

# 2019 SOFTWARE SURVEY

## AUTHORS

JOEL BRUCKENSTEIN  
BOB VERES



## SPONSORS

ORION ADVISOR SERVICES  
MORNINGSTAR, INC.





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## Methodology and Disclaimer

Keeping up with the financial services professional technology sector is no easy task, and one could say the same for tech companies trying to adapt to the changing landscape of the financial planning profession. Advisors are evolving, and they readily acknowledge that they are struggling to stay ahead of the technology knowledge curve. Of those surveyed, over 85% believe that the CFP Board should grant continuing education credit for technology, as they do for other core competencies. Many advisors are moving from investment-centric value propositions (relying primarily on portfolio management and investment data tools) to planning-centric (relying primarily on a different set of software), while others are making a further evolution toward service-centric, where increasingly sophisticated CRM may be the heart of the business.

Each year, different options, deeper integrations, new entrants and custodial adaptations create a dynamic marketplace. Our third annual T3/Inside Information Software Survey is our attempt to provide a snapshot of the state of the industry. Once again, it serves a dual function: first, to help advisory firms evaluate their options. In an effort to be more comprehensive, we've expanded the survey to include 20 different industry categories. Any potential buyer or user of advisor technology is likely to get an education simply by being exposed to the more than 500 tools and resources rated, categorized or reader-added in the course of the survey.

Once again, we collected user satisfaction ratings, so advisory firms would be able to see how satisfied existing users were with each software program they may be using. And in some categories, we broke down the market share information more finely, according to years in the business, business model and size of the firm, so that readers could see which programs are most popular with firms and advisors who look like them.

Of course, the survey was also created for the software community itself. It provides an opportunity to evaluate market share and changes in market share, and in some cases to see where their tools and services

are most popular. They can evaluate their own user satisfaction scores, and perhaps use them to poll their users, to find out where they excelled and where there is room for improvement between now and the next survey.

For each software category, we provided two metrics that we believe would be useful both to the industry and to the professional consumers of financial services technology. The first is an overall market penetration for each category. That is: what percentage of all the respondents are using one (or sometime more) tool/service in this category? The other is the average rating of all the software programs in this category where we collected data. One of the most interesting findings of the survey is that, in general, advisors seem to be pretty happy with the tools and services they're using. Seldom is an average rating below 6.5 on a scale of ten, and many of the most popular programs have overall ratings of 7.0 or better.

In addition, we provided an "other" field, so participant advisors could tell us (and you) the names of less mainstream solutions they're using which didn't appear the survey. Every year, this uncovers a surprising number of unfamiliar tools and services, and provides insight into the remarkable diversity of software providers in our professional marketplace. More importantly, it gives the reader an opportunity to do a bit more research into tools that have not yet achieved "mainstream" status.

Finally, we asked participants to name those programs and services that they are thinking about switching to. Since these decisions are seldom made lightly and without significant consideration, we believe these lists, provided in the form of a ranking, gives us at least a glimpse into future shifts in market share. You will see cases where a program is currently less popular than some of its peers, but leads the list of tools that advisors are considering switching to. That suggests that there will be a rise in market share by the time the next survey rolls around. Similarly, programs with high market share may not appear high on the "thinking about adding" ranking, which might hint at the opposite shift in market share.

Once again, we made every effort to provide an accurate representation of advisor responses. This always requires a degree of hands-on evaluation and judgment, and is perhaps the most labor-intensive activity in the entire process of producing this report.

The reader should understand that not every vote was counted. Once again, we encountered spurious or inconsistent results which could only be viewed as an attempt to sabotage the survey—for reasons we are unable to explain.

Our best efforts may not always have yielded perfect or precise results. For instance, it's clear that some advisors are stricter in their grading than others; many didn't give a single program in their software suite a perfect "10" rating, or even any "9"s. Two identically satisfied users might give different responses in the satisfaction rating.

A bigger problem, whose magnitude is hard to assess, is the demographics of the respondents. As the reader will see in the next section, the subset of advisors who responded to our survey is broader and more closely matches the industry averages than, we believe, any extant survey of advisor technology. But clearly our representation in the fee-only advisor community is higher than the industry at large, and it is lower in the wirehouse community. We strongly suspect that

the survey participants are very highly concentrated in the fiduciary end of the planning community, and may be at least one step more sophisticated than the average advisory firm.

Nevertheless, we had a much larger sample size this year, which provides us with the ability to do some additional analysis that was simply not possible before. Moreover, for the first time, we had a roughly even split of business model responses (fee-only and dually-registered), so we were able to perform some analysis as to differences across the two segments.

We want to express our gratitude to the more than 5,500 members of the financial planning/investment advisory community for their willingness to participate in this effort, and provide us with priceless data on the ever-evolving professional technology sector.

And we also want to express our gratitude to the sponsors of this year's survey: Orion Advisor Services and Morningstar, Inc.

We believe that our 2019 Technology Survey represents a significant improvement over last year's version, and that we're collecting the best and most useful data to be found anywhere in our professional space.

We hope you agree.

Joel Bruckenstein

Bob Veres

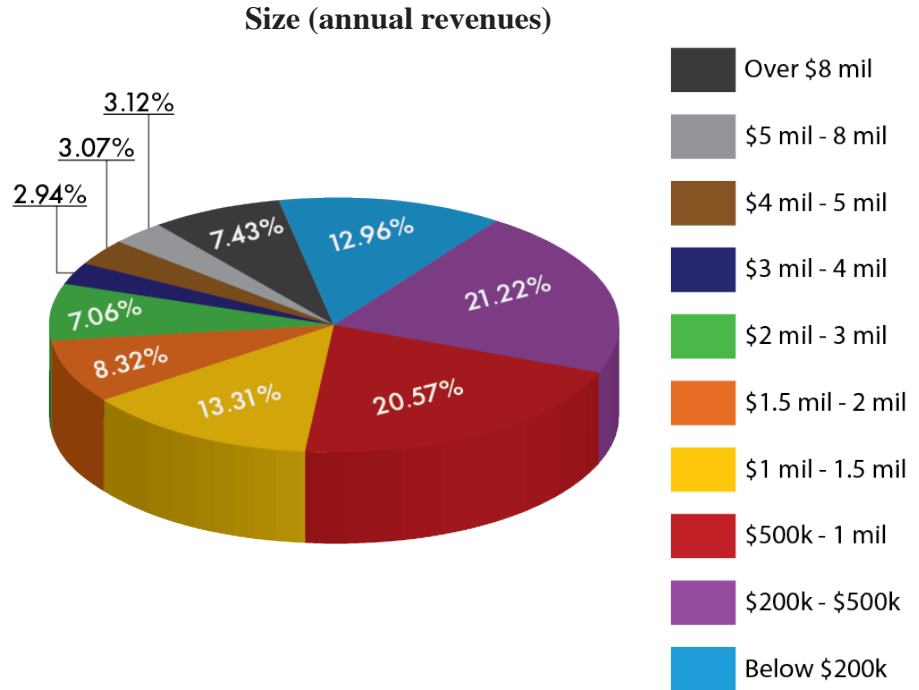
## Demography of the Survey Participants

For this year's survey, we collected 5,508 useable responses, which is nearly ten times the raw size of other attempts to evaluate the advisor tech marketplace. Invitations were sent out to the Inside Information, T3 and Advisor Perspectives communities, and the Morningstar organization also sent the survey instrument out to its community.

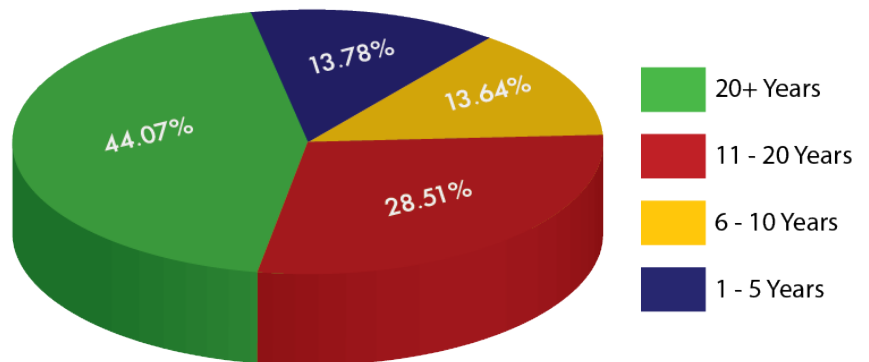
The demographics of the survey respondents are shown in the accompanying charts. The first indicates that our data represents a broad cross-section of firm sizes.

Readers will note that annual revenue/firm size skewed a bit lower this year than last year. With the size of the sample, we may also have provided a snapshot of the size of advisory firms across the industry and profession; notice that the center of gravity is the four categories with under \$1.5 million in revenues, and then a gradual drop-off in the numbers of firms of larger size until you reach \$8 million in revenues—which is undoubtedly where the wirehouse respondents tended to be clustered.

We also heard from a broad spectrum of advisors in terms of years of experience. Reflecting the profession as a whole, just over 44% of the respondents have over 20 years of industry experience, and more than 28% have been in the business between 11 and 20 years. But we managed to attract a strong representative sample of advisors with 1-5 years of industry experience, and advisors with 6-10 years in the business as well.

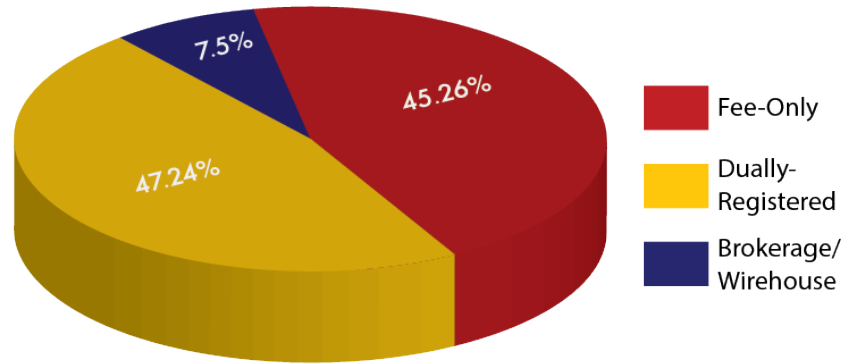


### Respondents' Years of Experience



When broken out by business model, our survey this year was almost evenly divided between fee-only and dually-registered advisory firms—and we suspect that the majority of the dually-registered firms would fit comfortably in the “almost fee-only” category. For the first time, our survey also captured a fair number of self-identified wirehouse brokers—7.5% of the total.

**Respondents’ Business Model**



## All-In-One Software Solutions

Is it really possible that more than 50% of all advisory firms are relying on an all-in-one software solution?

The obvious answer is “no;” particularly since last year’s aggregate market share number was 36.49%. A jump of this magnitude is unlikely, and we believe that some advisory firms that reported using Morningstar Office or Investnet’s Tamarac program are using them as only part of their software suite. In addition, this year’s survey captured many more dually-registered advisors, which helps explain how SmartWorks, a Cetera platform, achieved the third ranking when it did not even make our list last year. Sungard WealthStation, another product used in the dually-registered world, also achieved prominent market share in this survey after being absent in 2018.

At the same time, there is no question that these two programs, plus Advyzon, Oranj and Advisor Engine are shaking up the accepted wisdom about the all-in-one concept, and have undoubtedly increased market share. Advisor Engine took a page out of Morningstar’s book by purchasing two highly-competitive standalone programs (Junxure and WealthMinder), while Oranj acquired Trade Warrior’s trading system—all of which were considered among the best of breed in their categories. It remains to be seen whether this will become a consolidation path for the software industry, but the data suggests that advisors are looking for ways to simplify their tech stacks and rely on fewer vendors.

The overall category satisfaction rating was not remarkable, but the two market leaders received high grades from their users, and the most satisfied cohort—the leader in the category—was Advyzon, with a 7.48 satisfaction rating. Advyzon’s market share is not comparable to Morningstar’s or Investnet’s, but it appears to be creeping up, and the program

All-In-One Software Programs	Market Share	Average Rating
Morningstar Office	24.84%	7.35
Investnet/Tamarac	16.68%	7.07
Smartworks Advisor	3.16%	6.84
Advyzon	2.11%	7.48
Oranj	1.69%	6.72
Advisor Engine	1.60%	5.75
Sungard Wealthstation	1.16%	4.86
Interactive Advisory Services	1.05%	6.71
Capitect	0.96%	6.58
Total Category Market Penetration		53.25%
Category Average Rating		6.6

Programs Respondents Are Thinking About Adding	
Morningstar Office	220
Investnet/Tamarac	191
Oranj	101
Advyzon	76
Advisor Engine	71
Capitect	31
Smartworks Advisor	16
Interactive Advisory Services	15
Sungard Wealthstation	14

finished a competitive fourth on the list of programs that advisors are considering a switch to. Of note: the satisfaction scores for Oranj are way up. The company has gone through some changes and implemented some improvements that we thought would bear fruit this year—and they have. IAS also saw significant improvement; it’s possible that the small sample size last year consisted mainly of unsatisfied clients. AdvisorEngines satisfaction scores dipped this year, which could be attributed to the transition as the company incorporates Junxure and WealthMinder into its plat-



form.

Meanwhile heading the “switching to” list is Morningstar Office and Tamarac, and if this list is indeed a leading indicator, the two companies will enjoy increased market share in the future while Oranj could make a move up the rankings.

A deeper breakdown of responses shows that Morningstar Office and Envestnet’s Tamarac program are popular across all business models, while Advyzon and Oranj enjoy nontrivial market share among fee-only advisors, but much less among advisors who accept commissions. Smartworks Advisor and Sungard seem to follow the opposite pattern.

Others Mentioned
Blueleaf
AdvisorPeak
ClientWorks
Sungard Advantage
Power Advisor

Market share % by firm business model	Morningstar Office	Envestnet/ Tamarac	Advyzon	Advisor Engine	IAS	Oranj	Smartworks	Capitect	Sungard
Fee-only	45.61%	29.79%	7.56%	3.82%	1.45%	5.12%	1.22%	3.51%	1.91%
Dually-registered	48.11%	32.98%	1.05%	2.38%	2.24%	1.68%	9.31%	0.35%	1.89%
Brokerage/Wirehouse	42.86%	29.59%	1.02%	2.04%	3.57%	1.02%	12.76%	1.02%	6.12%

## CRM Tools

In the first chart on this page the eye is immediately drawn to Redtail's more than 50% market share--in perhaps the most important software category in the professional advisor space. At first glance, the commanding lead in the survey usage rankings might seem surprising. Dig a little deeper, however, and the showing becomes more understandable. This year's respondent demographics skewed a bit smaller, which happens to be Redtail's target demographic.

Redtail also enjoyed one of the highest satisfaction ratings among users, possibly due to its Redtail University program, which helps advisory firms become familiar with a greater percentage of its overall functionality.

Anything over 8.0 should be considered remarkable, and this category actually had two programs achieve this mark: Redtail and Concenter's XLR8 Salesforce overlay. XLR8's 8.51 satisfaction rating was one of the highest in the entire survey, much higher than the (still adequate) 6.59 rating given by Salesforce users who buy the program out of the box. The difference in rank does not surprise us, because we are well aware that Salesforce is essentially useless to advisors without customization or an overlay. Unfortunately, not all advisors are aware of these facts.

Junxure, newly-acquired by Advisor Engine, fell sharply in the market share rankings compared with last year, but the extent of the fall is certainly an anomaly. Sometimes the market share data is influenced by the enthusiastic participation of a particular program's users, and Redtail users came out in force.

Meanwhile, the broader number of participants, particularly among larger firms, boosted Salesforce-out-of-the-box's market share ranking.

The category's average satisfaction rating, at

CRM Software	Market Share	Average Rating
Redtail	56.90%	8.07
Salesforce	8.01%	6.59
Junxure	6.25%	6.33
Wealthbox	5.19%	7.76
Tamarac CRM	2.85%	6.32
Ebix	1.85%	5.00
Advyzon	1.53%	7.51
Concenter/XLR8	1.51%	8.51
Advisors Assistant	1.22%	5.22
ProTracker	0.53%	4.90
Total Category Market Penetration		85.82%
Category Average Rating		6.62

Programs Respondents Are Thinking About Adding	
Salesforce	264
Redtail	184
Wealthbox	110
Tamarac CRM	93
Advyzon	46
Junxure	45
Advisors Assistant	17
Ebix	12
Concenter/XLR8	9
ProTracker	7

6.62, is not excellent, but the grades were pulled down by three programs with limited market share, whose users are clearly not enthusiastic about them. And the 85.82% overall market penetration figure is surprising only in that it is not 100%. One wonders: what are the

Looking at the programs that respondents are thinking about adding, we notice Salesforce appears to be on the radar of firms that are rapidly growing, while Redtail appears to be in good shape in holding or even increasing its market share. Wealthbox and Tamarac are also being considered by a significant number of survey participants.

Percentage of advisors in different categories who report using CRM software	
Experience	
1-5 years	75.63%
6-10 years	85.32%
20+ years	87.30%
Size of Firm	
Below \$200,000	73.69%
\$200,000 - \$500,000	89.49%
\$500,000 - \$1 million	90.38%
\$1-1.5 million	90.30%
\$1.5-2 million	86.85%
\$2-3 million	89.23%
\$3-4 million	85.22%
\$4-5 million	80.43%
\$5-8 million	90.20%
Over \$8 million	72.08%
Business Model	
Fee-only	82.67%
Dually-registered	90.05%
Wirehouse	78.19%

Others Mentioned
Act! 4 Advisors
Grendel
Salentica
Microsoft Suite
Goldmine
Mobile Assistant
Smart Office
Agile CRM
Copper
Sugar CRM
Sales Logic
Commerce CRM
Insightly
ClientWorks
LessAnnoyingCRM
Bill Good Marketing
Daylight

other 14% of advisory firms thinking?

We did a somewhat deeper dive into the numbers (see table), and found that advisors with the least experience (1-5 years) were much less likely to be using CRM software in their business life than advisors with more experience. Also, fewer than 80% of the smallest firms and a similarly low percentage of the very largest (many of them wirehouses) were utilizing CRM tools—and the breakdown by business model shows the wirehouse firms were underutilizing the CRM opportunity.

This was the first category where we produced a more refined breakdown of market share, sliced and diced rather finely by experience levels, firm size and business model. The data is presented in the table below, where the user can see that Redtail seems to enjoy a dominant market share among advisors of all experience levels, but greatest among the most experienced. Its market share is greatest among smallest to midsized firms, though impressive across the spectrum. Interestingly, our survey shows that it was employed by a large majority of brokerage firm respondents as well.

Junxure CRM, which ranked second in users last year, fell to the number three slot this year. More troubling is the dip in satisfaction score as well as the relatively few number of respondents who are considering adding Junxure in 2019. It is also worrisome that there are many more Junxure firms with 20+ years in the business than 1-5 years. It is possible that the company's acquisition by AdvisorEngine was still fresh in people's minds at the time of the survey, and

AdvisorEngine has not yet had an opportunity to implement its strategic plan to enhance Junxure's attractiveness to new and existing users. Junxure did, in our breakdown, become increasingly popular as the firms became larger, and enjoyed its greatest market share among fee-only and more experienced advisors.

Not surprisingly, Salesforce and XLR8 steadily increased market share as firms became larger. Currently, Salesforce is too expensive and complex for firms in the lower end of the size spectrum. Tamarac was also a strong competitor where firms were larger and acquiring more scale. Like last year, Wealthbox was an interesting anomaly; it owns a significant market share among the very smallest firms, but the numbers drop off as firms get larger.

Looking forward, Salesforce and Redtail look best positioned to increase their market share in 2019.

Perhaps the most noteworthy trend here is differences in utilization. As noted earlier, among firms with 1-5 years in the business, utilization is significant-

Market share % by years in the business										
	Redtail	Junxure	Salesforce	Tamarac CRM	Wealthbox	Concenter/XLR8	ProTracker	Ebix	Adv. Assistant	Advyzon
1-5 years	61.32%	3.14%	8.71%	3.14%	15.68%	2.44%	0.00%	1.57%	1.39%	2.61%
6-10 years	66.77%	5.77%	7.96%	3.59%	9.20%	1.72%	0.31%	1.56%	1.40%	1.72%
11-20 years	63.92%	7.46%	11.12%	3.30%	5.81%	2.15%	0.93%	2.01%	1.29%	2.15%
20+ years	69.09%	8.73%	8.73%	3.30%	2.64%	1.32%	0.66%	2.60%	1.51%	1.42%

Market share % by firm size										
	Redtail	Junxure	Salesforce	Tamarac CRM	Wealthbox	Concenter/XLR8	ProTracker	Ebix	Advisors Assistant	Advyzon
Below \$200,000	59.89%	2.28%	5.51%	0.19%	24.90%	0.57%	0.76%	1.14%	1.71%	3.04%
\$200,000 - \$500,000	73.61%	3.06%	7.27%	0.96%	6.69%	0.57%	0.57%	2.10%	2.10%	3.06%
\$500,000 - \$1 million	76.17%	5.27%	7.42%	0.88%	3.13%	0.98%	0.59%	2.93%	1.27%	1.37%
\$1-1.5 million	69.18%	8.01%	9.37%	2.42%	2.87%	2.27%	1.21%	1.81%	1.36%	1.51%
\$1.5-2 million	64.07%	10.55%	10.30%	4.77%	2.51%	3.27%	0.50%	1.26%	1.26%	1.51%
\$3-4 million	51.45%	15.94%	12.32%	7.97%	3.62%	3.62%	0.00%	3.62%	0.72%	0.72%
\$4-5 million	50.00%	15.44%	13.24%	11.03%	2.21%	2.94%	1.47%	1.47%	1.47%	0.74%
\$5-8 million	40.65%	18.71%	12.26%	16.77%	1.29%	4.52%	0.00%	5.16%	0.00%	0.65%
Over \$8 million	50.17%	10.17%	19.66%	11.53%	2.03%	3.73%	0.00%	1.36%	1.36%	0.00%

Market share % by firm business model										
	Redtail	Junxure	Salesforce	Tamarac CRM	Wealthbox	Concenter/XLR8	ProTracker	Ebix	Adv. Assistant	Advyzon
Fee-only	50.12%	13.29%	9.95%	6.16%	10.77%	2.77%	1.21%	0.68%	1.31%	3.74%
Dually-registered	78.40%	2.65%	9.09%	1.15%	2.56%	1.02%	0.13%	3.41%	1.32%	0.26%
Brokerage/Warehouse	81.73%	2.48%	7.12%	0.93%	1.24%	0.62%	0.31%	2.48%	2.79%	0.31%

ly lower (75.63% vs. 85.82% for the group as a whole). This indicates that almost a quarter of the newer firms are missing a key piece of software early in their existence.

This may be a monetary issue as well. Of firms with under \$200,000 in revenue, only 73.69% use

CRM. Once they get to the \$200,000-\$500,000 bracket, the number swells to 89.49%.

We'd suggest that those small firms invest earlier in CRM. It is possibly the single best investment they can make, and it is a relatively inexpensive one of they choose wisely.

## Risk Tolerance Instruments

It is not a great surprise that Riskalyze is the market share leader among client risk tolerance instruments, or that it has increased market share, due to its steady addition of new tools that leverage the risk tolerance data, or its aggressive integration efforts. But the difference between this year's data and last year's is head-scratching. Last year, Riskalyze and FinaMetrica were neck-in-neck for market share leaders; this year FinaMetrica fell into a distant second place--though still respectable compared with the competition further down the list.

The drop does not appear to be due to dissatisfaction; Riskalyze and FinaMetrica received virtually identical user ratings, which led the category and were among the better scores in the entire survey.

Third party risk tolerance assessment software is not yet fully mainstream in the financial services profession, as evidenced by a low 37.71% market penetration. This could change if/when the advisor community is required to ride out a significant bear market, when advisors face the prospect of policy abandonment from clients whose ability to tolerate downside risk is lower than the advisors' gut instincts were telling them. A downturn might also trigger a market share migration to advisors who use risk tolerance instruments to measure the risk propensity of new prospects who are unhappy with the investment performance of their current advisor.

The category's average satisfaction rating, pulled down by three firms with low market share, is not inspiring. However, the market share leaders all

Risk Tolerance Instruments	Market Share	Average Rating
Riskalyze	29.88%	7.32
FinaMetrica	5.48%	7.29
RiXtrema	0.69%	6.08
Pocket Risk	0.42%	6.43
Tolerisk	0.40%	7.27
Totum Risk	0.38%	7.10
Risk Track	0.15%	5.38
Investor BluePrint	0.13%	4.14
Stratifi	0.13%	5.00
Touchstone Pathway	0.05%	6.70
Total Category Market Penetration		37.71%
Category Average Rating		6.27

Programs Respondents Are Thinking About Adding	
Riskalyze	499
FinaMetrica	105
Tolerisk	64
Totum Risk	56
RiXtrema	21
Pocket Risk	18
Investor BluePrint	8
Touchstone Pathway	6
Stratifi	6

appear to have satisfied users; Riskalyze and FinaMetrica achieved healthy 7.32 and 7.29 ratings, challenged only by Tolerisk at 7.27. This suggests that next year's market share rankings will not change dramatically.

How do we account for the low market penetration? A closer look at the numbers shows that dually-registered advisors are slightly more likely to use risk tolerance instruments than their fee-only counterparts (40% market share vs. slightly more than 37%), while only a quarter of brokerage firm reps report using them.

Turning to market share numbers broken down by business model (below), we see that Riskalyze dominates across the board, but the dominance is most significant among dually-registered and brokerage/wirehouse reps, while FinaMetrica owns nearly a 24% market share among fee-only advisors. RiXtrema and Pocket Risk also derive most of their market share from fee-only planners and advisors.

<b>Total percent using risk tolerance software:</b>	
<b>Fee-only</b>	37.27%
<b>Dually-registered</b>	40.05%
<b>Brokerage/Wirehouse</b>	25.66%

<b>Others Mentioned:</b>
Hidden Levers
Financial DNA
RiskPro
Kwanti
AdvisoryWorld
RetireUp
OnPointe
DataPoints

<b>Market share % by firm business model</b>										
	<b>Riskalyze</b>	<b>FinaMetrica</b>	<b>RiXtrema</b>	<b>Pocket Risk</b>	<b>Tolerisk</b>	<b>Totum Risk</b>	<b>Risk Track</b>	<b>Investor Blueprint</b>	<b>Stratifi</b>	<b>Touchstone Pathway</b>
<b>Fee-only</b>	69.00%	23.57%	1.61%	1.61%	0.22%	2.26%	1.08%	0.11%	0.22%	0.32%
<b>Dually-registered</b>	87.43%	7.39%	0.77%	0.58%	0.58%	1.44%	0.96%	0.19%	0.48%	0.19%
<b>Brokerage/Wirehouse</b>	88.68%	5.66%	0.00%	0.94%	0.00%	1.89%	0.94%	0.00%	0.00%	1.89%

## Portfolio Management Tools

The most competitive software category in our survey appears to be in a state of flux at the moment. No portfolio management tool captured more than 21% of the market, and the leading programs—Albridge, Morningstar Office, Envestnet’s Tamarac program, Orion Advisor Services and Schwab’s PortfolioCenter—should all be considered possible future market leaders. They—along with Black Diamond and Panoramix—received very high ratings from their users. Panoramix’s 8.22 user satisfaction rating is among the highest in the survey, and provides an early look at a theme of this report: that advisors might consider less well-known software options, where their users are enthusiastic. Vestmark and CircleBlack, newcomers to the survey, scored very well albeit with small user bases.

Interestingly, Envestnet’s Tamarac program dropped from first to third from last year’s rankings, but its market share actually increased over the past 12 months. Orion saw its market share decline, but that is almost certainly attributable to the relatively few dually-registered and wirehouse users it services.

Although more than 84% of advisory firms seem to be using portfolio management software in their offices, the actual user rate is very uneven. Looking at the percentage of users chart (next page), we find that fewer than 60% of advisors with 1-5 years of experience, and less than 50% of firms at the smallest size range, are employing these programs. Does that mean that younger advisors managing smaller startup firms are less interested in

Portfolio Management Tools	Market Share	Average Rating
Albridge	20.41%	7.20
Morningstar Office	16.92%	7.42
Envestnet/Tamarac	13.85%	7.31
Orion Advisor Services	9.40%	7.62
Schwab PortfolioCenter	9.39%	6.62
Advent/Black Diamond	5.36%	7.49
Advyzon	1.63%	7.91
Investigo	1.63%	5.47
Advent/Axys	1.11%	5.56
CircleBlack	0.85%	7.40
AssetBook	0.84%	7.09
Capitect	0.60%	6.52
Panoramix	0.42%	8.22
Vestmark	0.38%	7.43
Portfolio Pathways	0.34%	6.11
Addepar	0.31%	6.65
FinFolio	0.22%	4.50
PowerAdvisor/Cornerstone Revolution	0.15%	4.57
BridgeFT	0.13%	5.57
First Rate	0.11%	2.50
Captools	0.09%	6.00
Croesus	0.05%	3.67
Total Category Market Penetration		84.19%
Category Average Rating		6.31

Others Mentioned
Blueleaf
RobustWealth
Oranj
FinMason
AdvisorPeak
Wealth Vision
Emotomy

Programs Respondents Are Thinking About Adding	
Orion Advisor Services	213
Envestnet/Tamarac	129
Advent/Black Diamond	118
Morningstar Office	91
Advyzon	69
Albridge	64
Schwab PortfolioCenter	45
Addepar	31
FinFolio	26
CircleBlack	25
Capitect	19
AssetBook	9



asset management, or being compensated by AUM? This could be a trend to watch.

A more detailed breakdown of market share (below) shows us that Albridge enjoys a relatively high market share among dually-registered and wirehouse advisors, but seems to have almost no market penetration among fee-only firms. Including more non-fee-only advisors in this year's survey—which gives a better snapshot of the overall marketplace—moved Albridge up to the top of the rankings. Similarly, its market share declines as firms get larger—the opposite of what we see with Tamarac and Schwab PortfolioCenter. Morningstar Office enjoyed a very steady market share percentage across all levels of experience, as did PortfolioCenter and Tamarac. Not surprisingly, PortfolioCenter and Orion enjoyed their greatest concentration of users among fee-only advisors.

With the long list of contenders in this category scoring a 6 or above in user satisfaction, it is difficult to make a case for some of the lower scoring ones. Advent/Ayxs, which is legacy software, is something we'd advise new buyers to avoid; we also think it is difficult to make a case for Investigo. The jury is still out on FinFolio, PowerAdvisor, and BridgeFT. We did not have many respondents using First Rate, which was recently purchased by FISERV, but their scores are dismal this year; the drop from last year was extreme. The small sample size makes it difficult to draw conclusions, but hopefully FISERV will have a positive influence on the scores going forward.

Percentage of advisors in different categories who report using Portfolio Mgt. software	
<b>Experience</b>	
1-5 years	58.50%
6-10 years	71.74%
11-20 years	84.31%
20+ years	84.74%
<b>Firm Size</b>	
Below \$200,000	45.39%
\$200,000 - \$500,000	73.07%
\$500,000 - \$1 million	79.61%
\$1-1.5 million	91.12%
\$1.5-2 million	90.12%
\$2-3 million	95.66%
\$3-4 million	92.01%
\$4-5 million	86.34%
\$5-8 million	100.00%
Over \$8 million	84.79%
<b>Business Model</b>	
Fee-only	76.98%
Dually-registered	84.44%
Wirehouse	59.79%

If the list of programs that advisors are considering switching to is any indication the future is bright for Orion Advisor Services, Tamarac, Advent/Black Diamond and Morningstar.

Market share % by years in the business										
	Schwab PortfolioCenter	Investnet Tamarac	Morningstar Office	Orion Advisor Services	Albridge	Advent/Black Diamond	AssetBook	Advent/Ayxs	Advyzon	Addepar
1-5 years	13.96%	15.99%	21.62%	15.32%	18.24%	9.68%	0.68%	0.45%	4.05%	0.00%
6-10 years	10.76%	18.74%	21.34%	15.77%	20.78%	7.98%	0.93%	0.74%	2.04%	0.93%
11-20 years	11.18%	18.73%	21.00%	12.08%	24.47%	6.65%	1.74%	1.28%	2.34%	0.53%
20+ years	12.11%	16.67%	21.54%	10.01%	29.51%	5.88%	0.73%	1.85%	1.46%	0.24%

Market share % by firm size										
	Schwab PortfolioCenter	Investnet Tamarac	Morningstar Office	Orion Advisor Services	Albridge	Advent/Black Diamond	AssetBook	Advent/Ayxs	Advyzon	Addepar
Below \$200,000	5.56%	12.96%	21.30%	12.04%	33.33%	7.72%	1.23%	0.00%	4.94%	0.93%
\$200,000 - \$500,000	7.73%	16.16%	21.43%	9.84%	34.43%	4.80%	1.29%	0.23%	4.10%	0.00%
\$500,000 - \$1 million	11.97%	13.08%	23.17%	11.20%	30.27%	6.32%	1.33%	0.67%	1.77%	0.22%
\$1-1.5 million	11.98%	16.77%	21.11%	13.02%	25.90%	6.59%	1.50%	1.50%	1.35%	0.30%
\$1.5-2 million	15.50%	17.19%	20.34%	13.08%	21.79%	7.26%	0.73%	2.18%	1.45%	0.48%
\$2-3 million	14.52%	18.82%	23.39%	14.52%	16.40%	8.06%	0.54%	1.61%	0.81%	1.34%
\$3-4 million	14.09%	20.13%	20.81%	16.11%	16.11%	6.04%	1.34%	3.36%	2.01%	0.00%
\$4-5 million	17.81%	23.97%	14.38%	14.38%	13.01%	9.59%	0.00%	6.16%	0.68%	0.00%
\$5-8 million	14.89%	26.06%	21.81%	9.57%	13.83%	10.11%	1.06%	2.13%	0.53%	0.00%
Over \$8 million	14.99%	28.24%	19.02%	10.37%	16.14%	7.49%	0.00%	2.88%	0.00%	0.86%

Market share % by firm business model										
	Schwab PortfolioCenter	Investnet Tamarac	Morningstar Office	Orion Advisor Services	Albridge	Advent/Black Diamond	AssetBook	Advent/Ayxs	Advyzon	Addepar
Fee-only	20.79%	17.46%	20.69%	16.36%	5.37%	9.74%	2.14%	2.76%	4.33%	0.36%
Dually-registered	5.28%	17.39%	21.67%	8.92%	40.96%	4.42%	0.23%	0.36%	0.32%	0.46%
Wirehouse	0.81%	18.62%	23.89%	3.24%	48.99%	4.45%	0.00%	0.00%	0.00%	0.00%

## Investment Data/Analytics Tools

This category includes programs and services that evaluate track records, performance histories and other metrics of mutual funds, ETFs and sometimes bonds and more exotic financial instruments, for advisors to use when they create their client portfolios. By far the runaway market share leader is Morningstar, and its nearly 40% figure is actually deceptively low, since the next two market share leaders—FI360 and YCharts—are both built on Morningstar’s data. While Morningstar’s value rests in large part on its team of analysts, FI360 specializes in offering automated fiduciary screens that help advisors create portfolios that would meet fiduciary standards, and YCharts provides an elegant interface, powerful screening tools and the ability to draw comparative performance graphs between virtually any investments or indices.

In terms of user satisfaction, the venerable (and expensive) Bloomberg terminal came out on top, with an 8.59 rating, followed closely by Kwanti/Portfolio Lab. But the market share leaders, and FactSet and Zephyr, lower on the scale, all enjoyed significantly high ratings, and the overall category rating was quite high as well. Advisors seem to be quite satisfied with the quality of the investment data and analysis they’re receiving.

We were disappointed to see a drop in AdvisoryWorld’s satisfaction rating. That could be in part due to the fact that the company was in the process of selling to LPL. We’ll see what the impact of the ownership change is next year.

Based on the “thinking about adding” responses, Morningstar and FI360 are in no danger of losing their market share positions. But they actually fell behind the interest generated by YCharts among po-

Investment Data/Analytics Tools	Market Share	Average Rating
Morningstar	38.82%	7.73
FI360	8.24%	7.69
YCharts	5.54%	7.61
Kwanti/Portfolio Lab	3.14%	8.55
Bloomberg Terminal	3.03%	8.59
FactSet	1.87%	7.77
AdvisoryWorld	1.85%	5.97
Zacks Advisor Tools	1.82%	6.69
Zephyr	1.05%	7.31
Clearnomics	0.36%	7.40
Steele Mutual Funds	0.31%	6.53
Total Category Market Penetration		66.03%
Category Average Rating		7.44

Programs Respondents Are Thinking About Adding	
YCharts	116
Morningstar	115
FI360	83
AdvisoryWorld	74
Kwanti/Portfolio Lab	65
Bloomberg Terminal	57
FactSet	43
Zacks Advisor Tools	41
Zephyr	21
Clearnomics	10
Steele Mutual Funds	5

tential switchers and adopters. Altogether, many of the other programs—AdvisoryWorld, Kwanti, Bloomberg, FactSet and Zacks—seem to have captured the interest of the respondent audience.

Although we haven't commented on the "others mentioned" charts before now, we believe that the write-in responses offer a helpful look at the less popular (but obviously useful) options in each software category--and the list of alternative investment data tools hints that this happens to be a particularly vibrant sector of the professional software marketplace. More adventurous advisors ought to check out some of the software solutions that received write-in ballots in each category, either as supplements to what they already use, or to see if there are features they could ask for in their own software suite.

Finally, there are many hints throughout the survey that the advisor profession is moving away from portfolio management as the primary value-add, in an era of robo competition and increasingly popular passively-managed funds and ETFs. We find additional evidence in the overall 66% market penetration of this category—only two-thirds of the advisors in our survey are using one of these tools to evaluate fund/ETF/individual security track records before they construct client portfolios.

Our guess is that five to ten years ago, this number would have been very close to 100%.

<b>Others Mentioned</b>
Stock Charts
ThomsonOne/Reuters
Value Line Professional
Littman Gregory
DFA Returns
Dorsey Wright
Vanguard Portfolio Analytics
Markov Processes
ETF Replay
Retirement Plan Advisory Group
OnPointe
MarketScope Advisor
Chaikin Analytics
FastTrack

## Economic Analysis and Stress Testing Tools

Here's a category that really didn't exist a few years ago: software that will forecast or otherwise evaluate different future possibilities of different possible portfolio combinations. Impressively, Riskalyze's new Stats/Scenarios program enjoys the greatest (though hardly dominant) market share, followed by the analytical tool developed for advisors qualified to recommend DFA funds. DFA makes its tool available for free to advisors qualified to recommend its fund offerings, which adds to its appeal; when you combine 'free' with a satisfaction score of 7.73, you have a winning combination.

FI360, Morningstar Direct and YCharts enjoy rising market share in this new category; indeed, Morningstar Direct did not even show up in last year's rankings; it debuts in the #4 slot with a commendable 7.68 satisfaction score. Kwanti's Portfolio Lab, the Bloomberg Terminal and FinMason enjoyed the highest average user satisfaction: 8.64 and 8.57 respectively. Overall, the advisors who use economic analysis and stress testing tools seem to be pretty happy with what they have, as evidenced by the overall 7.46 rating for this category.

It is also impressive that almost half of all advisor respondents to our survey now use one (or possibly more) of these programs. That is clearly much higher than the comparable number would have been two or three years ago.

Economic Analysis & Stress Testing Tools	Market Share	Average Rating
Riskalyze Stats/Scenarios	11.26%	7.46
DFA Returns	6.79%	7.73
FI 360	6.12%	7.82
Morningstar Direct	5.99%	7.68
YCharts	4.03%	7.74
Kwanti/Portfolio Lab	2.89%	8.64
BlackRock Scenario Tester	2.69%	7.36
Bloomberg Terminal	2.31%	8.61
Hidden Levers	2.00%	7.95
Portfolio Visualizer	1.49%	7.95
Zacks Research System	1.42%	7.37
FactSet	1.16%	7.83
RiXtrema	0.42%	5.65
Covisum SmartRisk	0.34%	6.74
Totum	0.29%	7.00
FinMason	0.13%	8.57
ATA RiskStation	0.05%	4.67
Total Category Market Penetration		49.36%
Category Average Rating		7.46

Programs Respondents Are Thinking About Adding	
Riskalyze Stats/Scenarios	134
YCharts	73
FI 360	55
Morningstar Direct	54
BlackRock Scenario Tester	52
Hidden Levers	51
DFA Returns	45
Kwanti/Portfolio Lab	36
Totum	36
Zacks Research System	29
Portfolio Visualizer	24
Bloomberg Terminal	22
FactSet	22
Covisum SmartRisk	14
ATA RiskStation	12
RiXtrema	11
FinMason	8

In a more detailed analysis (below), we find that Riskalyze’s stress testing tool enjoyed much higher market share among dually-registered and wirehouse advisors, perhaps due to affinity agreements in the broker-dealer community. FI360, surprisingly, had the same profile, as did Morningstar Direct. YCharts and Kwanti Portfolio Lab were more popular with fee-only advisors.

Turning to the programs on the radar of potential new customers, Riskalyze’s Stats/Scenarios program has almost twice as many interested parties as any of the other programs, but the chart also suggests that YCharts, FI360 and Morningstar Direct are about to increase their market share. BlackRock Scenario Tester and Hidden Levers, which are not currently market share leaders, also seem poised to move up next year’s list. We believe that this is a year when advisors will want to pay particular attention to this software category. With market volatility on the rise, more stress testing of portfolios and further analysis of holdings could be very timely.

Others Mentioned
AlphaDroid
MarketSmith Charts
RiskPro
OnPointe
Eikon
RetireUp
Ned Davis Research
Vanguard Analytics

Market share % by firm business model										
	Riskalyze Stats/Scenarios	DFA Returns	FI360	Morningstar Direct	Ycharts	Kwanti Portfolio Lab	Blackrock ScenarioTester	Bloomberg Terminal	Hidden Levers	Portfolio Visualizer
Fee-only	16.54%	5.28%	5.28%	5.28%	5.28%	5.28%	5.28%	5.28%	5.28%	5.28%
Dually-registered	30.92%	7.24%	16.35%	12.69%	4.98%	4.51%	6.58%	2.16%	4.14%	2.73%
Wirehouse	34.74%	5.26%	18.95%	10.53%	1.05%	3.16%	11.58%	7.37%	1.05%	1.05%

## Trading/Rebalancing Tools

Is it really possible that only 34% of advisors are using tools that facilitate trading and (most importantly) rebalancing—which contributes such a large share of “advisor alpha?” Last year’s survey reported just under 44% utilization, but it tended to be skewed toward fee-only advisors, and if we look at utilization among fee-only advisors this year (see chart, opposite page), it comes in at 44.25%, compared with 14.77% of brokerage/wirehouse respondents.

This is clearly a wide-open category for the firms competing in this space. The market share leader—Envestnet’s Tamarac suite—leading with 9.86% of the users polled. TDA Institutional provides a version of the iRebal program for free to its affiliated advisory firms, and this program came in at a solid second place with a market share of 8.44%. Orion Advisor Services—where rebalancing is one aspect of a much broader service suite—had roughly 5.5% of respondents saying they use its rebalancing tool.

Overall, users of these tools seem to be pretty satisfied with them; the category average rating of 7.12 was among the highest in the survey, with iRebal, 55ip and Orion Advisor Services leading the way with satisfaction scores of 7.71, 7.57 and 7.67 respectively. Black Diamond, which didn’t make the list last year, exhibited strong satisfaction scores in the #4 slot, and Morningstar TRX, in the #5 slot, exhibited a notable increase in its satisfaction score. All seven of the most utilized products ranked 7.00 or higher.

Smartworks Advisor notched an impressive 7.21 satisfaction score. Smartworks has virtually no fee-only users, however, so it is difficult to know what users are benchmarking Smartworks against.

Rebalancing and Trading software, with a few exceptions tends to be expensive, so it is no surprise that firms with \$200,000 or less in revenue were least likely to adopt it in their practices (see chart, opposite page). In general, as advisory firms got larger, they were more likely to employ the power of software-enhanced trading and rebalancing. Similarly, fee-only advisors were far more likely than dually-registered

Trading/Rebalancing Tools	Market Share	Average Rating
Envestnet/Tamarac	9.86%	7.39
iRebal (TDA’s Free Version)	8.44%	7.71
Orion Advisor Services	5.48%	7.57
Black Diamond	3.25%	7.47
Morningstar TRX	1.85%	7.10
Oranj/Trade Warrior	1.23%	7.00
Smartworks Advisor	1.20%	7.21
iRebal (Standalone Version)	0.78%	6.86
Red/Black	0.73%	7.45
LifeYield	0.40%	6.68
Capitect	0.38%	6.48
Blaze Portfolios	0.25%	5.71
FIX Flyer	0.16%	7.33
55ip	0.11%	7.67
Total Category Market Penetration		34.13%
Category Average Rating		7.12

Programs Respondents Are Thinking About Adding	
Orion Advisor Services	158
Black Diamond	92
iRebal (TDA’s Free Version)	90
Envestnet/Tamarac	90
Oranj/Trade Warrior	59
Morningstar TRX	51
iRebal (Standalone Version)	40
LifeYield	30
Red/Black	19
Capitect	19
55ip	14
Blaze Portfolios	9
Smartworks Advisor	8
FIX Flyer	5

and wirehouse advisors to participate in this sector of the professional tech sector.

Meanwhile, 53.37% of the smallest firms (see



Percentage of advisors in different categories who report using Rebalancing software	
Experience	
1-5 years	30.43%
6-10 years	34.47%
11-20 years	35.79%
Firm Size	
Below \$200,000	22.83%
\$200,000 - \$500,000	27.98%
\$500,000 - \$1 million	30.63%
\$1-1.5 million	37.51%
\$1.5-2 million	37.53%
\$2-3 million	39.60%
\$3-4 million	38.29%
\$4-5 million	45.54%
\$5-8 million	52.95%
Over \$8 million	34.21%
Revenue Model	
Fee-only	44.25%
Dually-registered	24.75%
Brokerage/Wirehouse	14.77%

Others Mentioned
AdvisorPeak
Wealthport
Schwab Rebalancer
Panoramix
Fidelity Rebalancer
Eton Solutions
Emotomy
FinMason
RobustWealth
Interactive Brokers

chart, bottom of page) use the free iRebal version. However, in the \$1 -1.5 million sector, things are much more balanced. The free version of iRebal and Envestnet/Tamarac each have about a 25% market share, with Orion next at about 17.5%.

Although it was not the market share leader, Orion Advisor Services dominated the “thinking about using” chart, followed in a virtual tie by Black Diamond, TDA’s free version of iRebal and Envestnet’s Tamarac program. It appears that competition will continue in this sector.

Market share % by years in the business		Black Diamond	iRebal Standalone	TRX	Oranj	Red/Black	Smartworks		
1-5 years	iRebal/TDA 33.33%	Tamarac 24.24%	Orion 15.58%	9.52%	3.90%	6.06%	2.60%	1.73%	3.03%
6-10 years	28.96%	24.71%	20.08%	8.11%	1.16%	4.25%	7.34%	1.54%	3.86%
11-20 years	25.27%	30.43%	16.73%	9.79%	2.14%	6.41%	4.27%	2.31%	2.67%
20+ years	22.59%	33.29%	15.98%	10.70%	2.51%	5.42%	2.51%	2.51%	4.49%

Market share % by firm size		Black Diamond	iRebal Standalone	TRX	Oranj	Red/Black	Smartworks		
Below \$200,000	iRebal/TDA 53.37%	Tamarac 12.27%	Orion 12.27%	7.36%	1.23%	2.45%	6.75%	1.23%	3.07%
\$200,000 - \$500,000	33.64%	30.58%	14.37%	6.73%	1.22%	5.20%	5.20%	0.00%	3.06%
\$500,000 - \$1 million	30.55%	22.19%	18.73%	10.37%	2.02%	5.19%	4.32%	0.86%	5.76%
\$1-1.5 million	27.27%	25.45%	17.45%	10.18%	1.09%	8.73%	2.91%	1.82%	5.09%
\$1.5-2 million	15.12%	32.56%	18.60%	13.37%	1.74%	9.30%	2.91%	3.49%	2.91%
\$2-3 million	18.83%	31.17%	19.48%	12.34%	2.60%	6.49%	2.60%	5.19%	1.30%
\$3-4 million	11.29%	41.94%	17.74%	12.90%	1.61%	6.45%	3.23%	3.23%	1.61%
\$4-5 million	10.39%	42.86%	18.18%	9.09%	1.30%	6.49%	3.90%	5.19%	2.60%
\$5-8 million	8.79%	42.86%	17.58%	13.19%	8.79%	3.30%	2.20%	3.30%	0.00%
Over \$8 million	6.43%	52.86%	13.57%	8.57%	7.14%	0.71%	0.71%	5.00%	5.00%

Market share % by firm business model		Black Diamond	iRebal Standalone	TRX	Oranj	Red/Black	Smartworks		
Fee-only	iRebal/TDA 32.46%	Tamarac 24.30%	Orion 16.32%	8.79%	2.54%	7.25%	5.17%	2.99%	0.18%
Dually-registered	16.46%	38.51%	17.86%	11.49%	2.33%	2.80%	1.71%	1.09%	7.76%
Wirehouse	1.69%	45.76%	11.86%	13.56%	0.00%	3.39%	0.00%	0.00%	23.73%

## TAMP Service Providers

Last year's survey failed to include, as a category, the most comprehensive service providers in the financial services landscape. This year we asked readers to rate their turnkey asset management programs, and were surprised that approximately one-third of respondents use one.

It is not a great surprise that Envestnet and SEI enjoyed the greatest market share, with AssetMark, FTJ FundChoice, Loring Ward (new owners of the BAM Network) and Brinker Capital all owning more than 2% of the advisor marketplace's delegated asset management services.

With one exception, TAMP users seem to be pretty happy with their current choice. Frontier Asset Management earned the highest satisfaction score, at a very high 7.47, followed by Loring Ward at 7.21. But all the market leaders earned scores over 6.60.

This was another example where the "thinking about adding" predictor of future success was led by the actual market share leaders, suggesting that next year's rankings are likely to be similar to this year's. Based on satisfaction ratings, Vestmark/Adhesion and Frontier have an opportunity to move up the rankings next year.

TAMP Service Providers	Market Share	Average Rating
Envestnet	10.26%	6.77
SEI	7.32%	6.67
AssetMark	5.92%	6.87
FTJ FundChoice	3.21%	6.80
Loring Ward	2.72%	7.21
Brinker Capital	2.12%	6.16
Lockwood	0.89%	4.96
Frontier Asset Management	0.82%	7.47
Vestmark/Adhesion	0.40%	6.86
Total Category Market Penetration		33.66%
Category Average Rating		6.64

Programs Respondents Are Thinking About Adding	
Envestnet	76
SEI	66
AssetMark	59
FTJ FundChoice	40
Loring Ward	24
Frontier Asset Management	21
Vestmark/Adhesion	20
Brinker Capital	20
Lockwood	14

Others Mentioned
Morningstar Managed Portfolios
First Ascent
BAM Advisor Services
Advisors Capital Management
Integrated Capital Management
Litman Gregory
CLS Investments
Panoramix
Symmetry Partners
Betterment for Advisors
Asset Dedication



## Online/Automated Portfolio Management Tools

The so-called “robos” have been caught and passed by traditional asset management software and TAMP platforms, which offer many of the same services either as outsource solutions or as a part of the advisory firm’s back office. This could be a significant trend to watch: that instead of being a delegated service, online portfolio management could simply become, in the future, a part of an advisory firm’s software suite.

Overall, use of services broadly categorized as online portfolio management tools increased 5 percentage points over the past 12 months. Among the contenders, Investnet earned double the market share of #2 SEI Business Builder, followed by two true robos (Schwab Intelligent Portfolios and FutureAdvisor), then a fee-only BD-like platform (TradePMR), another true robo solution (Betterment) and a new up-and-coming offering by Riskalyze. The highest rated solutions were TradePMR (8.09) and First Ascent (7.68).

In terms of solutions that the survey respondents are thinking about adding, true robos, Schwab Intelligent Portfolio and Betterment for Advisors ranked first and second, followed by Investnet and AutoPilot. It is interesting that robo-like services are now being used by more than 25% of the survey population, and based on the long list of services that advisors are looking at adding, that figure may be on the rise.

Others Mentioned
Oranj
GeoWealth
LSA Portfolios
Trizic

Online/Automated Portfolio Mgt. Tools	Market Share	Average Rating
Investnet	8.88%	7.01
SEI Business Builder	4.18%	6.85
Schwab Intelligent Portfolios	3.65%	6.85
LPL GWP (BlackRock/FutureAdvisor)	1.51%	7.11
Trade PMR	1.42%	8.09
Betterment for Advisors	1.38%	6.89
AutoPilot	1.13%	3.82
Folio Institutional	0.96%	6.34
CircleBlack	0.67%	7.41
Advisor Engine	0.40%	5.77
Blackrock FutureAdvisor	0.40%	7.23
First Ascent	0.34%	7.68
Robust Wealth	0.29%	5.88
Emotomy	0.20%	6.45
Motif Investing	0.20%	6.00
Jemstep	0.07%	7.00
SigFig	0.05%	6.33
Investment POD	0.05%	5.33
Total Category Market Penetration		25.78%
Category Average Rating		6.56

Programs Respondents Are Thinking About Adding	
Schwab Intelligent Portfolios	100
Betterment for Advisors	69
Investnet	51
AutoPilot	48
LPL GWP (BlackRock/FutureAdvisor)	42
Advisor Engine	29
Blackrock FutureAdvisor	26
SEI Business Builder	26
Robust Wealth	19
CircleBlack	17
Jemstep	16
First Ascent	14
Trade PMR	13
Folio Institutional	12
Emotomy	12
Motif Investing	12
SigFig	5

## Financial Planning Software

It's hardly a great surprise that MoneyGuidePro and eMoney not only ranked one and two, but owned more market share together than all the rest of the financial planning programs combined. They also owned the two highest average user ratings in the survey, followed by Right Capital, which also finished third in the ranking and whose satisfaction score was a commendable 7.91. The top three were also prohibitively ahead of other programs in terms of programs that advisors are thinking about adding, although here the order is reversed, and eMoney owns a significant lead over MoneyGuidePro. This segment of the advisor tech market looks like it may be consolidating market share among a smaller number of providers.

A more detailed breakdown of market share by advisor experience, size of firm and business model (next page, bottom) shows that eMoney earned top market share among the least experienced advisors, and had a very slight edge over MoneyGuidePro among dually-registered advisors. Right Capital had significant market share with newer advisors and the smallest advisory firms, and with fee-only advisors generally. Advizr's market share, meanwhile, seemed to be concentrated among newer advisors running smaller firms in the fee-only space.

Is it really possible that only 63.57% of our respondents are using financial planning software? Last year, when the respondents included primarily T3, Inside Information and Advisor Perspectives readers (with a generous helping of XY Network members), we concluded that more than 94% of advisors were financial planners. Including a broader cohort of dually-registered advisors seems to have given a more accurate picture of the overall marketplace.

Financial Planning Software	Market Share	Average Rating
MoneyGuidePro	25.69%	7.97
eMoney	22.93%	8.05
Right Capital	4.87%	7.91
MoneyTree	3.10%	7.11
Advicent/Naviplan	2.36%	6.41
Advizr	1.05%	6.16
Advicent/Profiles	1.05%	6.84
Advyzon	0.94%	6.17
Envestnet Logix	0.49%	5.04
Cheshire Wealth Manager	0.31%	4.35
FISERV	0.25%	5.07
ESPlanner	0.18%	6.10
ExecPlan	0.18%	5.30
Advicent/Figlo	0.15%	4.25
Total Category Market Penetration		63.57%
Category Average Rating		6.67

Programs Respondents Are Thinking About Adding	
eMoney	356
MoneyGuidePro	238
Right Capital	169
Advizr	47
Advicent/Naviplan	29
MoneyTree	27
Advyzon	27
Envestnet Logix	21
Advicent/Profiles	9
ESPlanner	4
FISERV	4
Cheshire Wealth Manager	3
Advicent/Figlo	2

We looked at a market share breakdown by various metrics (next page), and found that as advisors gain more experience, they become more likely to use

one of these tools. Usage also seems to rise incrementally as firms get larger, until you reach the largest firms with more than \$8 million in annual revenues—many of them the wirehouse respondents to our survey—and sure enough, when we broke down the usage by revenue model, we found that fewer than half of the brokerage/wirehouse respondents were using planning software in their offices.

Percentage of advisors in different categories who report using Financial Planning software	
<b>Experience</b>	
1-5 years	55.07%
6-10 years	59.63%
20+ years	63.57%
<b>Firm Size</b>	
Below \$200,000	62.62%
\$200,000 - \$500,000	64.85%
\$500,000 - \$1 million	60.37%
\$1-1.5 million	65.47%
\$1.5-2 million	64.37%
\$2-3 million	61.46%
\$3-4 million	64.84%
\$4-5 million	69.78%
\$5-8 million	69.83%
Over \$8 million	52.29%
<b>Revenue Model</b>	
Fee-only	68.27%
Dually-registered	60.57%
Brokerage/Wirehouse	44.06%

Others Mentioned
RetireUp
InStream
Envision
AssetMap
Income Solver
Goalgami Pro
MoneyEdge Pro
Wealth Trace
WealthVision
CircleOfWealth
Retirement Analyzer
MasterPlan
MoneyTracks
Panoramix
Wealth Conductor
Retirement in a Nutshell
WealthCare

Market share % by years in the business	MoneyGuidePro	eMoney	Right Capital	MoneyTree	Advicent/ Naviplan	Advizr	Advicent/ Profiles	Envestnet/ Logix	Advyzon	Advicent/ Figlo	ESPlanner
1-5 years	34.21%	36.36%	16.27%	3.59%	2.39%	3.11%	0.48%	0.24%	3.11%	0.00%	0.24%
6-10 years	42.63%	40.18%	6.92%	3.13%	2.01%	2.23%	0.67%	0.45%	1.12%	0.45%	0.22%
11-20 years	41.86%	36.16%	7.71%	4.28%	4.38%	1.43%	0.95%	0.86%	1.71%	0.19%	0.48%
20+ years	41.54%	35.71%	5.70%	6.29%	4.21%	1.30%	2.79%	0.97%	1.04%	0.26%	0.19%

Market share % by firm size	MoneyGuidePro	eMoney	Right Capital	MoneyTree	Advicent/ Naviplan	Advizr	Advicent/ Profiles	Envestnet/ Logix	Advyzon	Advicent/ Figlo	ESPlanner
Below \$200,000	43.85%	23.71%	17.67%	4.70%	2.46%	2.46%	1.79%	0.67%	2.24%	0.22%	0.22%
\$200,000 - \$500,000	40.37%	32.32%	9.89%	6.46%	4.49%	1.19%	1.98%	0.53%	2.24%	0.40%	0.13%
\$500,000 - \$1 million	39.91%	40.50%	5.85%	4.24%	3.65%	1.46%	1.75%	0.88%	1.46%	0.00%	0.29%
\$1-1.5 million	41.25%	39.17%	5.00%	5.83%	3.13%	1.46%	1.88%	0.63%	1.25%	0.00%	0.42%
\$1.5-2 million	40.00%	42.03%	3.05%	5.42%	3.05%	1.69%	1.36%	1.02%	1.69%	0.00%	0.68%
\$2-3 million	41.00%	41.00%	5.02%	3.35%	3.35%	0.84%	2.09%	1.26%	0.42%	0.84%	0.84%
\$4-5 million	43.22%	39.83%	4.24%	3.39%	3.39%	0.85%	0.85%	0.85%	2.54%	0.85%	0.00%
\$5-8 million	40.00%	38.33%	5.83%	3.33%	5.83%	4.17%	0.83%	1.67%	0.00%	0.00%	0.00%
Over \$8 million	38.79%	41.12%	5.61%	2.80%	6.07%	3.27%	0.93%	0.93%	0.00%	0.47%	0.00%

Market share % by firm business model	MoneyGuidePro	eMoney	Right Capital	MoneyTree	Advicent/ Naviplan	Advizr	Advicent/ Profiles	Envestnet/ Logix	Advyzon	Advicent/ Figlo	ESPlanner
Fee-only	41.77%	31.73%	10.69%	4.88%	3.76%	2.41%	0.76%	0.59%	2.70%	0.18%	0.53%
Dually-registered	40.04%	41.24%	5.14%	5.27%	3.43%	0.89%	2.41%	0.82%	0.38%	0.32%	0.06%
Brokerage/Wirehouse	40.11%	40.11%	2.75%	2.75%	6.59%	1.65%	3.85%	2.20%	0.00%	0.00%	0.00%

## Tax Planning Software

This is another new category in our survey, with total market penetration of just 7.72% of all advisory firms. This could mean that detailed tax planning is not a significant part of most advisory firms' service offering. (We should emphasize for the uninitiated that these are not tax preparation applications, but rather tools that can help advisors minimize their tax liabilities.)

BNA Income Tax Planner, Covisum Tax Clarity and Planner CS each had the highest market share and also ranked among the highest satisfaction scores in the survey. We included CFS Tax Tools and Drake Tax Software (used primarily by CPA planners) because they appeared on a significant number of the write-in ballots.

We believe that the top three applications listed here can add significant value to advisors and their clients, and should be more widely used than they are. We plan to add CFS Tax Tools and Drake Tax Software to next year's survey. With so many users motivated to give them write-in votes, they may exhibit very high satisfaction ratings.

Tax Planning Software	Market Share	Average Rating
BNA Income Tax Planner	3.16%	7.60
Covisum Tax Clarity	1.71%	7.26
Planner CS	1.07%	7.71
CFS Tax Tools	0.89%	NA
Tax Planner Pro	0.53%	7.07
Drake Tax Software	0.36%	NA
Total Category Market Penetration		7.72%
Category Average Rating		7.41

Programs Respondents Are Thinking About Adding	
BNA Income Tax Planner	77
Tax Planner Pro	57
Covisum Tax Clarity	52
Planner CS	27

Others Mentioned
CCH Tax Planner
Lacerte Tax Planner
TaxAct Professional
Intuit ProConnect

## Social Security Analysis Tools

Social Security analysis tools represent yet another category added to our survey for the first time, and once again we can draw inferences from the 14.25% market penetration figure. Most advisory firms are not providing Social Security modeling and high-level cash flow projections for their clients.

The minority of advisors who are using these tools seem to be pretty happy with their software options. SS Analyzer earned an impressive 7.83 overall user rating, closely followed by Covisum Social Security Timing at 7.75.

Although the existing market share percentage is not high, the number of respondents who are thinking about adding one of these programs was as high as more popular software categories, led by market leader SSAnalyzer, followed by MaximizeMySocialSecurity, Covisum Social Security Timing and LifeYield Social Security Advantage.

We suspect that many advisor readers of this report might be hearing about these programs for the first time on these pages, and they should recognize that they could be adding a valuable service via largely automated solutions.

Look for the overall market penetration of this category to move up in future years unless comprehensive planning tools like MoneyGuidePro and eMoney enhance their Social Security planning capabilities. Either way, more advisors may be offering Social Security planning advice to their clients in the future than appears to be the case today.

Social Security Analysis Tools	Market Share	Average Rating
SSAnalyzer	8.15%	7.83
MaximizeMySocialSecurity	2.80%	7.26
Covisum Social Security Timing	2.00%	7.75
Horsemouth Savvy Social Security	0.78%	NA
LifeYield Social Security Advantage	0.53%	6.83
Total Category Market Penetration		14.25%
Category Average Rating		7.42

Programs Respondents Are Thinking About Adding	
SSAnalyzer	150
MaximizeMySocialSecurity	112
Covisum Social Security Timing	50
LifeYield Social Security Advantage	49

Others Mentioned
HVS Phoenix
Nationwide SS 360 Analyzer

## College Planning Tools

**H**ow many advisors are offering college planning assessments and modeling for their clients? Our survey suggests that the answer is just over 25%.

How many are using a specialized tool to do so? Very few. The runaway most popular college planning tools are modules of the two most popular financial planning programs; MoneyGuidePro's module earned a 12.53% market share, followed by eMoney at 11.46%. That totals almost exactly 24% out of the 26% aggregate market share. And the modules both earned very respectable user ratings of 7.74 and 7.86 respectively.

Among the specialized programs, Collegiate Funding Solutions and Capstone College Partners enjoyed reasonable niches, and once again this survey report may help users realize that there ARE niche solutions out there.

In a recurring theme of the survey, College Aid Pro enjoyed very low market share, but happened to record one of the highest rankings in the entire survey, at 7.93. Advisors who are looking at new software solutions might be well-served to look past the market share leaders to the less prevalent software products that are earning rave reviews from their customers.

The "thinking about adding" list offers more of the same: the market share leaders (another theme of this survey) are also the most likely for advisors to check out if/when they want to add college planning services.

With the growing student debt crisis in this country, and advisors looking to expand their services to younger clients, we envision growth in this software category. The question is: will it come from the planning modules or the specialized software?

College Planning Tools	Market Share	Average Rating
MoneyGuidePro module	12.53%	7.74
eMoney module	11.46%	7.86
Collegiate Funding Solutions	0.73%	6.48
Capstone College Partners	0.53%	7.10
College Cost Analyzer	0.33%	7.28
College Aid Pro	0.27%	7.93
Student Loan Planner	0.20%	7.09
Student Loan Repayer	0.11%	6.67
Total Category Market Penetration		26.14%
Category Average Rating		7.27

Programs Respondents Are Thinking About Adding	
eMoney module	115
MoneyGuidePro module	92
Capstone College Partners	28
Collegiate Funding Solutions	22
Student Loan Repayer	21
Student Loan Planner	20
College Cost Analyzer	18
College Aid Pro	16

Others Mentioned
RightCapital Student Loan Module
Pay4Ed
Horseshoath Savvy College Planning



## Enterprise Content Management/Document Management

Remember the days when everyone talked about the “paperless office?” It was assumed at the time that by 2019, every advisory office would be paperless, particularly with the growth of increasingly sophisticated document management software options.

The market penetration that we were able to measure in this survey did not exceed a quarter of all respondents. This indicates that most respondents still do not recognize the value that ECM provides. We think this is a serious mistake. Firms consistently overestimate their ability to locate data quickly and efficiently. They often underestimate the time wasted searching for data and documents when they need them.

From a compliance and regulatory perspective, ECM provides the security and the audit trail necessary to meet all statutory requirements.

On a more positive note, those firms that are currently using the leading products in our survey are very satisfied with them. The average category rating is 7.43, and Redtail Classic Imaging, our leader in the category, rated an outstanding 7.98.

As we stated earlier when discussing CRM, Redtail’s leading market share is no doubt partially due to the fact that we had a lot of Redtail users respond to the survey, but we believe the high score reflects the competitive pricing as well.

Our second place finisher in terms of market share was Docupace, which tends to be popular among

Enterprise Content Mgt./Document Mgt.	Market Share	Average Rating
Redtail Classic Imaging	9.15%	7.98
DocuPace	6.35%	6.93
Laserfiche	3.76%	7.42
NetDocuments	2.00%	7.13
Worldox	1.34%	7.69
Citrix Sharefile	1.00%	NA
Box.com	0.65%	NA
Total Category Market Penetration		24.26%
Category Average Rating		7.43

Programs Respondents Are Thinking About Adding	
Redtail Classic Imaging	141
Laserfiche	74
DocuPace	66
Worldox	27
NetDocuments	17

dually-registered advisors. NetDocuments and Worldox, our #3 and #4 finishers in terms of market share, sell primarily to fee-only advisors.

Looking forward, Redtail and Laserfiche are the two leading firms that advisors thinking about adding soon. DocuPace finished a strong third, and Worldox, primarily sold through the Trumpet, Inc. suite of software solutions, finished fourth, and enjoyed a notable 7.69 user rating.

Others Mentioned
Google Drive
Dropbox
Egnyte
Microsoft SharePoint
SmartVault

# Document Processing Tools

As recently as a few years ago, many advisors were skeptical about the prospects for digital document processing tools. This is no longer the case. While this category is still not as well-defined as we would like, it is clear that the industry is starting to “go digital” when it comes to filling out forms and collecting client signatures. Fully 77.49% of respondents said they are using some sort of tool in this category.

DocuSign is the market share leader in this category with a 32.30% share. This is not surprising since DocuSign is the de facto digital signature solution in the wealth management space. Many broker/dealers and RIA custodians provide this solution to their advisors, and virtually every provider that advisors deal with accepts DocuSign.

What is somewhat surprising is DocuSign’s very high satisfaction rating of 8.39, which is up slightly from last year. Advisors who use DocuSign apparently love it!

LaserApp, the industry’s leading form-filling software, showed a modest increase in market share as

Document Processing Tools	Market Share	Average Rating
DocuSign	32.30%	8.39
LaserApp	17.68%	7.69
Dropbox	14.49%	7.85
Citrix ShareFile	8.95%	8.11
Box.com	3.72%	8.32
BPA Sharepoint	0.34%	8.05
Total Category Market Penetration		77.49%
Category Average Rating		8.07

Programs Respondents Are Thinking About Adding	
DocuSign	322
LaserApp	123
Dropbox	73
Citrix ShareFile	62
Box.com	46
BPA Sharepoint	4

well as an uptick in its satisfaction ranking. Dropbox, which had only limited visibility as a write-in last year, ranked third in usage this year with a 7.85 satisfaction rating.

Although Citrix Sharefile trails Dropbox in market share, its 8.11 satisfaction rating is outstanding. Box.com is not as widely used, but its 8.32 rating is the second highest in its class.

Turning to the list of programs that advisors are thinking about adding, it appears that DocuSign is poised to gain many more users, as is LaserApp. The trend toward more advisory firms automating form filing and moving beyond wet signatures continues.

Others Mentioned
HelloSign
Egnyte
AdobeSign
DocHub
RightSignature
SafeSend
Sign Now
Signix



## Cloud Hosting/Cybersecurity Resources

Given the fact that Cybersecurity turns up on many surveys as the top concern for advisors, the dismal market penetration numbers that we record here in this category are extremely disheartening. Overall market penetration is 5.68%, down from 7.92% last year.

We attribute some of this drop in usage to the larger number of dually registered advisors who participated in our 2019 survey—many of which apparently (mistakenly) believe that they can rely solely on their broker/dealer for cyber-security support. Others may be receiving support from one of these firms, or others, and not be aware of it.

We are a bit skeptical about relying too much on the rankings here due to the small market share counts, but for what it's worth, Entreda moved up the #1 slot in market share from #2 last year. Entreda's average rating of 8.02 is excellent.

Rightsize Solutions dropped from #1 to #2, and its satisfaction score dropped as well, but to a very good 7.72. External IT, which we mistakenly failed to include as a selection last year, ranked 3rd in market share this year.

Fourth-ranked True North Networks logged the highest satisfaction rating in the category at 8.46--which also happens to be one of the highest satisfaction ratings across the entire survey, and indicates a very satisfied user base.

Financial Computer's satisfaction rating moved up substantially in this year's survey, to 7.41.

Cloud Hosting/Cybersecurity Resources	Market Share	Average Rating
Entreda	2.31%	8.02
Rightsize Solutions	1.03%	7.72
ExternalIT	0.87%	7.21
True North Networks	0.67%	8.46
Itegria	0.45%	8.12
Financial Computer	0.31%	7.41
Elevated Technologies	0.04%	4.50
HighRidge	0.00%	NA
Total Category Market Penetration		5.68%
Category Average Rating		7.35

Programs Respondents Are Thinking About Adding	
True North Networks	28
Entreda	25
Rightsize Solutions	18
Itegria	12
Financial Computer	6
ExternalIT	5
HighRidge	3
Elevated Technologies	3

Itegria, with its excellent 8.12 satisfaction score, also deserves honorable mention. While we try to avoid editorializing too much in this report because we prefer to let the numbers speak for themselves, we should point out that our experience based upon feedback from subscribers does not align with all of what respondents seem to be telling us here. This could be because advisors do not always have the necessary skills to evaluate the relative merits of these firms, particularly with regard to cybersecurity.

Turning to the "thinking about adding" list, True North Networks appears poised to add market share, followed by Entreda and Rightsize Solutions. But this category is wide open and highly competitive, and we would not be surprised to see an uptick in overall market share and a shift in rankings at this time next year.

Others Mentioned
ComConnect
Erado
AdvisorArmor
HostGator
Barracuda
IVDesk
SpiderOak
RackSpace
Tier1Net
Skynet

## Digital Marketing Tools/Services

Digital Marketing Services is another new category for this year. We added it for the simple reason that we believe that advisors need these tools.

One of the key findings in the 2018 Fidelity Millionaires Outlook Study was that advisors need to improve their digital quotient (DQ). This involves, among other things, making your firm more accessible through technology and having a strong online presence. According to TD Ameritrade Institutional's 2019 RIA Sentiment Survey, only 47% of respondents named "asking clients for referrals" as their top initiative—clearly an important trend in the advisor marketing arena. A few short years ago, more than 90% of advisors relied primarily on referrals for new business.

Without digital marketing, we fail to see how advisory firms will continue to grow in the future. Yet only 15.29% of advisors are using the tools we were able to identify in the marketplace.

FMG Suite, our leader in the category with an 11% share, scored an impressive 7.50 in user satisfaction. There is a big drop of in usage to our second most popular provider: Vestorly. If its 4.18 user rating score is any indication, it will not be among the leaders next year.

Three relative newcomers—AdvisorStream, Snappy Kraken, and Clearnomics—all notched very good satisfaction scores, which bodes well for their futures. FMG and Snappy Kraken are the two firms on the most advisor radar screens in the coming months.

Digital Marketing Tools/Services	Market Share	Average Rating
FMG Suite	11.00%	7.50
Vestorly	1.49%	4.18
AdvisorStream	1.11%	7.21
Financial Media Exchange	0.67%	6.03
Snappy Kraken	0.65%	7.44
Clearnomics	0.36%	7.25
Total Category Market Penetration		15.29%
Category Average Rating		6.60

Programs Respondents Are Thinking About Adding	
FMG Suite	92
Snappy Kraken	82
AdvisorStream	33
Vestorly	33
Clearnomics	15
Financial Media Exchange	11

Others Mentioned
Constant Contact
Marketing Library Pro
Broadridge/Forefield
Outbound Engine
Advisor Websites
RealWealth Marketing

## Miscellaneous Tools

The 'miscellaneous' category covers a wide range of products that do not warrant their own category. While the usage numbers for all of these applications is low, they clearly meet a need, and advisors who use some of the applications appear to be highly satisfied with them. DPL Network, a commission-free insurance service for fee-only RIAs, gets outstanding marks from those who use it, as does Timeline, a sustainable withdrawal rate app, and Asset Map, an advisor/client collaboration and visual tool that resembles a mind map.

I65 Medicare planning software and Whealthcare, a unique application that deals with the intersection of health and wealth, also scored very admirably.

PreciseFP, our market share leader, automates the data gathering process, and received highly satisfactory scores as well. Everplans, which ranked second in terms of market share and Precise FP both look well positioned for further growth in 2019, as does Asset Map.

Miscellaneous Tools	Market Share	Average Rating
PreciseFP	2.67%	7.29
Everplans	1.82%	6.29
AssetMap	1.47%	8.01
IPS AdvisorPro	1.13%	6.66
MaxMyInterest	1.11%	6.23
I65 Medicare Planning	0.85%	7.98
DPL Financial Partners	0.82%	8.13
InStream	0.58%	6.56
Whealth Care	0.49%	7.81
YoureFolio	0.34%	7.00
CompositeBuilder	0.15%	6.50
Timeline	0.13%	8.00
Total Category Market Penetration		11.60%
Category Average Rating		7.21

Programs Respondents Are Thinking About Adding	
Everplans	98
PreciseFP	67
AssetMap	66
I65 Medicare Planning	43
MaxMyInterest	41
Whealth Care	39
DPL Financial Partners	35
IPS AdvisorPro	34
YoureFolio	25

Others Mentioned
Trumpet Assemblage
Leimberg NumberCruncher
Income Solver
FidSafe
Advisys
Dzee Solutions
Broadridge
Covestec
NVISO
Smash
Wealth Solutions
ByAllAccounts
Quovo
BasisCode Compliance
Estate Plan Navigator
Life Site
Landlord's Cash Flow Analyzer

## Custody Platforms

**T**D Ameritrade Institutional narrowly edged out Schwab Advisor Services in our survey in terms of market share, and they finished in a dead heat in terms of satisfaction—both logging excellent scores. Fidelity, #3 in market share, raised its overall satisfaction score from last year, narrowing the gap with the leaders. Pershing, #4 in market share, also had a noticeable increase in advisor satisfaction.

Shareholders Service Group (SSG), which had a very good satiation rating last year (7.16) raised its score to an Outstanding 8.10—clearly a praiseworthy achievement, and an indication, yet again, that advisors might consider looking past market share leaders when they choose their partner service firms.

Trade PMR, which had an excellent satisfaction rating last year, managed to raise it this year to an Outstanding 8.31. The award for the most improved platform in this category goes to RBC Black, which jumped all the way from a dismal 4.75 to a 7.90 in overall user satisfaction. As we mentioned last year, we were shocked by RBC’s poor showing at the time. We theorized that the system was still in its infancy and that it would take some time to work out the kinks. It looks like they did!

The one thing that stands out most in this category is that there are no really bad solutions; there are good ones, and excellent ones. That’s reassuring.

Custody Platforms	Market Share	Average Rating
TD Ameritrade – Veo	16.90%	7.92
Schwab – Advisor Center	15.40%	7.93
Fidelity – Wealthscape	14.09%	7.55
Pershing - NetX360	12.11%	6.83
SEI, Inc.	5.39%	6.86
Shareholders Service Group – NetX360	1.96%	8.10
TradePMR – Fusion	1.65%	8.31
Folio Institutional	1.25%	6.54
RBC Wealth – RBC Black	0.89%	7.90
Raymond James – Advisor Access	0.74%	6.73
APEX Clearing	0.18%	6.70
Average Custody Platform Rating		7.40

## Broker-Dealer Platforms

This category yielded some very interesting results. LPL, our leader in terms of respondents, significantly improved upon last year's satisfaction score, while Cambridge dropped off a bit. Cetera, # 3 in terms of share, also saw improvement; as did Lincoln.

We voiced some skepticism about Commonwealth's relatively low satisfaction score last year, and that corrected itself this year with an 8.09, which better reflects the feedback we hear regarding the firm's largely proprietary technology. We also voiced surprise at RBC Black's low score in our 2018 survey, which we attributed to its initial launch growing pains. That has also corrected, with a survey-leading 8.75 score. This score may be a bit overly optimistic, but we think it is much closer to accurate than last year's result.

Given the high scores their competitors received, Ameriprise and Northwestern Mutual should be concerned, as should MML, Wells Fargo and AXA.

The reader may wonder why we separated the independent custodians from the broker-dealer platforms, since they serve essentially the same function. We believe that independent RIAs have a greater understanding of the technical aspects of multiple platforms than dually-registered advisors do. They do more comparison shopping of technology in general, and many respondents actually custody at multiple firms. This is not usually the case with the dually-registered reps. So we think it is more helpful to compare firms within a group rather than across groups.

Broker-Dealer Platforms	Market Share	Average Rating
LPL Financial – SAM/SWM	5.45%	7.84
Cambridge – Advisor Workstation	2.27%	7.35
Cetera Advisor Networks – SmartWorks	1.82%	6.47
Lincoln Financial Network – AdviceNext	1.11%	7.31
Royal Alliance Associates – Vision2020	1.11%	7.18
Securities America – Advantage Workstation	1.07%	6.98
RBC Wealth – RBC Black	0.65%	8.75
Voya – SmartWorks	0.62%	6.56
Commonwealth Financial – Client 360	0.60%	8.09
Raymond James – Advisor Access	0.54%	6.93
AXA Advisors – BranchNet	0.42%	5.74
Wells Fargo – SmartStation	0.38%	5.67
Ameriprise Financial Services – PracticeTec	0.36%	4.20
MML Investor Services – Wealthscape Invest	0.36%	5.65
Northwestern Mutual IS – NetXInvestor	0.09%	5.00
Average Broker-Dealer Platform Rating		6.23

# Most Valuable Technology

One of the ancient questions in the financial planning/investment advisory space relates to what software respondents find most valuable as they manage their businesses and serve clients. What is the heart of the software suite that you would start with and build around as you create your technology stack?

In our survey, over 50% of respondents indicated that CRM software is their most valuable business tool. While we believe that there is room for debate as to whether or not it is the “most” valuable, the take-away here is that if you are not deriving significant value from your CRM, you are either doing something wrong, using the wrong software, or both.

Financial planning software came in a solid second, followed by portfolio management in a solid

## What is Your Most Valuable Software?



third place.

Although the dichotomy is not as stark as last year, there is still a large gulf in perception based upon years in the business. Approximately 40% of those with 1-5 years in the business (see chart below) valued CRM the most, while almost 60% of those with 20+ years in the business did. Much of this may be attributable to the size and complexity of the relationships at larger firms, but we don't think this explains the full extent of the gap.

We see the exact opposite dynamic when it comes to financial planning software. Here, approximately 34% of respondents with 1-5 years of experience rate financial planning as their most valuable

software, vs. approximately 17% of those with 20+ years experience. It appears that the next generation of advisors is more intent on focusing on more than investment returns to help their clients achieve their goals. We also think that younger advisors are offering planning services because they perceive that the demand among their generational cohorts is there for planning as opposed to strictly investment advice.

When we look at the results across business model, we find that Brokerage/Wirehouse respondents are most likely to value CRM above all else. This does not surprise us given the sales and marketing emphasis those organizations tend to have. Conversely, 25% of fee-only advisors value financial planning software

Breakdowns of types of firms re: most valuable technology							
	CRM	Planning	Port. Mgt.	Trading/Rebal.	Inv. Analytics	Risk Tolerance	Doc. Mgt.
1-5 years of experience	40.33%	33.79%	12.26%	5.45%	3.27%	2.18%	2.72%
6-10 Years of experience	44.25%	28.85%	12.47%	7.09%	3.18%	2.69%	1.47%
11-20 Years of experience	50.27%	25.62%	12.00%	6.86%	1.82%	1.82%	1.61%
20+ Years of experience	58.84%	16.64%	13.65%	4.94%	2.58%	1.53%	1.81%

	CRM	Planning	Port. Mgt.	Trading/Rebal.	Inv. Analytics	Risk Tolerance	Doc. Mgt.
Fee-only	45.97%	25.53%	15.21%	6.55%	2.78%	1.98%	1.98%
Dually-registered	65.83%	18.70%	6.37%	3.64%	1.82%	1.96%	1.68%
Brokerage/Wirehouse	69.05%	14.29%	2.98%	3.57%	2.38%	2.98%	4.76%



## Tech Spending

**A** persistent question that we often hear is: How much should we be spending on technology? What's an appropriate amount to budget each year for software solutions?

Since the dollar amount will vary according to the size of the firm, we chose to ask this question in terms of total top-line revenues. The results, shown here, vary widely, with 5.5% of the respondents spending what we consider to be an inadequate 0.25% of revenues, and another almost 6% spending less than 0.5%.

Note that over 50% of firms cluster in the 1-5% range, with 1-2% being the most popular choice. Surprisingly, almost 10% of advisory firms report spending more than 8% of top-line revenues a year, which we attribute to firms not actually tracking their software expenditures and providing an overestimate due to (as one advisor put it) "a seemingly endless opportunity to spend money on tech solutions."

Percent of top-line revenues spent on software solutions annually	
Percentage spent	responses
0.25%	5.52%
0.25% - 0.5%	5.98%
0.5% - 1%	8.59%
1 - 2%	17.88%
2-3%	14.15%
3-4%	11.24%
4-5%	12.06%
5-6%	7.35%
5-8%	7.32%
over 8%	9.90%



When we broke out the responses by business model and size of firm (see below), we noted that fee-only advisory firms tend to spend a bit more, on average, than their dually-registered counterparts, and dually-registered advisors tend to spend more than brokerage firms. But in every model, the 1-2% choice was the most popular.

Looking at years of experience, it appears that newer advisors tend to spend a bit less than more seasoned veterans, but the differences were hardly large, and once again the 1-2% range was the most popular

across all experience levels.

However, a nontrivial number of advisory firms appear to be spending more than 5%, even if we discard the “over 8%” responses. It would have been nice if all respondents had clustered into one or two responses, and given us all clear guidelines that we can insert into our annual budgets.

Next year, we may drill deeper into this question in hopes of arriving either at a consensus figure, or a firm conclusion that many advisory firms operate very differently from each other.

<b>Estimate of Top-Line Revenues Spent each year by business model</b>	<b>Fee-Only</b>	<b>Dually Registered</b>	<b>Brokerage/Wirehouse</b>
0.25%	3.83%	7.09%	8.07%
0.25% - 0.5%	4.02%	7.66%	9.94%
0.5% - 1%	5.80%	11.06%	13.66%
1 – 2%	15.77%	19.60%	22.98%
2-3%	13.98%	14.39%	13.66%
3-4%	12.66%	10.05%	8.07%
4-5%	12.20%	12.22%	9.32%
5-6%	8.71%	6.07%	5.59%
5-8%	9.04%	5.86%	3.73%
over 8%	13.98%	6.00%	4.97%

<b>Estimate of Top-Line Revenues Spent each year by yrs of experience</b>	<b>1-5 years</b>	<b>6-10 years</b>	<b>11-20 years</b>	<b>20+ years</b>
0.25%	4.08%	6.72%	5.34%	5.65%
0.25% - 0.5%	5.83%	5.97%	5.77%	6.15%
0.5% - 1%	8.16%	9.45%	7.84%	8.94%
1 – 2%	14.58%	17.66%	15.69%	20.17%
2-3%	8.75%	11.69%	15.69%	15.16%
3-4%	15.74%	7.21%	12.31%	10.59%
4-5%	12.54%	12.19%	12.75%	11.44%
5-6%	8.16%	6.72%	7.84%	7.01%
5-8%	5.54%	8.46%	7.52%	7.30%
over 8%	16.62%	13.93%	9.26%	7.51%

## Bonus Question: Should the CFP Board give CE Credits for Tech-Related Sessions?

We asked our very large, diverse audience of advisors from all size firms, all experience levels and all business models a simple question, to assess whether they believe the CFP Board's prohibition against granting CE credits for technology-related educational sessions is appropriate.

The CFP Board itself may be reconsidering its position. A recently-released paper by the CFP Board's Digital Advice Working Group (<https://www.cfp.net/docs/default-source/news-events---research-facts-figures/dawg-digital-financial-advice-ecosystem-white-paper.pdf>) draws three conclusions that we can readily endorse:

- 1) Advisors need to embrace new technologies;
- 2) The advisor digital experience needs to improve; and
- 3) As an industry we need to expand advisor technology training.

With regard to the latter, our respondents believe that providing continuing education credits for technology would be a helpful step in accelerating the

process. More than 85% of respondents believe that the CFP Board should grant CE credits for tech-related educational sessions, provided they are germane to the client experience and client advice.

In the near future, there will be increasing pressure in this direction, as technology becomes more relevant to the type of advice that clients receive, how that advice is delivered, and how effectively advisors can get their clients to follow the advice they give.

The survey categories certainly provide enough examples of this. Should advisors be conversant in how (and how accurately) their software programs calculate retirement funding needs, formulate Social Security strategies or enhance their cybersecurity protections? Is it possible that a better understanding of tech options would make an advisor a better financial planner for his/her clients?

As the CFP Board explores the importance of new and existing technologies to the delivery of financial advice, we consider this poll to be an important data point in its considerations going forward.

<b>Do you believe the CFP Board should give CE credits for technology-related educational sessions that are germane to the client experience and client advice?</b>	
Yes	85.05%
No	14.95%

## Final Thoughts

As stated earlier, the goal of this survey is to provide a snapshot of the professional tech landscape in the financial services arena. At the end, it is perhaps helpful for us to look back and recognize some of the key trends and insights that emerged from this two-month effort.

First: the tech landscape is more diverse than most advisors realize. Planning firms that are looking at their technology options often only see the market leaders (and the consequences of their larger marketing budgets). The market leaders are there for a reason: they've obviously become valuable members of the planning/advisory community's ecosystem. But as you scroll down the lists, you find that less well-known software solutions also have high user satisfaction ratings--some higher than the market leaders.

At the same time, when you scan the lists of programs that were written into the "other" field, you realize that the permutations of possible software stacks is virtually infinite.

Second: we may have captured a trend in the making, where younger advisors put more value on their financial planning services (and software) than do older advisors. CRM may be a convenient "hub" for the entire software suite--and that is clearly a high value for more experienced advisors and advisors at larger firms--but the higher numbers of advisors with 1-5 years of experience who believe financial planning is their most valuable software suggests that their value proposition is different from that of more experienced advisors. Could this be leading to a different compensation model where advisors are paid for planning rather than for asset management?

Third, and related to this, is the surprisingly low aggregate market share rate for portfolio management software. Easily within recent memory, it seemed that every advisory firm rested its value proposition on effectively managing client portfolios. In this age of index funds and ETFs, and robo solutions calling the value of active asset management into question, there seems to be a de-emphasis on portfolio management.

Fourth, the new software categories that we are following in this survey--economic analysis and portfolio modeling, Social Security and College Planning tools and everything in the miscellaneous category--imply possible new ways for advisors to add value beyond managing portfolios, delivering financial plans and tracking client preferences. The better the software becomes, the easier it will be for planners to provide valuable services that have not been part of the traditional planning menu.

Finally, the cybersecurity numbers suggest to us that advisory firms are naively hoping that they won't be targets of cyberattacks, or they are taking their data security responsibilities less seriously than perhaps the regulators would prefer. This is an extremely worrisome conclusion, given the increasing risks that the entire business community is facing, and it would seem that advisory firms would be rich targets with their wealthy clientele and routine handling of sensitive financial information.

We hope you enjoyed the survey, and for those of you who participated, we hope you will consider allowing us, next year, to once again see the world through your eyes. Pooling our insights makes us all better in the long run.

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