

## WHAT DOES **DATA AGGREGATION** MEAN TO YOU?

Second in a series of personal success stories from financial advisors

### How one advisory firm's decision to outsource back-office functions and data aggregation leads to increasing assets under management—and peace of mind.

“Our firm in Boston is an RIA that focuses on two primary markets,” says Kent Fitzpatrick, Managing Director of Asset Strategy Consultants—Boston. “We provide fiduciary consulting to qualified plans and wealth management for high-net-worth individuals. For our wealth management business, we made a decision early on to avoid spending time and money on back-office functions that could more efficiently be outsourced to someone else. So we looked to find a partner that could offer a range of capabilities, from a client-facing website to billing services.”



#### Asset Strategy Consultants—Boston

Kent Fitzpatrick,  
AIFA®, ARPC  
Managing Director

- \$150 million AUM (as of 5/31/11)
- Part of Asset Strategy Consultants, LLC, a national organization that provides investment management consulting services for fiduciaries of endowments, foundations and retirement plans, with over \$8 billion AUM
- Services offered: Unbiased risk management and advisory services for individuals and company-sponsored retirement plans
- Firm vision: Deliver the proper risk management tools and independent advice clients need to meet their financial objectives
- Envestnet user since 2001
- ByAllAccounts user since 2010

“When we first transitioned to a fee-based practice over ten years ago, we initially selected a large, institutional TAMP (turnkey asset management platform),” says Kent, “but most of their solutions were proprietary and their approach was inflexible. In 2001, we switched to Envestnet. They had an open architecture platform—one that was agnostic in terms of custodians used and investment product availability—enabling us to provide truly unbiased advice.”

### Selecting an Outsourcer

“There are many considerations when comparing what it costs to manage your back office in-house versus using an external provider,” says Kent. “Some are obvious, like the cost of staff and overhead, but others may not be so apparent. In our case, we knew we didn’t want to get involved with nightly downloads from multiple custodians and ensuring everything was tying out, or populating websites for our clients and calculating the quarterly billing. We wanted this to be seamless to both our practice and our clients.”

#### Selection Criteria

- Consolidated reporting of all assets, including those held-away
- Online research for money managers
- Custodian and trade interfaces
- Updated 24x7
- Privately-branded marketing tools
- Quarterly billing services
- Encrypted and secure

The firm was also looking for a partner that could offer privately-branded marketing tools, online research for money managers, custodian and trade interfaces, consolidated reporting and more. “Envestnet offers a full range of capabilities that has enabled us to get up to speed quickly and manage our business more efficiently,” says Kent. “In addition, Envestnet was one of the early firms to open up the separate account manager space\*, which really helped us extend our investment management services to clients.”

**“Outsourcing allows us much more time to focus on client service and acquisition and handle other activities core to our practice.”**

“With Envestnet, clients can access a website with all their information that is updated daily, and is encrypted and secure. This really enhances the level of service we can provide, and also gives us peace of mind. So if our team is travelling, it doesn’t matter. The system continues to function whether we are there or not.”

\*Separate account managers are independent, third-party institutional money managers who act as sub-advisers to the RIA to help the RIA’s clients attain their investment objectives. Many of these money managers are only accessible through a platform like Envestnet’s.

## A Client Success Story

Account aggregation capabilities have enabled the Asset Strategy team to increase AUM and revenues in other ways as well. “We had a relationship with a woman whose husband passed away. The deceased husband held money at a wirehouse for many years and the widow was going to just leave it there,” says Kent. “We offered to look at the wirehouse assets from an analytical perspective to see how they synched with her allocation and objectives on the assets we managed on her behalf.”

“We provided her with side-by-side data—daily not quarterly—and provided not only performance information, but risk and holdings level analysis. This clearly showed her that her outside assets were heavily over-weighted in a single asset class, reliant on underperforming, proprietary managers and not consistent with her objectives. She was impressed with our capabilities and sought counsel from her accountant to see if she should move her husband’s investments to our firm.”

“In the end, not only did she consolidate the accounts with us, her accountant moved assets to our firm as well. In total, we more than doubled the business we had with this client originally, all because of aggregation.”

## Increasing Revenue Generation with Data Aggregation

Investnet has direct links in place with multiple custodians, but not all client assets are covered as part of this. To supplement their data feeds, in 2010 Investnet and ByAllAccounts formed a strategic partnership to add ByAllAccounts’ account aggregation services to deliver daily reconciliation-ready data to Investnet’s reporting and billing platform.

**“We were able to take over assets we hadn’t been managing because of account aggregation technology.”**

Previously, Asset Strategy Consultants had exposure to aggregation through financial planning software that merely provided a snapshot of where accounts were held. This non-analytic aggregation capability required a level of scrubbing that was not workable for billing purposes.

“Before the ByAllAccounts relationship, there was no eloquent way to get access to accounts not in the Investnet feeds,” says Kent. That made it difficult for the Asset Strategy team to support high-net-worth clients that wanted them to manage their employer-sponsored 401(k) assets or other “held-away” assets, such as mutual funds, hedge funds, separate account managers, bank CDs, trusts or off-shore accounts where Asset Strategy was not the advisor on the account.

Now the ByAllAccounts system automatically delivers the needed positions, transaction details and balances. “The ability to view and monitor these assets

daily and do performance analytics has changed the game completely,” says Kent. “Today we can provide full services on these accounts and bill accordingly through Envestnet’s platform. Without data aggregation technology, we would never have been able to bring in these outside assets in an efficient and professional manner.”

**“This value-added service has enabled us to increase our AUM by 40% to 50% for clients by actively soliciting their held-away assets.”**

#### **Building Relationships with Valued Partners**

The decision of Asset Strategy Consultants—Boston to outsource the bulk of their back-office functions to Envestnet was definitely the right move for the firm. “Envestnet has been a great partnership for us,” says Kent. “It’s like having a silent back office. We’ve been able to minimize full-time staff needed to handle our outsourced activities and focus on areas critical to our business. In addition, with a platform like Envestnet now including account aggregation, we can report on and analyze held-away assets and automatically handle all the billing.” Outsourcing has presented a real opportunity for growth.

### **About Asset Strategy Consultants—Boston**

Asset Strategy Consultants—Boston is an independent, fee-based consulting and investment advisory firm that provides unbiased risk management and monitoring services to both high net worth individuals and company sponsored retirement plans. The firm was formed by individuals that have been involved with providing investment consulting and retirement plan solutions for over 25 years each. Their goal is to help investment stewards meet their fiduciary responsibility and make sure they get the proper risk management tools and independent advice to achieve their needs and objectives. **For more information, visit [www.assetstrategyrc.com](http://www.assetstrategyrc.com).**

### **About Investnet (NYSE: ENV)**

Founded in 1999, Investnet is today one of the largest providers of wealth management solutions in the industry, with more than 400 employees in our Chicago headquarters and offices in Boston, Denver, New York, Silicon Valley, and Trivandrum, India. Investnet brings together the expertise of top investment managers, a broad range of fee-based investment products, and an array of enhanced financial technology, such as powerful analytic tools, dynamic reporting utilities, and other practice management applications on a proprietary unified technology platform. **For more information, visit [www.investnet.com](http://www.investnet.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](http://www.byallaccounts.com) or call (781) 376-0801.**