WHAT DOES DATA AGGREGATION MEAN TO YOU?

Third in a series of personal success stories from financial advisors

How leveraging outsourced technology enables an active trading shop to attract young, successful professionals as clients and attract new financial advisors.

"Unlike many independent financial advisors, we have a strong focus on young and successful professionals under 55," says Andy Seth, Managing Partner of LotusGroup Advisors. "Our entire team is young and highly driven and we feel we can relate well to the young couple or family who have good jobs, are saving money and are really focused on growth." The firm provides upscale wealth management services with an emphasis on active investing.

LotusGroup Advisors

Andy Seth, Managing Partner

- $70 million AUM
- 120 clients
- Business started in 2004
- **Focus:** We are built to last; helping clients earn more, save money, make good decisions, and grow their investments
- **Services offered:** Behavioral financial advice, goal-based planning, and active investment management
- **Firm vision:** Thrill clients with service, hire only the best people and promote teamwork, create a brand recognized as an expert in helping people become wealthy, and revolutionize the financial services industry to focus on Client interests first
- Interactive Advisory Software user since mid-2009
- ByAllAccounts user since early 2009

One of the keys to profitably growing their business, says Andy, is to be lean and extremely efficient. "We are super tight when it comes to processes and technology, and are 100% electronic. We leverage technology for everything we do so we can spend more time on sales and service while keeping our promise of actively managing money as we grow."

But that wasn't always the case. At the outset, many processes were done manually and the LotusGroup team knew they had to address this quickly if they were going to create a sound, high-growth business.

First Priority—Automate the Daily Processing of Held-away Assets

From inception, LotusGroup has handled its clients' held-away accounts. "We believed it was in our clients' best interest to do so," says Andy, "since accounts like 401(k) plans and 529s can represent a large portion of their total investable assets."

The process was manual, however, and an absolute drain on the business. "We would key in the details of every trade made and, the following day, go into our portfolio management system (PMS) and add information on the number of shares bought or sold, for which funds and at what price. Every two weeks when there was an automatic contribution made to these accounts, we would do it all over again." Clearly this needed to change.

"From our inception we monitored held-away accounts because we knew it was in our clients' best interests. About 14% of our assets are held away so it's an important part of our business."

Speed and Accuracy Are Essential

"We were looking for a firm that could deliver speed and accuracy," says Andy, "and we selected ByAllAccounts—an awesome provider on these fronts." At the time, the LotusGroup team was doing manual updates and billing on held-away assets for over 100 accounts. "It was insane," says Andy. "To find transaction history, you have to be familiar with 100 to 200 different interfaces and you waste time searching for data," he says. "Sometimes you may even have unit values in one place on a website and transactions in another. It was a mess and with ByAllAccounts that's all gone."

Key Selection Criteria for Data Aggregation

- Accuracy of data
- Speed so data downloads are available for daily reconciliation
- Ability to adapt to new sites quickly

"Implementing ByAllAccounts had a massive impact on our efficiency and ability to spend more time with clients and less on back-office functions."

Now the data aggregation system automatically delivers the needed positions, transaction details and balances into each client account and gives Andy and his team the ability to view and monitor these assets as frequently as they wish. "Bringing on ByAllAccounts was one of the best decisions we made," says Andy. "Once the held-away accounts are set up, and that happens quickly, they are humming."

Next Priority—Automate Other Processes

Solutions to address back-office automation and portfolio rebalancing were next on the list. "When we began our business," says Andy, "my partner and I were doing all of the daily account reconciliation and portfolio rebalancing manually. We knew this had to end if we were going to pursue a growth strategy." So the LotusGroup team began a detailed strategic sourcing process to find the best provider for their needs.

IAS is the Partner of Choice

They looked at integrated systems like Interactive Advisory Software (IAS) that combines portfolio management, financial planning, customer relationship management, rebalancing and other advisor applications in one, unified platform that the firm manages and hosts. They also looked at stand-alone systems that bring together a range of third-party applications that are managed by different providers.

"We decided the IAS offering was the best for us," says Andy. "They provide one comprehensive solution and have the in-house expertise to address questions about their system which eliminates any confusion about who to call should an issue arise." IAS is also a partner with ByAllAccounts taking on much of the process for managing held-away assets.

Key Selection Criteria for an Outsourcer Partner

- Automated rebalancing
- Efficient back-office functions
- Consolidated reporting of all assets, including those held-away
- Quarterly billing services
- Encrypted and secure
- Ability to integrate with ByAllAccounts

The Biggest Impact—Automatic Rebalancing

As an active money manager, LotusGroup moves in and out of positions for clients on a regular basis. Rebalancing each client portfolio manually was a monumental task—plus it was prone to errors. "Prior to moving to the IAS platform," says Andy, "it would take us about 12 hours a day for four days to do our reallocations. By the time we were finished, the markets had moved and cash balances had changed. "Today, it's almost completely automated.

"In our business," says Andy, "we promote our active investment strategy and our ability to execute on that in real time. You can't do it without technology anymore. Can you imagine actively trading over 120 accounts every day, rebalancing and reconciling? I'd need three times the staff we have now."

ByAllAccounts and IAS—Enabling High-Touch Client Service

Once the technology capabilities were in place, Andy could devote his time to business development and was able to help increase assets under management (AUM) by more than 50% last year and 35% the year before. The LotusGroup team plans to continue on this growth trajectory by attracting new advisors to the firm.

"Today we do our quarterly reallocations for all of our custodian accounts within the first 30 minutes of the market being open."

"I feel that we have the best technology platform in place today in order to grow. It allows us to provide a high-touch service to our clients."

"With the integration of IAS and ByAllAccounts, along with our own processes, we can use our platform to bring in new advisors who want to know they are on the leading edge of technology. We can offer an active trading strategy, a great technology platform and the ability to grow AUM by managing and billing on held-away assets—a very attractive proposition."

About LotusGroup Advisors

LotusGroup Advisors are friendly, honest, straight-talking financial advisors and investing experts who want to help people make more money, save it, make good decisions and grow their investments. Their focus is to help people reach their goals faster through simple and clear behavioral advice, financial plans and actively managed portfolios. Their services generate real results and better lifestyles for their clients. **Visit them at www.lgadvisors.com.**

About Interactive Advisory Software

Interactive Advisory Software is the developer and distributor of Solution 360°, a wealth management software application focused on serving the needs of Registered Investment Advisors (RIAs) and Independent Financial Advisors. The company provides an integrated wealth management software application that allows advisors to deliver a holistic level of service to their clients from a single database. The single application combines portfolio management, financial planning, customer relationship management (CRM), client portal, rebalancing and reconciliation services.
For more information, visit www.IASsoftware.com or call 770-951-5448.

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**.