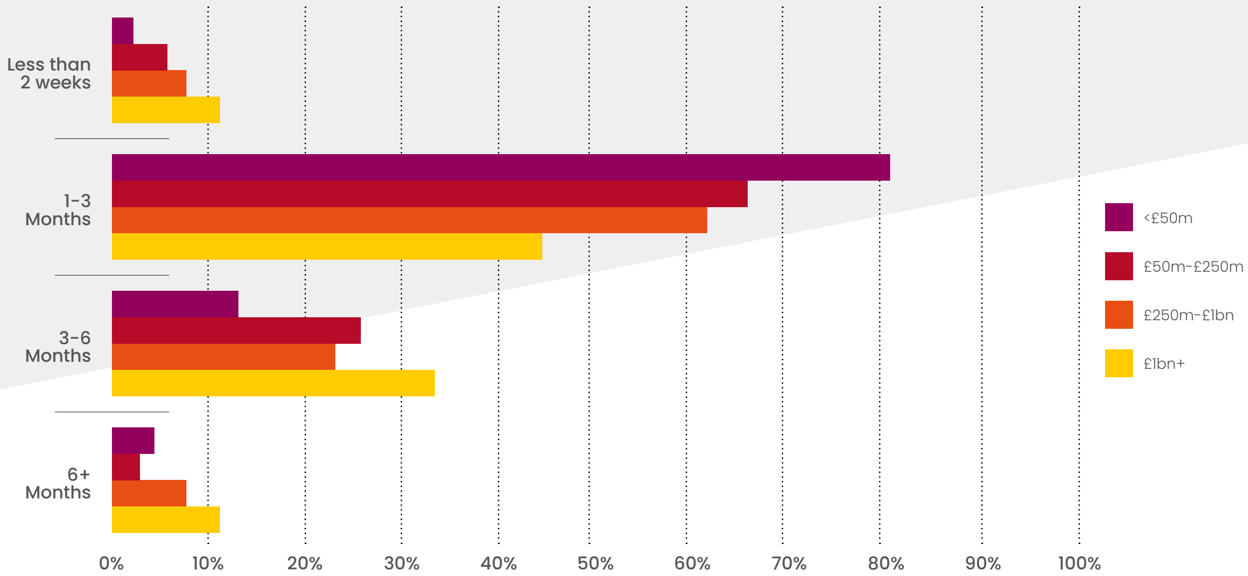
At this point the adviser will need to create anything between **five and fifteen Letters of Authority (LoAs) and agency transfer forms** in order to be able to take control of the client's plans. Our research shows that a common time frame for these steps is several months, and if things go wrong, it will often be much longer.

As well as the lengthy process, providers still display an inconsistent approach in accepting LoAs. Some require original copies, some will accept scanned emails, some accept DocuSign, some still require a fax: every provider has their own set of requirements and operates under their own timescales.

Time after time in our interviews we heard the same thing. The main rogues are:

- Legacy closed-book insurers and platforms who've grown by acquisition
- DC providers, especially Mercer, Towers Watson and Capita

Figure 9: Letter of Authority worst case scenarios. Source : lang cat research July 2022



Some platforms are getting better, according to our respondents. But it's not universal, and despite the threat of regulatory action in this space through the Platform Market Study, this is another area where considerable improvements are needed.

HOW DO WE FIX IT?

Origo has attempted to create an industry standard with Unipass LoA, but it's still early days. Some paraplanners and adviser pressure groups have also tried to create standardised LoAs and have had some success in getting more progressive providers to accept them. There is jeopardy here and fraud prevention is crucial. Advisers know they need to prove that clients have appointed them; no-one is challenging that.

But the jeopardy is no higher for a business which still wants a fax – fax! – compared to one which is signed up to Origo's e-service. At the very least, a common standard can and should be adopted.

Simply put, we believe suitability will increasingly need to consider the additional costs carried by a provider whose service standards are not up to the standards required to meet client outcomes. This will increasingly need to consider integration.

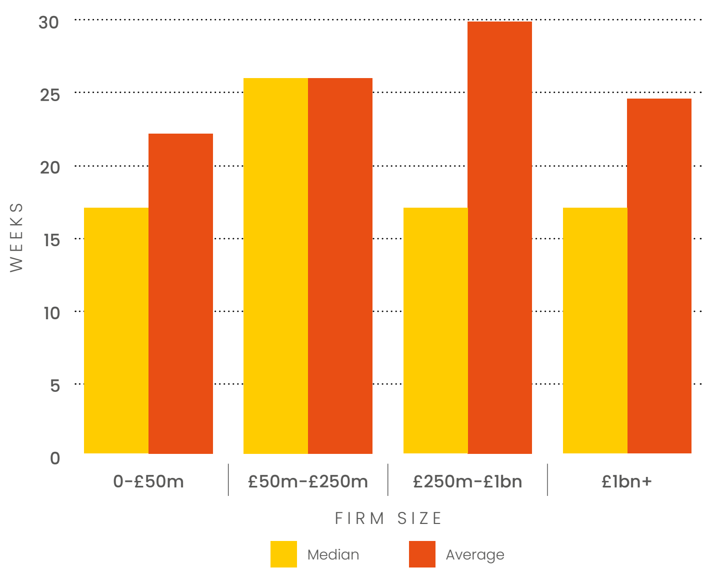
Ed Dymott, Managing Director of Wealth, Benchmark Capital

Shame on those providers who treat the LoA process as an early warning radar and a prompt to sit on client assets like hens on eggs.

If Consumer Duty isn't about helping clients control their situations by appointing an adviser who can act for them in a timely manner, then we don't know what it is about. There is also hope that the Pensions Dashboard work will help solve the problem of a typical client's fragmented financial life, allowing pension assets to be viewed and assessed in one place.

Once we've got common standards, we can integrate and automate. This part of the world needs to de-fragment before it can connect.

Figure 10: Pension transfers worst case scenarios (weeks)



How Firms Experience Fragmentation

Every firm is different, of course – and that's one of the key issues the industry has to address; one we'll get on to in the next section. But nearly all firms have common process areas, even if the processes themselves vary widely and wildly.

Based on our fieldwork, and our work with advisers and providers beyond the confines of this paper, here's our healthcheck on how connected or fragmented each broad, major process area is. For each we identify the core systems typically involved (for a sense of who uses what please flick back to the Tool Usage By Firm Size chart on page 15). We talk a little about what we've seen in our research and how fragmented or otherwise each process is, and then rate it using our unique[7] and highly scientific[8] cat face ratings system.

Process	Systems Involved
Factfinding	▶ Client portal from back office ▶ Specialist factfinding ▶ Client portal from advice system (eg Voyant / CashCalc)
Risk profiling	▶ Standalone risk tools (eg FinaMetrica) ▶ Integrated tools (underlying engine from specialists eg EV, Oxford Risk) ▶ Back office
Cashflow planning	▶ Standalone tools (eg CashCalc, Voyant, Truth) ▶ Integrated tools (eg intelliflo planning)
Onboarding (LoA / transfer)	▶ Platforms / providers ▶ Back offices ▶ Document storage systems ▶ Client portals if standalone
Client maintenance	▶ Platforms ▶ Advice systems ▶ Back office / CRM
Portfolio maintenance	▶ Platforms ▶ Back office / CRM
Client reporting (non-statutory)	▶ Platforms ▶ Client asset aggregation portals / open banking ▶ Back office / CRM ▶ Cashflow tools

[7] Possibly.
[8] Not really.

The purpose is simply to give a sense of where we think, after some time of looking at all this in depth, that the greatest gains are to be made.

It's worth saying that nothing here is a comment on whether individual systems are fit for purpose.

It's also worth saying that the available gains benefit everyone.

Most profoundly, though, they benefit the client, and at a time when Consumer Duty asks us all to readdress our ways of working to ensure they are designed for the best client outcomes possible, that must surely be all the impetus the sector needs to get to work.

Issues and Notes	Rating
Generally good. Experience varies with how comfortable clients are, but where firms drive it generally it goes well. Some issues with reflecting data from factfinds into back offices (where done on a third-party factfind tool) – fields not matching properly. Still some way to go, but market leaders are well integrated.	
Generally good integrations with back offices in terms of carrying through risk levels, though firms do report that they often prefer to save outputs from standalone tools and then upload to the back office rather than rely on saving directly from one system to another.	
Bit more of a mixed bag, as befits an area with considerably more data complexity. Firms report issues with expenditure types not mapping from back-office factfinds to cashflow tools, and most integrations are one-way. Some reports of commercialism leading to increased costs for firms who want to use deeper integrations. Feels like there is room for standardisation and more work here.	
An area rife with poor practice, fragmented approaches, a lack of leveraging of basic technology, waste, backsliding and make-work. Some green shoots but still much to do.	
Again a mixed bag. Most integrations designed to prevent rekeying work at inception but not for ongoing client maintenance, and certainly aren't two-way (so back office to platform often works but not in reverse). Firms report a lack of trust in the integrations that do exist and often rekey by preference to make sure it's done. Some very good practice though in more closed ecosystems.	
Much more specialist; understandably platforms and providers tend to see this as their purview. Some interesting developments in recent years and heavily restricted propositions, but in the main not integrated. Transaction histories arising from portfolio activity remain a key data integrity issue.	
A challenging area given data needs to be pulled from lots of places. Huge amounts of inefficiency, checking, formatting and rework happening in adviser offices; providers tend not to see this, as their MiFID II compliant reporting is the end of their responsibility. CRMs lead the way in trying to work through this but it's challenging. We still heard reports of each annual review pack taking up to seven or eight hours to complete.	

SECTION THREE

WHAT NEXT?

- The three fragmenting forces
- What’s stopping us? And what should we do next?
- Conclusion

The Three Fragmenting Forces

In section two, The Adviser's Reality, we identified five key themes in the advisory sector which – based on our research at least – drive the balance between fragmenting and integrating forces. In this section we'd like to approach these again, but from a different angle.

The specifics of what firms acting on behalf of clients are doing (these firms being what Consumer Duty refers to as those closest to the client and who should expect the biggest impacts of the new regulation) is crucial for the industry to understand, and we hope the big section you just read was helpful in that respect.

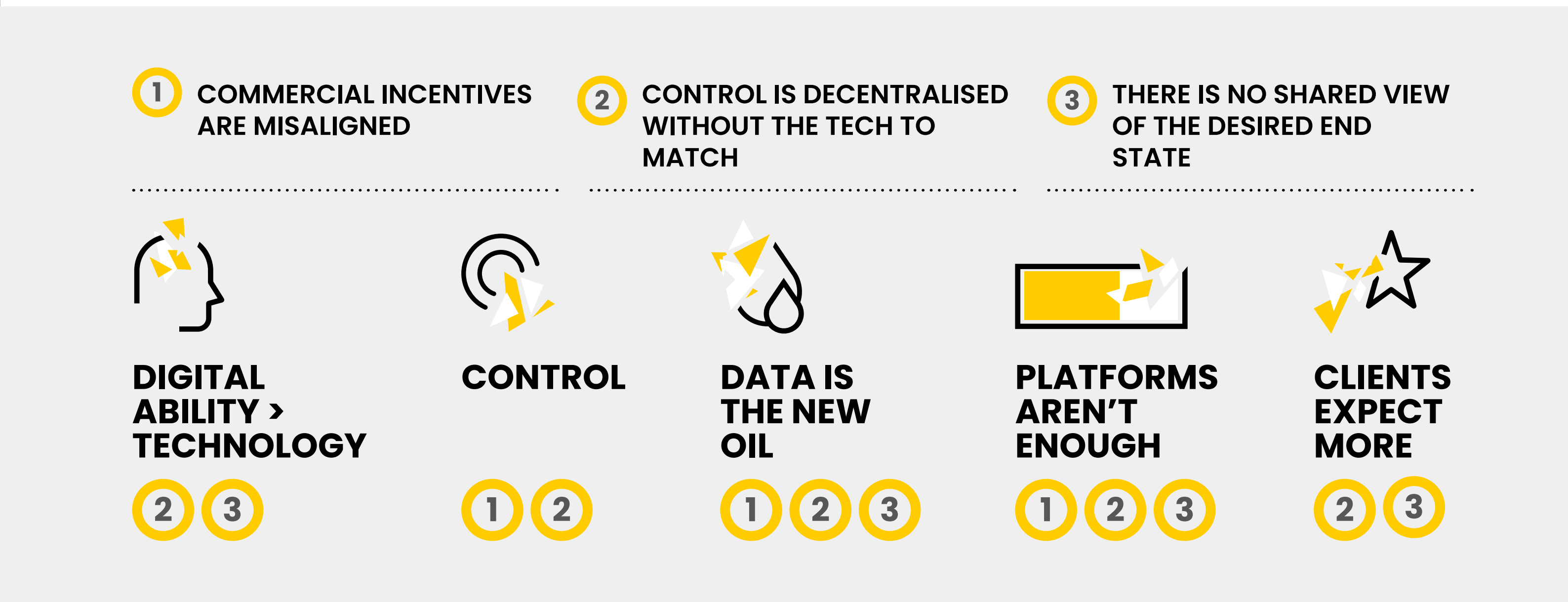
But there are higher level sectoral issues we think need consideration; fragmenting forces that drive the behaviours of firms and which the fragmenting and integrating forces we've talked about throughout this paper work within.

We'd like to highlight three in particular.

- Commercial incentives are misaligned
- Control is decentralised without the tech to match
- There is no shared view of the desired end state

Now let's map those five key advisory market issues to these fragmenting forces, and look at each in a little more depth.

Figure 11: Fragmenting forces x the adviser's reality



1 COMMERCIAL INCENTIVES ARE MISALIGNED

We could argue this single fragmenting force is the golden thread running throughout this report. It usually is: if ever you want to know why something is the way it is, follow the money.

In this case, we think there are some fundamental misalignments which simply need solved before we can expect the fragmenting power of this force to fade away. And of course, where incentives are aligned this force turns from a fragmenting to an integrative one.

There's expansion in terms of what we can do in terms of capability, there's expansion in terms of the data that we can go after with open banking and open finance, but the key challenge is someone's got to put their hand in their pocket and make an investment to deliver the user experience to get all of this working.

Proposition director, investment platform

At its core, expecting providers (which covers product providers and providers of systems that advisers use) to fund integrative developments which are expensive to see through and then maintain is always going to be a partial answer at best. This is particularly true for value chain participants who rely on taking a percentage of assets under management for their revenue.

We can hope to convince the less progressive provider community that they will be rewarded for being more integrative, but old attitudes die hard. Even for more progressive providers, it's natural to want to build once and deploy many, and the fragmented quality of connectivity at the other end of the pipe, whether it's an API or a different form of integration, militates against this.

For a good example of this, we only have to look at transfers and Letters of Authority. The tools exist – especially with Origo's Unipass LoA initiative – to make this radically better. The Platform Market Study gave the industry fair warning that it needed to self-police and improve. This chance, in far too many cases, was ignored.

Who pays? We've seen considerable resistance in our research to any attempt to charge firms more than usual license fees when they use integrations; in effect passing on the cost. Not every tech firm can absorb these costs – one popular risk profiler was offered the attractive opportunity to pay away 25% of the revenues it generated as a result of integrating with a famous CRM's app store. Needless to say the integration didn't go ahead.

The commercial muscle, then, sits in the main with companies who want just enough integration to stop significant negative sentiment and potential regulatory intervention. A truly open market which would inevitably see the velocity of money and asset transition increase dramatically isn't in their interests at this point in time.

It is for this reason that we see the emergence of vertically integrated or integrating ecosystems. These integrating forces appear to incumbents as fragmenting, but in fact are anything but. They lead the way and make tracks that others can follow. As we'll see in the second fragmenting force, this can't be for everyone, but there is a reason beyond pure commercialism why the offer from True Potential, Benchmark Capital, and others is popular with smaller firms who can no longer live with the piecemeal, fragmented world they're expected to inhabit. These larger firms – and the consolidators haven't made nearly enough progress in this regard - have decided for the most part to align commercial incentives in their own favour by either building or adapting technology as part of an integrated whole.

But even within this we find further misalignment – this time with the interests of clients. Vertical integration should result in improved economic outcomes for clients, not just smoother technology. But that hasn't been the case so far; at best VI propositions are on the market in terms of performance and cost, but more often are expensive and fail to outperform lower cost, non-aligned propositions.

To put it another way, the effects of fragmentation are felt most keenly in smaller firms. But, as we saw earlier, a relative lack of aggression in terms of business growth means that the return on investment for those expected to shoulder the cost burden of developing integrations in order to help these firms is even more uncertain than it might typically be.

There's an obvious line to Consumer Duty in all of this – but unless and until we can better align the interests of all the major parties involved we're unlikely to see wholesale change at the independent end of the market.

2 CONTROL IS DECENTRALISED WITHOUT THE TECH TO MATCH

There's a popular view amongst smaller firms that they terrify the regulator – they're too small and nimble to regulate effectively. As one outsourced paraplanning firm owner told us when we suggested to him that Consumer Duty would raise standards: "*The problem is that it won't. And the reason is pretty simple – no-one is actually looking at whether it's being done…small firms have practically no regulatory oversight. I've been in FS for nearly 20 years. Only been in one firm where the FCA did a visit. The average small firm has the time to do unimaginable damage before anyone notices, and then it's even longer before anyone actually cares.*"

Whether or not you agree with our correspondent, it's true that every single adviser firm that carries out long-term savings and investment business has more power in its pocket than all but the largest firms could have imagined twenty years ago. Bulk trading, bulk rebalancing, control of the client experience by preventing providers communicating directly with clients on all but regulatory must-dos: all these have put control exactly where adviser firms have wanted it forever.

The impacts of this are many – not for nothing is it the case that the last part of the sector to feel fee compression is the adviser firm, and that's as it should be for the business that's closest to the client.

But – as Uncle Ben said so wisely – with great power comes great responsibility, and it now falls to advice firms to control the total client experience. We saw earlier in our advisory themes what happens when firms lose or feel that they lose control; no-one's happy about it.

The issue here is that control has been decentralised away from providers to advice firms, 90% of whom have fewer than five advisers. These small businesses – again as we showed in our earlier research – don't have the firepower to afford CTOs, process engineers and data scientists for the most part. The result is that the advice firm's natural desire to pick best of breed on behalf of their clients and their own business leads to ever-greater fragmentation, as we saw in the Adviser Paradox on page 9.

If you were designing a fully decentralised ecosystem you would create a network of plug-and-play modules that allow non-expert users to install and run business critical systems with the bare minimum of configuration and adaptation. Messaging between these component parts would be built in from the start, and removing one element wouldn't hold up the whole – you wouldn't be forced to go at the pace of the slowest because everything would be moving at the same pace already.

Clearly we're a very long way away from that. Large firms and VI providers are trying, with limited success in most cases, to create a version of this, but even these adapters (as opposed to adopters) find that in many cases it's easier for their unstoppable force to stop before the immovable object of the system they're trying to integrate moves.

This sounds a bit like an advert for decentralised systems – with blockchain being the best-known expression. In general, decentralisation means that lower level components achieve higher level goals. In system terms, decentralisation means that there is no single source of truth; everything co-operates with everything else. It's not necessarily the case that the latter is the natural expression in our sector of the former – it may happen over time and some large firms including the big software outsourcers such as FNZ and GBST are examining it. But for now, the ability to trust a single source of data is absolutely crucial.

This is a powerful fragmenting force because it plays to the natural independent instincts of the entrepreneurs and business owners who make up the majority of adviser firms.

For this to change, it will take either someone redesigning a complete ecosystem which firms select into, along with a solution to our first fragmenting force in terms of economic alignment, or independent firms deciding that enough's enough and they prefer the centralisation of a VI provider for administrative and regulatory ease.

3 THERE IS NO SHARED VIEW OF THE DESIRED END STATE

Where are we trying to get to? What's the vision that we are working towards?

We heard from a CTO and an adviser earlier that while demand is so fragmented, it's impossible to build coherent software: there is no agreed use case and you can't please everyone all the time. That's one clear result of this fragmenting force. To pull in our fifth advisory theme – that clients demand a properly integrated experience – it's quite possible to design a smooth and almost completely online client onboarding journey. We've seen firms like Advicefront working hard at delivering just that, along with many others.

But if your users are half in and half out – perhaps reluctant to allow clients to input their own financial details as it removes another in-person touchpoint, or reluctant to let clients have access to an online portal for document exchange – then the process breaks, the technology needs to bend and flex to accommodate different ways of working, the purity and simplicity goes and the end result is that no-one is happy. And that's what we've seen time and again in our work for *A Fragmented World.*

Lack of consensus is an obvious fragmenting force with pernicious effects. But consensus is possible. It doesn't mean that everyone has to agree on everything or even that there has to be cabinet responsibility. It does mean that there needs to be one commonly accepted way of going about things, and that if someone invests capital in building a new system, ecosystem, tool, or product with that use case in mind, they'll likely be given a fair hearing if they do a good job. It is quite reasonable for firms to diverge from the consensus, but they do so in the knowledge that they are heading off the causeway. This is perfectly fine, so long as they don't mind wet feet.

We have to mention industry representation here. The advice sector is not a sector at the moment – big restricted firms and small independents are pulling in very different directions, and the whole thing has the smack of depolarisation and pre-RDR times about it. There is no sole voice for advisers – PFS, PIMFA and others are all trying valiantly, but there is no truly effective representation. This matters for lobbying and public affairs, but it also matters for working groups on how the sector can best meet Consumer Duty, and how it can build into the future to everyone's benefit.

We said a moment ago that the first fragmenting force of economic alignment could have been the only one, and it rears its head here. The vision for the future that a large composite provider or big tech firm has simply won't be the same as a small advice firm. It's memorable that when we asked firms what they'd do if we could give them 50% of their time back due to properly integrated efficiency of process, there was almost a perfect tie between firms just serving some more clients in their existing model, or working less and improving their work/life balance.

90% of firms are adopters; they'll work with what's there and either work out that they need to change their processes in order to suit the solutions they've adopted, or constantly rub up against them, getting more and more dissatisfied, until eventually they make a change to something they perceive is better and then start the cycle all over again. It's hard to see how that can marry with an end-state view of a big provider or a big advice firm which is trying to get to a defined point in order to achieve specific business objectives.

Can we get to consensus, then? Probably not in every case. But – again with Consumer Duty in mind – it should be possible to agree on more than we do. Every time we reach some element of shared vision, economic incentives tend to align more than we thought they might, and we have the potential to move forward for everyone's benefit.

What's Stopping Us?
And What Should We Do Next?

So our three fragmenting forces are pervasive, powerful and hard to resist. But we should try anyway. So what can we do?

In our closing section we set out tasks for key actors across the sector: providers, tech firms, adviser firms and the regulator. For each – in full awareness that you've had plenty to read already – we simply set out a manifesto in as few words as possible for actions which we think will help strengthen the forces of integration and so reduce those of fragmentation. No-one writes to each other any more, so we've chosen to do these as letters.

1. THE REGULATOR

The FCA
12 Endeavour Square
London
E20 1JN

The Lang Cat Ltd
6 Quayside Mills
Edinburgh
EH6 6EX

20 September 2022

Dear FCA

FRAGMENTATION AND INTEGRATION IN INTERMEDIATED LONG-TERM SAVINGS AND INVESTMENT

We write to you off the back of an extensive research exercise with dozens of adviser firms and providers of various types. Our topic of research is the state of integration between the various technologies that adviser firms use; but in the end we uncovered a range of fundamental issues which we think are harming potential client outcomes. Happily, there are concrete steps the industry and you as its conduct regulator can take to improve things. We've written similar letters to providers and advisers.

We'd like you to consider the following:

- The market is not functioning as well as it might in terms of smaller independent firms being able to access coherent and integrated technologies in the same way as major distributors or vertically integrated salesforces. We'd like you to commission a Market Study to establish what level, if any, of consumer detriment is caused by this.
- Clients in the main have a good initial experience with advisers. However, when it comes time for advisers to assume control of clients' plans, or at least to find out detailed information to assess their suitability, the industry's approach to Letters of Authority is patchy at best, and downright appalling at worst. Under the umbrella of Consumer Duty we'd like you to set out a Good Practice note of how you see LoAs should work so that clients can have their affairs appropriately assessed in a timely manner.
- Pension transfers remain a bone of contention, despite some progress. Along with your peers at other regulators, we would like you to consider being much more prescriptive on the data standards expected in the Pensions Dashboard. We would also like you to consider working with The Pensions Regulator and others to exert pressure on closed book, master trust and DC workplace providers, who routinely are the worst offenders for slowing down transfers.
- We would like you to encourage, in as enthusiastic a way as you can muster, all parts of the sector to work together more collaboratively on creating a more open ecosystem of data integration. This will enable advisers and others more readily to meet the aims of the Consumer Duty.

Thanks for reading.
Yours sincerely,
The Lang Cat

2. PROVIDERS

The Lang Cat Ltd
6 Quayside Mills
Edinburgh
EH6 6EX

Providers
Large Office Blocks
Premium Real Estate Locations
Countrywide

20 September 2022

Dear Providers

FRAGMENTATION AND INTEGRATION IN ADVISER TECHNOLOGY

You all said you liked A Disconnected World, our 2019 paper on the state of integration in adviser technology. So we've done another one, and it's called A Fragmented World. It shows, if we've done it right, that there has been some progress in some basic areas, but there are a number of things you can do to really move things on. With the new Consumer Duty foremost in all our minds, everything we suggest here should improve outcomes both for clients and for the advisers that serve them.

(We've written similar letters to technology providers, advisers and the regulator, in case you were worried you were the only ones being given something to do.)

- Too many of you are only playing at integration, doing the basics if that. (We acknowledge some of you have really forged ahead in this regard). We'd like you to make integrations a key KPI on your proposition scorecards and to work hard at both receiving and sharing data with third-party systems. We would also like you to remove the need for individual business case assessments for integrations beyond the popularity of the systems themselves. Specifically, any assessment of whether creating an integration would result in assets leaving more quickly should be removed – if assets are going to go they'll go and the Consumer Duty makes it clear you shouldn't stand in the way. If you're worth your salt you will win more than you lose.
- We need to sort out more standardisation for transaction data. You should get on that.
- Your collective approach to Letters of Authority is bad. Please get together with your peers and work out a standard you can all accept. You don't have to invite Compliance. We urge all of you also to sign on to Origo's Unipass LoA service, and any others that may launch in the coming months.
- Hubs will be a crucial part of how smaller technology providers become part of the story and move things on. Please work constructively with the Origo Integration Hub, Sprint's FINIO and others that come along. They may not be the ultimate answer, but they help while we're working out what that is.
- You enjoy a considerable advantage over small firms in terms of being able to afford CTOs, technologists, BAs, process engineers and more. These firms want to make the best of the decisions they've made; allow these sides of your business to work with firms. Think of your platform or your service as a piece of enterprise software and consider using 'client success' type roles to make sure firms are finding their way through the maze as well as they can.

There will be more, but those are a great place to start, and shouldn't cause too much pain. We know you can't integrate point-to-point with everyone – working in the ways above will help release some of that pressure and hopefully cheer everyone up a little.

See you soon
The Lang Cat

3. TECHNOLOGY PROVIDERS

Technology Providers
Digital Garages, probably
Shoreditch if that's still a thing
London

The Lang Cat Ltd
6 Quayside Mills
Edinburgh
EH6 6EX

20 September 2022

Dear Technology Providers

FRAGMENTATION AND INTEGRATION IN ADVISER TECHNOLOGY

This should be something you like. We've been studying the impact of fragmentation and integration or the lack of it on adviser firms, and we think there are lots of ways in which things can improve. We suspect you've already considered a number of these already, and some of you are a long way down the track. But this is a fictional collective letter acting as a conclusion for a big report, so you'll have to make allowances.

(We've written similar letters to product providers, advisers and the regulator, in case you were worried you were the only ones being given something to do.)

- Please can you make it a priority to publish an open, well maintained and properly documented API if you don't already. Any thoughts about charging for connectivity or integrations, unless you both need to do some bespoke work, should be put out your head immediately. You won't be able to please everyone all the time, but most firms can't live within an ecosystem and so the more open you can be the better it will be for everyone concerned. Remember it's their client and their data, not yours.
- There are already two hubs active in the market. Consider signing up with them if you haven't already. There are firms looking to create their own stacks and ecosystems that will only be able to do so if you play. If you offer a hub, think about how you can make it affordable for early stage tech providers.
- Work with firms more to help them get the most out of the system they've rented from you. This shouldn't be a moneyspinner; the real moneyspinner is the lifetime value of the customer that you generate through goodwill from having worked constructively with them.
- Put as much resource as you reasonably can into maintaining your APIs and connections. We hear about things falling over far too often, and we all know not all APIs are created equal.

That's it for now. We'll see you for an overly hopped craft IPA at some point.

Yours
The Lang Cat

4. ADVISERS

The Lang Cat Ltd
6 Quayside Mills
Edinburgh
EH6 6EX

Advisers
Everywhere from spare rooms to high streets
Nationwide
I23 4FA

20 September 2022

Dear Advisers

FRAGMENTATION AND INTEGRATION IN ADVISER TECHNOLOGY

Well, the results are in and our research with you shows that although there have been improvements in connectivity over the last few years, there is still much more to do. We know you won't find this a shock.

While there is plenty for product and technology providers, and the regulator, to be getting on with, there are some things you can do too to make the world a better place. So if you do want the industry to run better for the benefit of your clients and your business, you don't just get to sit and complain, you have some work too.

(We've written similar letters to product providers, technology providers and the regulator, in case you were worried you were the only ones being given something to do.)

- No-one feels too sorry for providers, whether of products or technology. But they do have a tough shift, because building kit that advisers want requires said advisers to know what they want in the first place. So when you're selecting new kit, or if you're engaging with a provider to talk about future developments, be specific. Saying 'just get the basics right' is fine under a piece in New Model Adviser, but no good to someone who's staring at a blank screen trying to write code. If what you want is that when you press button X, Y happens, then say that. Most of the time you won't get exactly what you want, because there are too many firms wanting different things – but being clear about your requirements is a good starting place.
- Sometimes systems really do break. But oftentimes they work, but not in the way you want. Before exploding, think about whether you've taken the time to check that your processes align with what the system you've selected does. If you're considering using something new and the BDM can't answer your questions, write them down in detail and tell them to find out. It may be that the system you have works fine if you can accommodate doing your administration in a different order. Once you know, then you can decide. If you're an adopter rather than an adapter, life is much simpler but it does come with compromise.
- Understand the adviser's paradox – you can have absolute best of breed and a free choice of everything or you can have things that work well together (sadly, the two don't overlap much yet). Does that cashflow / risk profiling / document storage / portfolio analysis system really mean that much to you? If something that was fully integrated did 90% of the same thing, could you live with the 10% if it meant you had greater efficiency? It doesn't matter too much what your answer is, what matters is that you think it through.
- Any chance you get to engage constructively with any part of the industry that exists to support you, take it. You may not be rewarded for this but it's the right thing to do. And be clear on your requirements when you do.
- Be nice to cats.

Keep doing what you're doing. Your clients are lucky to have you.

All the best
The Lang Cat

Conclusion

And there we must leave it. Thank you for reading *A Fragmented World*; we hope you've found it at least of some passing interest.

What have we discovered along the way? Well, we were encouraged by the efforts many providers made during the pandemic to reduce paper and streamline processes. That's a first step towards a more connected world – you can't really integrate a paper form and a stamp. We're also encouraged by the steps some tech firms and indeed providers have taken in terms of a much more open, integrative stance. Sometimes these are really big firms, not just small and nimble startups.

We also discovered that around 10% of firms we talked to are adapters as much as adopters. What that means is they don't just take what's there – they look to see how they can adapt it to fit what it is they're trying to achieve.

The technical implications of that are one thing – but the impressive bit is they are able to articulate what they're trying to do, how data needs to move around, and what the impact will be for their clients and businesses. Mostly these are larger firms, but not all the time – and some moderately sized firms we talked to will, we think, be very large firms in the future as a result.

We found five key issues that face adviser firms. These range from the wholly unrealistic need for advisers to be technologists – a bit like asking GPs to be administrators, it never works – through to clients' expectations for consistent excellence in digital processes. All of these are addressable. But we also found three major fragmenting forces which are getting in the way, and which are likely to for some time to come.

On balance, then, we think our initial question – is the industry fragmenting faster than it can integrate? – is proved. The forces of fragmentation are too strong, and exist outside the industry too. We are not immune to wider societal change.

But there are genuine efforts to fight fragmentation; too weak perhaps, or too fragmented in their own right, or too poorly-funded, or perhaps not even the right thing yet. These are worth encouraging and holding on to, even if they don't fit a certain business model now. The advances they make will form the basis of something in future. We don't quite know what yet, but something.

In the meantime, if we want our Fragmented World to be more integrated, there's no point in sitting back. From the regulator through to adviser firms themselves, there are practical steps everyone can take to work more collaboratively and improve outcomes for everyone, most importantly clients. Technology is at its best where it streamlines and improves something that exists already – what we build is an expression of what we are. Right now we are fragmented. We could choose something different, and build into a more connected world any time we like.

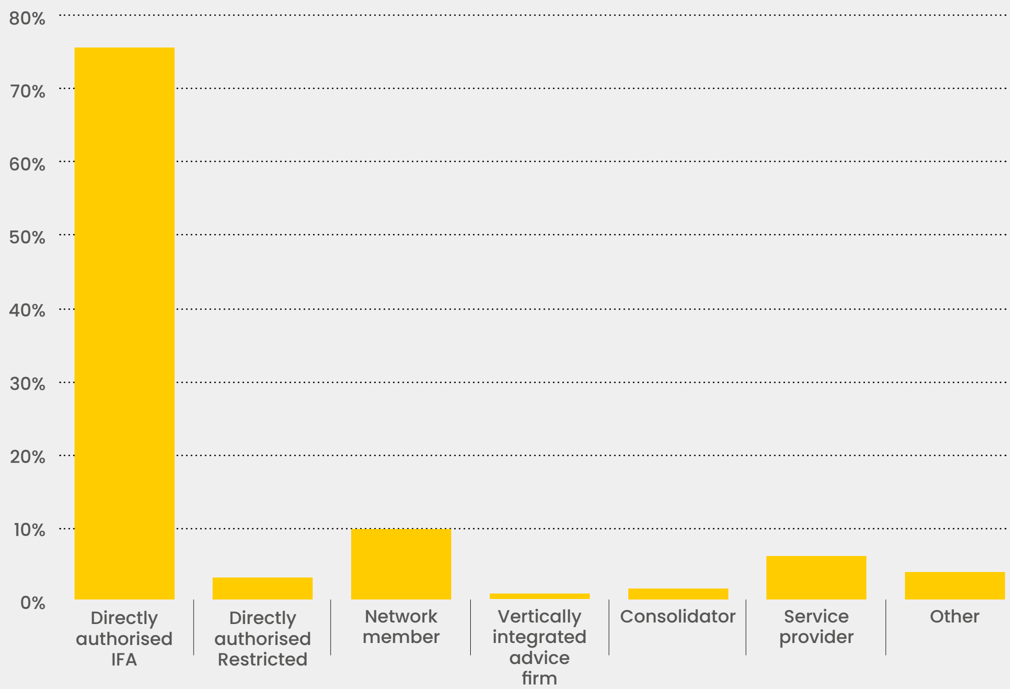
Thanks for reading
the lang cat

September 2022

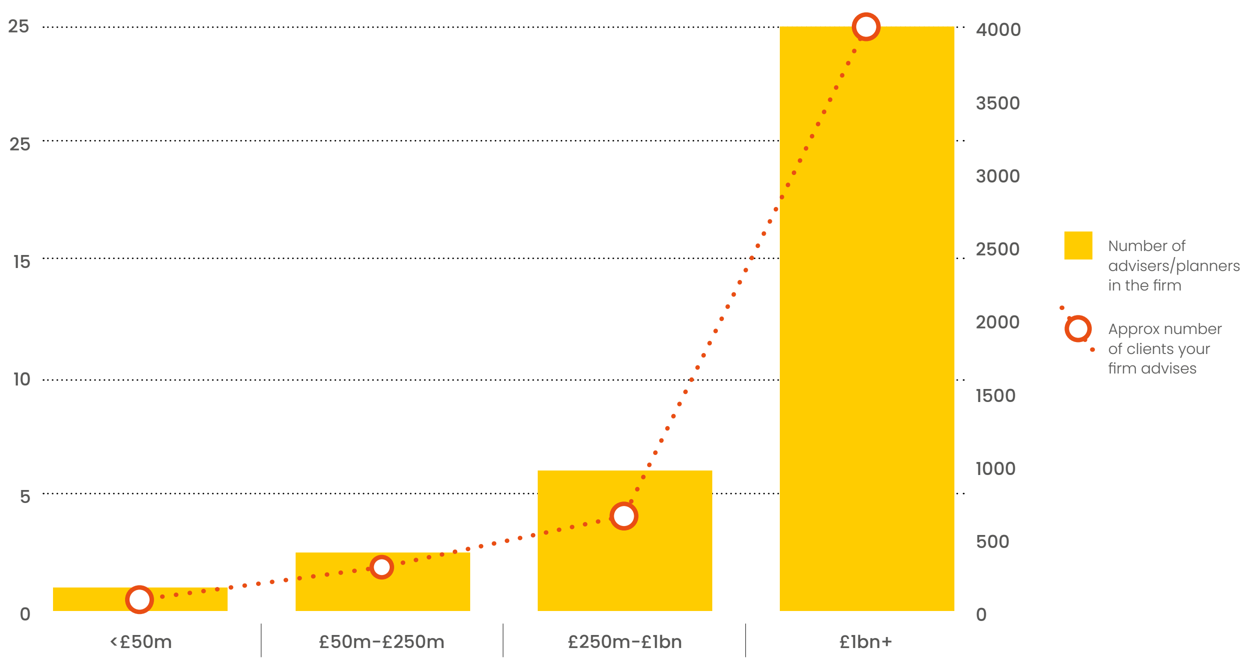
Annexes

Annex 1: Research Profile

Type of frm (from quantitative analysis element)



Total advisers at firm and total clients (median)



Annex 2: Valuation Integrations

In this annex we show the existence and type of valuation links between retail platforms and some of the most popular advice tools – mainly CRMs and back offices, but also a stochastic scatter of other tools.

This isn't meant to be exhaustive and we know there are some systems who will be upset not to be included, but a report like this isn't the place to be completely comprehensive. The data below is supplied by the platforms themselves based on a Request For Information sent in late May 2022; most platforms responded during June and July 2022. We haven't amended any of their responses.

- File download / upload
- One way (from platform):
  - Individual only
  - Bulk only
  - Individual & bulk
- Real-time integration

	IRESS	TP	intelliflo (IO)	Time4Advice	Wealthcraft	Enable	Salesforce	Focus Solutions	Sprint Fastrak	CashCalc	Truth	Moneyinfo	Moneyhub	Dynamic Planner	Timeline Planning	Voyant
Aegon Platform	Individual & bulk	Individual only	Individual & bulk	Individual & bulk	Individual & bulk	Individual only		Individual & bulk	Individual & bulk		Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk		
abrdn Wrap	Individual only	Individual only	Individual only	Individual only		Individual only		Individual only	Individual only			Individual only		Individual only	File download / upload	
abrdn Elevate	Bulk only	Bulk only	Individual & bulk	File download / upload		Bulk only										
Aegon Retirement Choices (ARC)	Individual & bulk	Individual & bulk	Individual & bulk		Individual & bulk	Individual & bulk			Individual & bulk			Individual & bulk		Individual only		
AJ Bell Investcentre	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk		Individual & bulk			File download / upload			Individual & bulk				
Aviva Platform	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk		Individual & bulk	Individual & bulk			Individual & bulk		Individual & bulk		
Credo	Individual & bulk		Individual & bulk	Individual & bulk			Individual & bulk					Individual & bulk		Individual & bulk		
Fidelity Adviser Solutions	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk		Individual only						Bulk only	Individual only	Bulk only	File download / upload	
Fundment			Individual & bulk	File download / upload						Individual & bulk		File download / upload				
Hubwise	File download / upload		Individual & bulk	File download / upload			File download / upload		Individual & bulk			Individual & bulk				
M&G Wealth	Bulk only	Bulk only	Bulk only	Bulk only		Bulk only			Bulk only		Bulk only	Bulk only	Bulk only			
Morningstar Wealth Platform	File download / upload	File download / upload	File download / upload	File download / upload	File download / upload	File download / upload										
Novia	File download / upload	File download / upload	File download / upload	File download / upload				File download / upload					File download / upload	File download / upload		
Nucleus	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk						File download / upload	
P1 Platform	Real-time integration		Real-time integration	Real-time integration								Real-time integration				
Parmenion	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk		Individual & bulk	File download / upload							
Platform One			Individual & bulk				Individual & bulk									
Quilter	File download / upload	File download / upload	File download / upload	File download / upload	File download / upload	File download / upload		File download / upload	File download / upload		File download / upload	File download / upload		File download / upload	File download / upload	
Seven IM	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk		Individual & bulk			Individual & bulk			Individual & bulk		Individual & bulk	Individual only	
Transact	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk	File download / upload	Individual & bulk	File download / upload	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk	File download / upload	Individual & bulk
Wealthtime	Individual & bulk	Individual & bulk	File download / upload	Individual & bulk					Individual & bulk		Individual & bulk	Individual & bulk	Individual & bulk		File download / upload	

NOTES

A few platforms chose not to supply data for this or the transaction histories in Annex 3. Here's why:

PLATFORM	COMMENTS
Embark	Considerable propositional change going on at the present time means any response would necessarily be out of date very quickly.
Fusion Wealth	Fusion has two-way real-time integration with its Benchmark Capital stablemate Enable and is sold as a package; Benchmark doesn't sell Fusion standalone.
James Hay Modular iPlan	By end 2022 the platform is scheduled to be migrated over to a new FNZ-powered platform, so answers based on the current situation would be misleading very soon.
Multrees	The nature of the Multrees proposition is to be widely integrated with a range of wealth management technologies, but to date there has not been demand from Multrees clients to integrate with the technologies in the table.
Raymond James	RJIS is concentrating on integrating with third parties via the new FINIO hub. Currently it is live or in testing with intelliflo, IRESS, Fastrak and Adviser Cloud.
Titan Wealth	Titan is relatively new to the adviser market and evolving its open market proposition at a rate of knots, so answers based on its current situation would be outdated quickly.
True Potential	As a fully vertically integrated platform TP doesn't naturally fit into this exercise.

We also had some feedback from platforms which we think is worth including here:

- It isn't necessarily the case that more integration is better – a file transfer that works is better than an API or point-to-point integration that doesn't.
- Some platforms are prioritising integrations via Origo's Integration Hub or Sprint's FINIO. In these cases direct integrations are no longer the game, and integrations will be available to third-party software providers who sign up to the same service. Aviva in particular highlighted this.
- Some integrations with advice tools are available via back-office systems; so if the platform integrates with XYZ CRM and advice tool DEF also integrates with that CRM, then there is no need for the platform to integrate directly with DEF: the CRM acts as a mini-hub.
- Many platforms have full development schedules which include integrations. We have limited platforms to what exists at the time of researching, and any reader relying on this table in future should be aware that the data is only correct as of July 2022.

Annex 3: Transaction History Integrations

In this annex we show transaction history links between platforms and back-office systems. You should consult the notes in Annex 2 about how we decided who to include, and also about platforms who chose not to participate in the exercise.

NOTES

- A number of platforms including abrdn and Aviva highlighted that they were in the process of developing bulk transaction history feeds through the Origo Integration Hub rather than point-to-point integrations.
- Others including Fundment and Morningstar Wealth Platform pointed out that they had open APIs which allowed third-party software providers to consume transaction history data, though formal point-to-point integrations aren't in place.

- File download / upload

One way (from platform)
- Individual only
- Bulk only
- Individual & bulk

- Real-time integration

	IRESS	TP	intelliflo (IO)	Time4Advice	Wealthcraft	Enable	Salesforce	Focus Solutions	Sprint Fastrak
Aegon Platform	Individual & bulk	File download / upload	Individual & bulk						Individual & bulk
abrdn Wrap									
abrdn Elevate									
Aegon Retirement Choices (ARC)	Individual & bulk								Individual & bulk
AJ Bell Investcentre	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk					Individual & bulk
Aviva Platform									
Credo	Individual & bulk		Individual & bulk	Individual & bulk			Individual & bulk		
Fidelity Adviser Solutions	Individual & bulk								Individual & bulk
Fundment									
Hubwise	File download / upload		Individual & bulk	File download / upload			File download / upload		Individual & bulk
M&G Wealth									Bulk only
Morningstar Wealth Platform	File download / upload				File download / upload	File download / upload			
Novia	File download / upload	File download / upload							File download / upload
Nucleus	Individual only	Individual only	Individual only	Individual only	Individual only	Individual only			Individual only
P1 Platform									
Parmenion									
Platform One			Individual & bulk				Individual & bulk		
Quilter									
Seven IM	Individual & bulk	Individual & bulk	Individual & bulk	Individual & bulk		Individual & bulk			Individual & bulk
Transact	File download / upload	File download / upload	File download / upload	File download / upload	File download / upload	File download / upload	File download / upload	File download / upload	File download / upload
Wealthtime	Individual & bulk	Individual & bulk	File download / upload	Individual & bulk					Individual & bulk

Annex 4: Real-Time Integrations and Account Opening

In this annex we show the platforms who reported that they could integrate with other systems to create client records, open wrappers and amend details.

Again, this isn't exhaustive and there are examples of where platforms have built the occasional deep integration of this type for a particular firm or a particular project. Nonetheless, this is how platforms represented themselves to us in the middle of 2022.

Each cell contains shapes, each of which represents a point of integration.

We haven't included any platforms or tools who don't have integrations. So some major platforms and third-party software providers are missing from the table; that's deliberate. So if your favourite platform, cashflow system or CRM isn't here it's because none of our respondents reported having this kind of integration. It's notable that only seven platforms report having this type of integration in place.

● Send create client instruction
■ Accept create client instruction
▲ Accept wrapper opening
★ Send amend client details instruction
✚ Accept amend client details instruction

	IRESS	TP	intelliflo (IO)	Enable	Salesforce	Focus Solutions	Sprint Fastrak	CashCalc	Voyant	Oxford Risk
abrdn Wrap	● ■ ▲		● ■ ▲							
Fidelity Adviser Solutions						● ■ ▲				
Fundment			● ■ ▲					●		
Fusion Wealth				● ■ ▲ ★ ✚				●	●	■
Hubwise			● ■ ▲ ★ ✚		● ■ ▲ ★ ✚					
Nucleus	● ■ ▲ ★ ✚		● ■ ▲ ★ ✚	● ■ ▲ ★ ✚	● ■ ▲ ★ ✚	● ■ ▲ ★ ✚	● ■ ▲ ★ ✚			
Platform One		■ ▲ ★ ✚								

NOTES

- Some providers pointed out that although there is no direct link, some instructions can be sent and accepted via certain Origo reports
- Fusion is included in this table due to its deep integration with Enable
- True Potential didn't participate but if it had would have had an entry against its own CRM, unsurprisingly

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