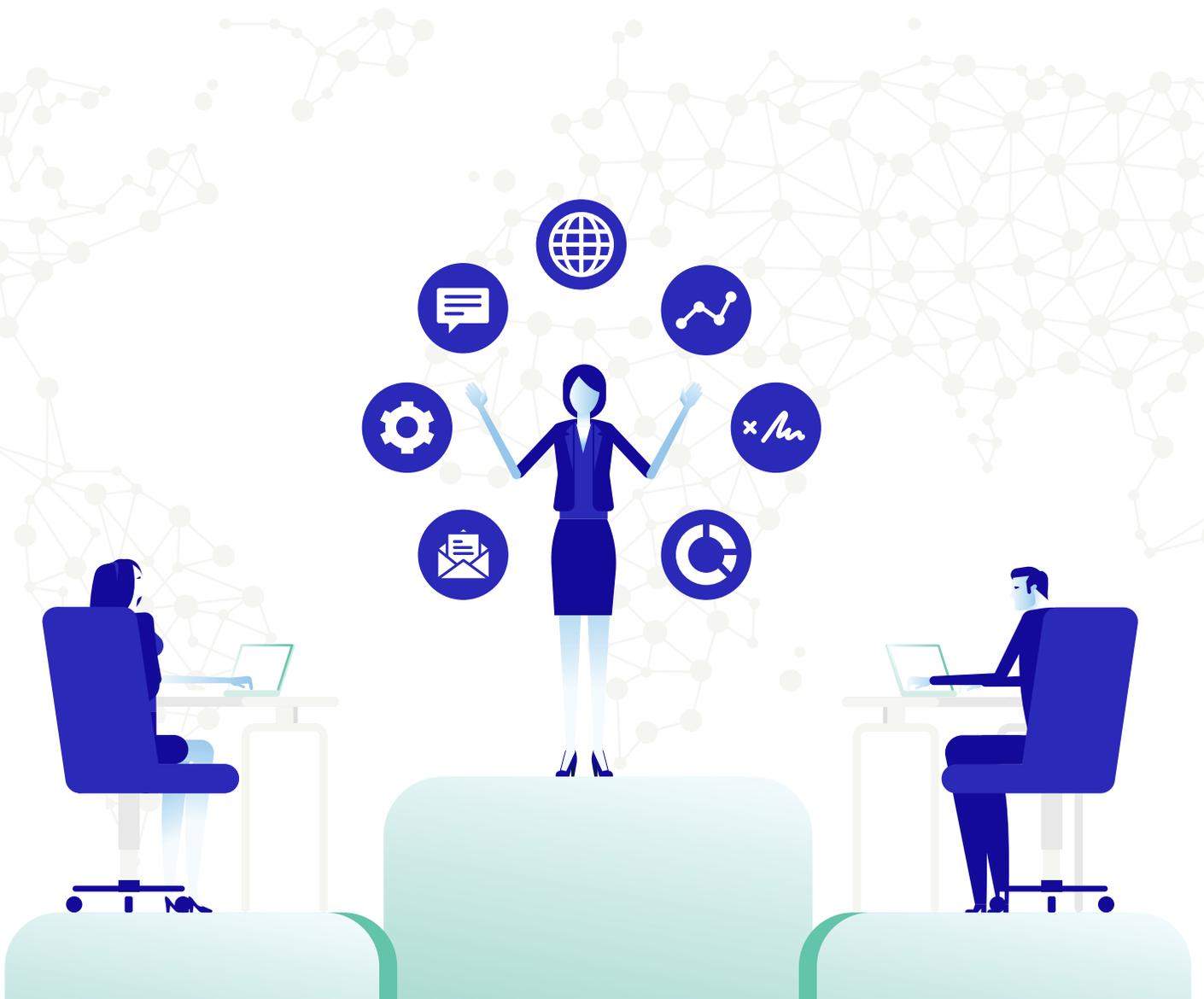


# Wealth Management's Digital Future

The Experts Weigh In



## Introduction

When we talk about digitization, we have a funny way of making it sound like a far-off future state.

But digitization isn't a goal, it's a process. It's been happening for years in fits and starts — with email, digital account opening, esignatures, etc. — but it's been an uphill battle.

Progress has always been dampened by organizational inertia, regulatory challenges, and the simple question of whether digitizing was worth the time and money.

Then came COVID-19.

Suddenly, digitization went from being a header on the business plan to a reality of day-to-day work. Firms and advisors that had invested in digitization made the transition to remote work relatively gracefully, while those who hadn't were forced to rapidly adopt digital solutions in order to continue operating.

Now, as we examine the future of digitization in wealth management, we do it through a new lens. It's no longer a matter of if, but how, and how fast.

**To find out, we asked 11 financial services and financial technology leaders to weigh in on the biggest questions surrounding digitization and digital experiences in wealth management.**

## Meet the **experts**



**David Ambrico**

*VP, Enterprise Sales*  
Docupace



**Luke Baumgarten**

*COO*  
Harvest Investment Services



**Diane Buckley**

*Director, Strategic Alliances*  
Docupace



**Theresa Fanning**

*Chief Operations and  
Compliance Officer*  
Clarus Wealth Advisors



**Wayne Gilpin**

*SVP, Global Partnerships*  
Vestmark



**David Knoch**

*CEO*  
Docupace



**Kevin Laraia**

*EVP, Enterprise Sales*  
Docupace



**Bridget McNamara-Fenesy**

*President & CEO,*  
M Holdings Securities, M  
Financial Asset Management,  
M Financial Investment  
Advisers, and M Funds



**Chris Mills**

*EVP*  
Kovack Securities



**Michael Pinsker**

*Founder and President*  
Docupace



**Ron Wallis**

*CTO*  
Docupace

# COVID-19: an unwelcome catalyst for digital transformation

There's nothing like a storm to put some wind in the sails of a slow-moving ship.

The coronavirus pandemic has rapidly accelerated the timeline for digitization, forcing firms that were only just starting to think about digitizing to actually adopt digital processes. Solutions like videoconferencing, digital document management, and automated account opening took an overnight leap from "nice-to-have" to "critical importance."

Not every impact of the pandemic will be lasting, but our experts predict that technologies and policies that facilitate **remote work for back-office employees** and **remote client interactions for advisors** will stick around in a post-COVID world.



"I believe 2020 will be viewed to be the single most transformative year for the digitization of the financial services industry. We're seeing, and will continue to see, a very accelerated adoption of digital processing, especially among firms that were previously considered late adopters."

**Ron Wallis**

*CTO, Docupace*



"Necessity is the mother of invention. But in this case, necessity is the mother of adoption. In the short term, we'll see a significant increase in financial professionals leveraging technology to communicate and interact with their customers."

**Diane Buckley**

*Director, Strategic Alliances, Docupace*



"Things will not go back to 'normal' after a vaccine is found. Everyone will recognize the power of digitization, and competition in this space will become even more fierce."

**Bridget McNamara-Fenesy**

*President & CEO,*

*M Holdings Securities, M Financial Asset Management, M Financial Investment Advisers, and M Funds*

## A glimpse into a formless future

At the most literal level, “digitization” just means creating a digital version of a physical object. Using a computer to help you fill out and send digital copies of paper forms comes with a lot of benefits. But at the end of the day, the foundation of the process is still *paperwork*.

According to our experts, the next phase of digitization in the wealth management industry will be digging up and replacing these paper foundations, creating **truly formless processes** on both the front and back ends.

It’s going to take a lot of work (and a lot of cooperation from regulators), but the technology is already here — and the benefits will be enormous.



“The move away from forms needs to be a primary focus in the industry. The technology exists to maintain client information electronically with proper security and verification. The manual gathering of information on forms needs to become obsolete.”

**Chris Mills**

*EVP, Kovack Securities*



“In the future, forms will become completely unnecessary, replaced by certificated data instead of documents to meet 17a-4 compliance.”

**Ron Wallis**

*CTO, Docupace*



“Five years from now, all ‘processing’ in the wealth management industry will be digitized; no more paper applications. Even e-signatures will evolve into online confirmations”

**Kevin Laraia**

*EVP, Enterprise Sales,  
Docupace*

# Hidden threats

Our experts identified these lesser-known **obstacles to digitization** in the wealth management industry:



**Lack of data standardization**



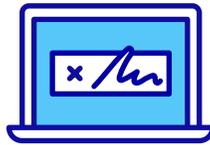
**Lack of integrated solutions**



**Aging advisor population**



**Legacy processes in insurance**



**Esignature guarantees**



**Unintended consequences of regulations**



**Lack of financial literacy**



**Reduced respect for advisors**

# Wealth management technology is better together

Wealth management is an inherently collaborative industry; wealth management technology is not. At least, that's been the story until now.

Most of our experts agree that the key to unlocking true digital transformation (as opposed to piecemeal digitization initiatives) is the **integration of solutions**.

In the next few years, the most effective and successful financial services technologies will be **platforms, not individual applications**.



“There’s got to be a more inclusive view on integrations. The tech is there if everyone would talk to each other. The firm that can build a one-stop-shop — a system for prospect profiling, risk assessment, new account opening, asset allocation, IPS, security selection, reporting, billing, and analytics all in one — will have a distinct advantage.”

**David Ambrico**

*VP, Enterprise Sales, Docupace*



“The most exciting technologies on the market for our industry are those that help build a fully integrated approach to supporting a client’s needs.”

**Bridget McNamara-Fenesy**

*President & CEO,*

*M Holdings Securities, M Financial Asset Management, M Financial Investment Advisers, and M Funds*



“Technologies that provide a platform, and not just an application, will enable wealth management firms to take control and bring about immersive digital transformations.”

**Ron Wallis**

*CTO, Docupace*

## ON THE HORIZON

# Robotic process automation

Robotic process automation (RPA) is poised to dramatically alter the day-to-day roles of wealth management professionals. As time-consuming legacy processes get replaced by automated services, there will be a shift in focus from paperwork processing to relationship management.

This technology has the power to improve margins by reducing processing costs, as well as to improve the investor and advisor experiences by reducing the time it takes to complete essential tasks like new account opening.

## Who's responsible for driving digitization?

Viewed from the macro level, digitization seems like an inevitable force of nature. But when you zoom in, it's driven by individuals demanding change and making decisions.

We asked our experts where the responsibility for digitization lies. The answer? **Everywhere.**

Technology providers need to develop effective solutions, broker-dealers need to make them available, users need to adopt them, partners and processors need to accept them, and regulators need to allow them.

Until there's **cooperation and shared vision** between all parties, the digitization process will continue to be fractured — and frustrating.



“The responsibility for improving the digital experience lies with both the leadership of the firm and the advisor. User-friendly technology needs to be made available to the advisors, and advisors need to be willing to change their habits and adopt the new technology.”

**Chris Mills**

*EVP, Kovack Securities*



“To me, the responsibility lies with leaders within the industry, including clearing and custody firms, carriers, and the Federal Government. Today, many blockers to digitization stem from the requirements and/or restrictions of downstream systems. For example, there are still many carriers that don’t accept digital signatures. The digital experience will only improve if the entire process chain works to improve it.”

**Diane Buckley**

*Director, Strategic Alliances*



“Digital experience starts with the clients’ expectations. Providing the technology and process falls on both the leadership and back-office employees. To improve, ask your clients how their experience was and what they might recommend changing to make it better.”

**Luke Baumgarten**

*COO, Harvest Investment Services*



“Technology firms, product manufacturers, and distributors (RIAs, broker-dealers, and advisors) each play a role in defining, creating, implementing, and adopting digital solutions.”

**David Knoch**

*CEO, Docupace*

## What will happen to advisory?

The pressure to digitize comes, in part, from investors. They want their wealth management experiences to be just as simple and convenient as the digital experiences in all other parts of their lives, from online shopping to paying bills.

Of course, if an investor can control all their accounts from an iPhone app, that raises questions about the future of advisory services.

Is digitization going to make financial advisors obsolete? Possibly. But one thing's for certain — *not digitizing* in the face of mounting pressure isn't going to help.

And in the eyes of some of our experts, digitization is only going to make the relationship between advisors and investors *better*.



“ Think about how Amazon has changed shopping. Today, almost everything we traditionally think about as being an ‘in-person’ buying experience can be done online. On-demand delivery, like Netflix, has the effect of changing the delivery expectations for all consumers.”

**Wayne Gilpin**

*SVP, Global Partnerships Vestmark*



“ Advisors keep saying, as do broker-dealers, that advisors will always be necessary. Maybe? But advisory is going to look a lot different in 10-20 years. Ultimately, everything will be fully integrated for the client and available on their smartphones.”

**David Ambrico**

*VP, Enterprise Sales, Docupace*



“ Digitization does not replace a relationship with an advisor; it enhances it.”

**Bridget McNamara-Fenesy**

*President & CEO,*

*M Holdings Securities, M Financial Asset Management, M Financial Investment Advisers, and M Funds*

## ON THE HORIZON

# Artificial intelligence

AI has the potential to reduce the value of proprietary wealth management insights. But it can also be used to supplement traditional advisory services and add value for the investor, as well as to make back-end systems and processes more efficient.

## What about firms that don't digitize?

Our experts agree that for the majority of the industry, digitization is only a matter of time. But there will inevitably be firms that never adopt digital solutions, and advisors that stubbornly refuse to use them.

What's the outlook for these organizations?

With the changes in demographics and consumer preferences facing the industry, the path forward for non-adopters will become increasingly narrow. According to our experts, digitization will become a requirement for growth, and firms that don't digitize will be left behind or bought up by those that did.



“Digitization will be mainstream. I believe 60-70% of firms will adopt new ways of doing business that incorporate digital solutions. The other 30-40% will become targets for acquisition. The firms that completed their digital transformation journeys early will be well-positioned to grow faster and service their clients better.”

**Michael Pinsker**

*Founder and President, Docupace*



“ Firms that can adapt will flourish. Those who insist on continuing in the ‘old school’ methods will eventually lose their assets under management when they move to the next generations.”

**Theresa Fanning**

*Chief Operations and Compliance Officer, Clarus Wealth Advisors*



“ Laggards that don’t embrace a completely immersive and collaborative experience for the client will drive consolidation in the industry. They’ll get bought up or squeezed out by the leaders that do fully embrace these technologies.”

**Ron Wallis**

*CTO, Docupace*

## Farewell tour

Our experts believe these things will be completely obsolete within the wealth management industry by 2030.



**Wet ink signatures**



**Paper forms**



**Phone calls**



**Fax**

## Conclusion

There are many reasons why some firms still resist digitization. It's expensive. Investments in digital solutions don't always pay off. It may render some job roles obsolete.

But as challenging as the process might be, the truth is that it's no longer optional. The impending mass transfer of wealth to millennials and Gen Z, combined with those generations' desire for digital experiences, means that remaining competitive requires going digital.

And as the coronavirus pandemic has shown us, change isn't always predictable. The world can transform rapidly, and success demands flexibility. Digitization will play a key role in helping firms and advisors achieve that flexibility.

It's true that late adopters may find themselves with an advantage. They can start with a blank slate and select from the best, most battle-tested technologies in an increasingly competitive marketplace.

However, as the years tick by, "waiting and seeing," will become a less and less viable strategy. The time to digitize is now.



## About Docupace

Docupace is a leading digital operations technology provider that simplifies how wealth management firms process and digitize data, increasing efficiency, productivity, and profits. With the secure, cloud-based Docupace Platform, the Docupace team provides a suite of digital solutions that helps broker-dealers, RIAs, and their advisors streamline and automate client onboarding, document management, advisor transitions, Regulation BI, and other critical workflows while maintaining SEC and FINRA compliance.

With headquarters in Los Angeles, California, Docupace is proud to serve a variety of firms, including some of the largest in the financial services industry, through a combination of proven technology and hands-on service. For more information, please visit [www.docupace.com](http://www.docupace.com).

Docupace can help you accelerate digitization.

Contact Us

or call **(888) 508-1996**