# WHAT DOES DATA AGGREGATION MEAN TO YOU?

First in a series of personal success stories from financial advisors

## A Sole Proprietor's Story:

# How he made the shift from spreadsheets to a portfolio management system and account aggregation service

"When I founded my RIA practice in 2007," says Michael Andries, Managing Member of mABC Advisors, LLC, " I was looking to provide asset management, investment advice, and financial planning services to close business associates and friends of the family. At the time, I was using Microsoft® Excel® spreadsheets for everything. While this let me generate reports and track clients' account performance, as I added clients and looked to billing and other functions it became much too complicated. As referrals kept coming my way, I knew I had to automate my back office."

### mABC LLC Investment Advisors

**Michael Andries, MBA, CFP®, CMC® Managing Member and sole proprietor**

- Firm formed in 2007
- $14 million AUM (as of 3/31/11)
- 30 clients and 80 accounts
- Organic growth model
- Morningstar℠ Office user
- **Services offered:** Asset management, investment advice, and financial planning for close business associates and friends of the family, plus their extended networks
- **Firm philosophy:** Keep the firm relatively small to provide a high level of personalized service without the added responsibilities of hiring and managing staff
- ByAllAccounts' client since December 2010



mABC LLC Investment Advisors + byallaccounts data for smart decisions

### Becoming Time Constrained

Manual procedures were limiting Michael's ability to both streamline and scale the business, and he was concerned about being able to serve his growing client base well. "It was fine when I only had a few clients," he says, "but as my practice grew, things were becoming much too onerous with a lack of automation."

## "I was spending more time doing administrative tasks than managing my clients' assets—something had to change."

Michael investigated a number of practice and portfolio management systems and, in 2009, selected Morningstar℠ Office as his platform for account management and billing. This was a big step in the right direction, but more was still needed.

"Most of my client accounts are held at two custodians," he says. "With one, I was able to get a daily transaction file that downloaded directly into Morningstar. As a small RIA firm, however, I didn't meet the minimum assets under management (AUM) threshold for the second custodian, so I didn't have access to much of their back-office functionality." This meant he still had to manually download client transaction history to an Excel spreadsheet, load it into Morningstar, and manually balance and reconcile the accounts.

### Need for More Automation

"If I was going to be able to provide a highly personalized level of client service, I knew I needed to automatically download client transaction details from all of my custodians directly into Morningstar, and update the value of my clients' holdings on a more frequent basis," he says. "If I could save time with these operational issues, I would be able to spend more quality time with my clients and get to know them and their families better."

He had heard about account aggregation technology that could interface directly with a wide range of custodian back-office systems and, through appropriate client authorization, extract and download his clients' financial data (securities positions, transaction details, balances) directly into his portfolio management system. After much research and due diligence, he settled on the ByAllAccounts solution.

"I admit I was somewhat skeptical about the benefits of this at first," he says, "especially given the financial investment as a small business. But when you consider the cost of hiring someone to manually input this data, and the limitations it imposes on your ability to scale your business, this was definitely the way to go."

"One of the biggest benefits of using ByAllAccounts is it allows me to work as though I were a large institutional advisor."

The time savings have been substantial. "Prior to implementing the account aggregation solution, it took me about a day to go through all the manual steps to get data into Morningstar, and balance and reconcile." As a result, he only did it once a month. Now the whole process takes about an hour. It not only saves him time but enables him to update account information as frequently as he wants and increase his level of client service. "Because my data is more up-to-date in Morningstar now, I can do more analysis using the various tools available."

Another important benefit is the ability to automatically download details on any held-away assets, such as a 401(k) plan or a variable annuity at another firm. "Although I only have a few clients with held-away assets at the moment," he says, "this account aggregation system makes it easy to manage, report, and bill on those assets."

### A Solution Without Taking Custody

From a management perspective, Michael has chosen to aggregate data without having client credentials to avoid being deemed as having custody.[1] "The clients manage their passwords in a tool provided by ByAllAccounts," he describes. "I have read only access to see their balances and transactions and get data automatically loaded into Morningstar, but it doesn't allow me to log into their accounts to rebalance or put in any transactions." Using desktop sharing tools, Michael has online meetings with his clients. "I bring up their accounts and the client enters his/her credentials. Then they can watch what I am doing in the way of transactions. This process allows me to do the detailed rebalancing work for the client without having to know their credentials, and thus not 'taking custody' of their assets."

### Able to Scale the Business

Eliminating as much manual labor as possible from the investment management process has been critical for Michael to improve efficiencies, and technology has been the great enabler. "Whenever I've implemented a new technology, like Morningstar Office or ByAllAccounts, I've been able to spend more quality time with clients, getting to understand their personal lives better and developing truly close relationships." This high-touch service model reflects the essence of mABC Investment Advisors. Keeping clients highly satisfied has enabled Michael to attract more referrals and boost AUM. In addition, he has re-visited his longer-term vision for the firm and set much higher AUM targets now that he has the infrastructure in place to support this growth strategy.

**"Keeping clients highly satisfied by streamlining operations and spending more face-to-face time has enabled me to get more referrals and boost AUM by about 40% since the beginning of the year."**

[1] An adviser has custody if password access provides them with the ability to withdraw funds or securities or transfer them to an account with a different registration, SEC Staff Responses to Questions About the Custody Rule, April 2011. You should always speak to a compliance specialist to evaluate your own specific situation.

## About mABC Investment Advisors

mABC Investment Advisors, LLC is registered as an investment advisor with the states of Texas, Louisiana and Colorado. Michael Andries, Managing Member of the firm, holds a Series 65 Securities License.

In 2007, Michael satisfied the education, examination, experience and ethics requirements for CFP® certification by the Certified Financial Planner Board of Standards, Inc. Michael earned an MBA from Rice University in 2002 and holds a BS in Computer Science from LSU.

mABC Investment Advisors seeks to find and leverage high performance Mutual Funds and Exchange Traded Funds (ETFs) with the goal of producing consistent, risk adjusted returns. See the Investment Philosophy for more on the firm's general investment practices at http://Investments@mABCLLC.com

## About ByAllAccounts

ByAllAccounts, the financial advisors' choice for account aggregation since 1999, is the only service that retrieves, enriches and consolidates reconciliation-ready account data from any custodian. ByAllAccounts' patented aggregation engine, through which hundreds of billions in assets flow daily, aggregates all client account data—from any source—within an advisor's wealth management platform or trust accounting system for a truly comprehensive view. Thousands of advisors rely on ByAllAccounts to save administrative time and costs, mitigate risk associated with having incomplete information and grow revenues through client referrals and new business development. ByAllAccounts integrates seamlessly with all of the most popular wealth management platforms. **For more information, visit www.byallaccounts.com or call (781) 376-0801**.