

# The RIA's Guide to Building a Strong Tech Stack



Breaking away from the wirehouse opens up a whole world of possibilities. You now hold the decision-making power to choose every aspect of your business, from the name of your firm and the clients you want to serve, to the individual components of your tech stack.

While it might not sound like that big of a decision, think about it. For the modern advisor, your tech stack should touch every area of your business (client service, billing, trading, and more)—and most importantly, leave time for you to focus on your clients.

According to a recent Kitces Report, financial advisors spend about 50% of their time on back-office tasks for clients, and only 20% actually meeting with clients. With at least half of their day focused on meeting preparation, planning analyses, client servicing, and administrative tasks, advisors are struggling to devote time to their investors as well as prospects.

If financial advisors can spend more of their day working with their investors and meeting with prospective clients, they can probably scale business growth. This is where an innovative tech stack comes in.

Research conducted by Cerulli found that with the adoption of new technology, firms experienced greater efficiency and increased productivity. Those who were heavy tech users managed \$239 million per practice, while those considered medium users managed \$183 million, and light tech users, who managed \$106 million.

Choosing your technology may seem like an intimidating and daunting task with starting your own RIA, but we're here to help. To get you started, we've identified

which pieces of your tech stack you'll need to get in place upfront.

## **CRM**

Your CRM might be the most important piece of technology you can add outside of your basic services tech. Customer Relationship Management software is the hub of your client relationships—where you'll keep track of every point of client activity and communication.

You have a lot of options here, some of which are advisor-specific and others that are more general. One thing to keep in mind, however, is that you don't have to use advisor-specific CRMs. Advisors happily use non-industry solutions, either because of pricing or flexibility.

That being said, far and away, the most popular CRM among advisors is an industry-specific offering: Redtail, followed by Wealthbox and Junxure.

Non-industry solutions include Salesforce and Hubspot, among others.

## **Financial Planning**

Planning is likely one of the core pillars of your services, so your planning software deserves a lot of thought. Consider what you need, what will make your life easy, and what will keep clients impressed.

Ensure the tool you choose matches your planning style. Most solutions are style-agnostic, but some work best for goals-based advisors while others are better for cash-flow planning.

Your financial planning tool may be standalone, or it may be part of an all-in-one solution. If it's standalone, make sure it integrates well with your tech stack.

## **Client Portal**

You will likely use the client portal that comes with your portfolio management or financial planning solution, but we're adding it to this list due to the important role it plays in keeping your clients happy.

A good portal can have a massively positive impact on your clients' satisfaction, and the opposite is true of a bad portal.

## Trading

A trading solution is essential for quick and easy rebalancing, and you'll especially want one if you plan on offering tax planning.

That being said, chances are some other piece of your stack will include a trading solution. Your custodian may offer one, or it may be offered by one of your other solutions. Many all-in-one solutions and risk analytics tools offer trading as part of their tools, too.

## Document Management and Processing

It's the 21st century. Your document processing systems should allow you to accept e-signatures whenever possible—especially considering the fact that most advisors offer long-distance services with Zoom meetings. That may or may not be a non-starter for you, but it definitely deserves to be part of the conversation.

## Risk Management

Risk management solutions play a huge role in helping clients understand how you manage their money. And considering the recent volatility of 2020, it's an essential part of helping clients invest safely.

Most risk analysis solutions are offered as part of a suite of solutions (including ours!), so chances are you don't need to consider integrations here.

## Compliance

As an RIA, you will probably need to rely on a compliance solution to help your acting CCO stay on top of things.

Although this may come as part of an all-in-one solution, you may opt for a standalone solution such as another of our integration partners, RIA in a Box.

***Want a tech stack where everything works together out of the box? Get in touch today to see Orion's platform in action.***