

Case Study:

Spectrum Management Group, Inc.



At A Glance

- Founded: 2001
- Location: Indianapolis, IN
- Website: www.spectrum-mgmt.com
- Services Offered: Comprehensive wealth management and family office
- AUM: Approximately \$500 million*
- Households: 150-160*
- Staff: 9 total employees, including 4 advisors*
- Primary Custodian: Schwab
- Portfolio Reporting, Billing, and Client Portal: Advisor View™
- Portfolio Monitoring and Trading: Advisor Rebalancing®
- CRM: Advisor CRM®

** Firm detail as of September 2015*

Introduction

How can independent advisors offer more value to clients than ever before? They can start by harnessing the state-of-the-art technology at the heart of digital advice offerings for their practices.

Fully integrated, enterprise-level wealth management technology platforms provide the operational efficiencies, automated workflows, meaningful engagement opportunities, and broad ranges of solutions and network connections that independent advisors need to help clients achieve better outcomes.

These unified technology platforms enable advisors to deliver holistic wealth management services (including detailed account reports) whenever and however clients want to receive them—and also help advisory practices position themselves for long-term growth without having to hire additional personnel.

Spectrum Management Group has experienced these benefits thanks to Envestnet | Tamarac's unique Advisor® Xi platform for independent RIAs, which fully integrates portfolio management, performance reporting, billing, and trading applications with a client portal and a client relationship management (CRM) system. Spectrum first adopted the Advisor Rebalancing® application back in 2008 and then implemented the portfolio management, reporting, and client portal application (Advisor View™) and CRM system (Advisor CRM®) when they were rolled out soon afterward.

However, while the unification of multiple functions on a single platform is a significant benefit for independent RIAs, deep integration of different applications isn't enough to position practices to grow over the long term while continually meeting the needs of current and future clients. Ongoing support and software updates from a technology platform's provider are also essential.

The combination of unified, best-in-class wealth management applications with an open-architecture platform that regularly rolls out software updates is what separates Envestnet | Tamarac's Advisor Xi from other technology providers.

The following case study explains how Envestnet | Tamarac's Advisor Xi enables Spectrum's nine-employee team to manage between 150 and 160 households with a total of \$500 million in assets.



Spectrum Management Group—A Case Study on the Power of Integrated Technology

Spectrum Management Group is an independent, boutique wealth management firm based in Indianapolis, IN. Its team provides comprehensive wealth management and family office services to a select clientele of high-net-worth individuals and their families. Spectrum's two Managing Principals—Bob Phillips and Leslie Thompson—have worked together for over 20 years to help clients and multiple generations of their families grow, preserve, and manage their wealth by focusing on all aspects of each client's financial life.

Mr. Phillips and Ms. Thompson began their careers as Certified Public Accountants, and their roots in the accounting universe have shaped their holistic approach to wealth management. They and their colleagues at Spectrum also hold designations as varied as Chartered Financial Analyst (CFA®), Certified Divorce Financial Analyst (CDFA™), Accredited Investment Fiduciary (AIF®), Certified Trust and Financial Advisor (CTFA), Chartered Market Technician (CMT), and Registered Paraplanner (RP®).

"Clients tend to come to us with complex family issues, and our team pools its expertise to identify the best outcomes," says Ms. Thompson. "Even though we have dedicated financial planning and portfolio groups, we're a small team and we work collectively on client matters."

“

A fully integrated suite of technology and infrastructure, where all the systems speak to each other and the provider has integrations with partners on the custody and planning sides, is invaluable because it helps us work much better together to obtain better results for clients.

”

The teamwork aspect of Spectrum's culture is enhanced by the integrated elements of Envestnet | Tamarac's Advisor® Xi platform. "A fully integrated suite of technology and infrastructure, where all the systems speak to each other and the provider has integrations with partners on the custody and planning sides, is invaluable because it helps us work much better together to obtain better results for clients," says Ms. Thompson. "I couldn't imagine switching from Tamarac. We've saved so much time on back-office tasks that we can now devote to client relationships, but in addition to the automation of many non-client-facing processes, Tamarac's ongoing support and system updates have made them a key part of our team."

A Long Journey to True Integration

After Mr. Phillips and Ms. Thompson left the accounting firm where they met, they established a fee-based advisory practice and operated as a broker-dealer so they would be free to create their own infrastructure. The account management software options available in the broker-dealer universe at the time were not conducive to fee-based advisors, and the duo chose not to use the systems offered to them.

In 2005, they joined the Raymond James brokerage business, and their new parent firm was extremely supportive of technology enhancements. This was a welcome development for Mr. Phillips and Ms. Thompson, who were spending far too much time on account rebalancing and were seeking a more engaging way to report account performance. At the time, they used Advent Software's trading application and Charles Schwab & Co.'s PortfolioCenter® for portfolio management and reporting, and they employed a staff member whose sole responsibility was to compile Microsoft Excel spreadsheets for account rebalancing. The employee required three days to compile asset allocations and trading data to rebalance accounts.



I couldn't imagine switching from Envestnet | Tamarac. We've saved so much time on back-office tasks that we can now devote to client relationships, but in addition to the automation of many non-client-facing processes, Tamarac's ongoing support and system updates have made them a key part of our team.



In 2008, Mr. Phillips and Ms. Thompson became the first Raymond James team to utilize Tamarac's Advisor Rebalancing® application (now Envestnet | Tamarac). They noticed an immediate difference—the capability to simultaneously rebalance many accounts using multiple models drastically cut the hours of the employee responsible for Excel spreadsheets. Today, it takes Spectrum an hour to rebalance client accounts instead of three days.

But as helpful as Advisor Rebalancing was, it was only part of the solution. Mr. Phillips and Ms. Thompson had a more efficient portfolio monitoring, rebalancing, and trading operation in place, but they still lacked a compelling way to report account performance and engage their clients.

"We weren't able to customize reports," Ms. Thompson recalls. "We could get actual performance, but the template for reports explaining the actual performance had a sterile look. It was fine for portfolio managers to use internally, but for clients, it wasn't engaging—it just looked like a bunch of numbers."

To make the reports more client-friendly, the spreadsheet compiler used the hours Advisor Rebalancing saved her to create Excel spreadsheets with additional performance information that could be added to client reports. While this extra data improved the client reports at the practice's disposal, compiling it proved time-consuming, and the reports still weren't visually pleasing. "We had great trading capabilities, but there was a big disconnect because we couldn't communicate our value to clients in a meaningful way," says Ms. Thompson.

Creating, printing, and mailing quarterly account reports used to take Spectrum an entire month from beginning to end. Today, it takes less than a week—and costs a lot less.

In 2009, Tamarac rolled out its Advisor View™ portfolio management and performance reporting application, which combines powerful portfolio analysis, flexible reporting, and extensive billing capabilities with a client portal. Mr. Phillips and Ms. Thompson were eager to enhance their practice with Advisor View—and integrate it with Advisor Rebalancing—but Raymond James’s technology system could not accommodate Advisor View. This helped push Mr. Phillips and Ms. Thompson to break away and form an independent RIA.

“

Today, when people expect things in real-time, many of our clients no longer value quarterly reports. The Advisor Xi Suite makes it easy for us to embrace on-demand reporting for clients because we can specify which reports and data our clients can access through the client portal, and our clients can access them in real-time from their desktops or mobile devices.

”

“One of the many reasons we wanted to go independent was so we could have total control of our technology,” reveals Ms. Thompson. “It was a big challenge for us before our applications were integrated. There was a huge drag on our time, and we had to go to multiple places to get things done and ensure there were no data errors. We also had to rely on particular employees to create processes to do certain tasks because we didn’t have the time to cross-train our staff.”



Reaping The Rewards

After establishing Spectrum as an independent RIA, Mr. Phillips and Ms. Thompson integrated Advisor View with Advisor Rebalancing, and finally obtained the dynamic, customizable client reports they needed to communicate more effectively with clients. With accounts reconciled daily by the Tamarac Advisor Services team (as an outsourced back-office service), the Spectrum team could easily create engaging pre-formatted reports in Advisor View with the latest account data, and immediately deliver them to clients online through the integrated client portal.

“The client portal enhances our relationships with clients because we can deliver account reports whenever they want them and in the format they prefer,” says Ms. Thompson.

Creating, printing, and mailing quarterly account reports used to take Spectrum an entire month from beginning to end. Today, it takes less than a week—and costs a lot less. With the exception of a few elderly individuals, most of Spectrum’s clients prefer to receive quarterly reports via the Advisor View portal, saving Spectrum a lot of money on paper and postage. The only time-consuming aspect of the reporting process is writing the quarterly commentary.

“**Tamarac’s implementation team was very good about keeping us on track with a set process and timeline, and preparing us for the launch.**”

Thanks to Advisor View, Spectrum’s clients no longer need to wait for quarterly reports to find out how their portfolios are performing. They can log into the client portal at any time to access up-to-date performance and allocation data, and Spectrum can generate reports with the latest account data whenever clients ask for them.

“Today, when people expect things in real-time, many of our clients no longer value quarterly reports,” explains Ms. Thompson. “The Advisor Xi Suite makes it easy for us to embrace on-demand reporting for clients because we can specify which reports and data our clients can access through the client portal, and our clients can access them in real-time from their desktops or mobile devices.”

CRM Ties It All Together

After Envestnet | Tamarac rolled out its enterprise-level CRM system, Advisor CRM®, in 2010, Spectrum adopted it. Its broker-dealer preferred that it continue to use Junxure’s CRM system, but given the operational efficiencies and stronger client relationships facilitated by the Advisor View/Advisor Rebalancing integration, Spectrum understood the benefits that a fully integrated product suite could bring to the practice.

“If all of your technology systems talk to each other, then all of your back-office work can be automated, allowing you to spend more time servicing clients and growing your business,” says Ms. Thompson. “For example, we’re a research-intensive firm, and thanks to the Advisor Xi Suite, we have more time to thoroughly research investment opportunities so that we can help our clients make the most informed investment decisions—and we can do this without having to hire additional staff.”

Advisor CRM works together with Advisor View and Advisor Rebalancing to automate workflows and simplify data retrieval, which make Spectrum’s practice nimble and efficient. For example, Spectrum receives numerous checks for client accounts in the mail, and processing and documenting these checks used to take the team many hours every week.

Spectrum is also in top form from a compliance perspective thanks to the firm-wide automated workflow and documentation processes enabled by the Advisor Xi Suite.

However, by creating a customized dialogue box in Advisor CRM to streamline the workflow for tracking and depositing checks, Spectrum’s team cut its weekly time commitment for this process in half. The dialogue box enables Spectrum’s client service associates to enter certain information for each check into Advisor CRM, regardless of the account it will be deposited into, and then automatically shares this data with Advisor View and Advisor Rebalancing. The dialogue box then directs Advisor CRM to automatically send an e-mail to the relevant client stating that an account deposit has been received and processed.

All Spectrum team members, regardless of role or responsibility, can use Advisor CRM to run automated workflows and seamlessly communicate with both clients and colleagues without toggling between different systems. In addition, whenever a client calls the Spectrum office to request account information or reports, any member of the Spectrum team can easily locate and send the content using Advisor CRM and the Advisor View client portal.

These workflow automations and efficiencies are particularly useful for streamlining the opening of new accounts. The Spectrum team created a customized dialogue box in Advisor CRM which ensures all steps in this cumbersome process are completed efficiently and accurately across all Advisor Xi Suite applications—enabling advisors and client service associates to spend more time tending to client portfolios and communicating with clients.

Thanks to Advisor CRM, Spectrum's team cut its weekly time commitment for processing and depositing checks for client accounts in half.

Spectrum is also in top form from a compliance perspective thanks to the firm-wide automated workflow and documentation processes enabled by the Advisor Xi Suite. “We’ve never been audited, but when we’ve had consultants perform specialized mock audits, they’ve commended us for having processes and technology in place to quickly find information we need and show how and why certain actions were taken.”

The Technology Provider Makes All The Difference

Envestnet | Tamarac made the adoption and integration of all the components of the Advisor Xi Suite relatively painless for Spectrum, handling all data conversions and ensuring smooth transitions. But Tamarac’s support and guidance didn’t end after the implementation and integration were complete.

Envestnet | Tamarac organized training sessions for Spectrum employees to ensure that the team understood how to use each application, and became familiar with the inter-connectivity between the applications (not every Spectrum employee needs to use Advisor Rebalancing and Advisor View, but every team member is proficient with Advisor CRM, which ties all the Advisor Xi Suite applications together). Spectrum also sends employees to “Tamarac University” (two-day, classroom-style basic training sessions held on a monthly basis at Tamarac’s headquarters in Seattle and around the nation) to become more fluent in how to use applications across the platform. Tamarac’s annual user conferences provide opportunities for Spectrum team members to learn about the most recent Advisor Xi enhancements, undergo advanced training, and hear best practices from hundreds of RIAs from around the country.

“The capability to pull real-time data directly from Schwab definitely helps us make better trading and rebalancing decisions, but it also gives us an opportunity to engage more meaningfully with our clients. Our clients don’t have to go to Schwab to get account data—they can get the information from us through Advisor View.”

In addition, Envestnet | Tamarac rolls out updates to the Advisor Xi Suite every two months, and regularly solicits feedback from it’s clients. “Tamarac is always there for us—they didn’t fade into the background once our technology was up and running,” says Ms. Thompson. “They’re honorary members of the Spectrum team because it’s clear that their goal is making sure that we meet our goals and those of our clients.”

The Advisor Xi Suite's capability to integrate with custodians and other third parties further streamlines account management for Spectrum's advisors (and also enhances the wealth management experience for Spectrum's clients). Spectrum's primary custodian is Schwab, and the Advisor Xi Suite's integration with the Schwab Advisor Center® enables Spectrum's advisors to access real-time custodial data directly from Schwab within the Tamarac Platform.

As part of this key integration, Advisor Rebalancing automatically uploads trades to Schwab for execution, ensuring Spectrum's advisors no longer have to waste time manually uploading and downloading transaction files. Advisor Rebalancing can also automatically pull account and cash balance data from Schwab Advisor Center for Spectrum's accounts for which Schwab is the custodian, empowering Spectrum advisors to make well-informed trading and rebalancing decisions.



The integration also enables Spectrum to report more detailed account data in real-time to clients. Spectrum can retrieve balance, contact, holder, and other account information directly from Schwab within Advisor View. The Spectrum team can also select Schwab OpenView Gateway as the data source for Advisor View's Holdings, Transactions, and Unrealized Gains/Losses reports.

"The capability to pull real-time data directly from Schwab definitely helps us make better trading and rebalancing decisions, but it also gives us an opportunity to engage more meaningfully with our clients," says Ms. Thompson. "Our clients don't have to go to Schwab to get account data—they can get the information from us through Advisor View."

Investnet | Tamarac also enhances Spectrum's engagement with clients through its Advisor View mobile app. The app allows Spectrum's clients to access real-time account data—and communicate with Spectrum—from anywhere at any time. But that's not all.

Spectrum utilizes eMoney software for financial planning, and leverages holdings and transaction data from Tamarac. "Investnet | Tamarac makes it possible for our clients to seamlessly obtain all their real-time account information and updates in one place," says Ms. Thompson.

She adds, "Without Tamarac and Advisor Xi, we wouldn't be able to serve over 150 households and manage \$500 million in client assets with a team of nine people!"

ABOUT ENVESTNET

Envestnet, Inc. (NYSE: ENV) is a leading provider of unified wealth management technology and services to investment advisors. Our open-architecture platforms unify and fortify the wealth management process, delivering unparalleled flexibility, accuracy, performance, and value. Envestnet solutions enable the transformation of wealth management into a transparent, independent, objective, and fully-aligned standard of care, and empower advisors to deliver better outcomes.

Envestnet | Tamarac's web-based platform for independent RIAs, Advisor® Xi, deeply unifies portfolio management, modeling, rebalancing, trading, billing, and reporting with a client portal and enterprise-level client relationship management (CRM) system.

For more information about Envestnet | Tamarac's Advisor Xi, please visit www.envestnet.com/tamarac or follow [@TamaracInc](https://twitter.com/TamaracInc) (twitter.com/TamaracInc).