

Case Study:

Stanford Investment Group, Inc.



At A Glance

- Founded: 1982
- Location: Mountain View, CA
- Website: www.stanfordinvestment.com
- Services Offered: Comprehensive wealth management, which encompasses financial planning, asset management, and financial concierge offerings
- AUM: Approximately \$750 million*
- Clients: 260*
- Staff: 16 Total Employees, Including 7 Wealth Advisors*
- Primary Custodian: Charles Schwab & Co.
- Portfolio Management/Reporting: Advisor View™
- Portfolio Rebalancing: Advisor Rebalancing®
- CRM: Advisor CRM®

** Firm detail as of September 2015*

Introduction

When it comes to the age-old choice, “build or buy,” Stanford Investment Group (SIG) knows the best option for independent RIA practices.

Prior to 2008, the Mountain View, CA-based wealth management firm relied on proprietary rebalancing and portfolio reporting applications created in-house, along with outdated client relationship management (CRM) software. While many of SIG's clients are Silicon Valley entrepreneurs, technology development is not one of the firm's primary areas of expertise—its homemade solutions, while innovative when they were created, weighed down team members with workflow processes that did not scale for growth or increase client engagement.

The turning point came in 2007, when the market began to show symptoms of the forthcoming financial crisis. SIG's team found it a challenge to keep up with the rapidly increasing level of account-rebalancing activity brought on by market developments—and vowed to find a technology solution that would make the process more efficient and a technology partner that could continually maintain and improve the solution.

In 2008, SIG adopted Advisor Rebalancing® from Envestnet | Tamarac, which automated rebalancing and enabled SIG's small team to seamlessly rebalance multiple accounts and proactively engage with clients during an unusually hectic time.

Then, when Tamarac rolled out its enterprise-level CRM system, Advisor CRM®, SIG adopted it and shelved the outdated CRM program it had been using. A few years later, the firm incorporated the third element of Tamarac's Advisor® Xi Suite for independent RIAs, the Advisor View™ portfolio management and performance reporting application.

A fully integrated suite of wealth management technology from a vendor that also acts as an engaged partner has made it possible for SIG to service 260 clients and manage \$750 million in total assets without expanding its team of 16 employees. Since implementing Advisor Rebalancing in 2008, Stanford's assets under management have increased by \$300 million, and the firm has experienced a 70% growth in revenue per employee.

As demonstrated in the following case study, it is better for independent RIAs like Stanford Investment Group to buy new technology solutions, rather than create their own, in order to truly modernize their businesses and drive long-term growth.

Stanford Investment Group—A Case Study in Modernizing an Independent RIA

From the very beginning, Stanford Investment Group (SIG) has been ahead of the curve. The firm was founded as a broker-dealer in Mountain View, CA—the heart of Silicon Valley—in 1982, on the cusp of the computer revolution. In 1989, Stanford started to build out the RIA side of its business, and became one of the first RIAs to work with Charles Schwab & Co., which remains its primary custodian.

“We’ve grown up with Silicon Valley and the California economy,” says John Kirkpatrick, Vice President and Wealth Advisor at Stanford Investment Group. “Ever since our earliest days as a broker-dealer, we have focused on working closely with clients to help them meet their goals through strong financial planning and investment management.”

SIG’s clients include Silicon Valley entrepreneurs and their families, as well as legal professionals, technology company executives, and other high-net-worth individuals who rely on these entrepreneurs for their livelihoods. The firm provides its clients with comprehensive wealth management, including financial planning, asset management, and financial concierge services, to prepare for the important steps in every client’s financial lifespan—such as starting a family, changing careers, optimizing company stock positions and liquidity events, planning for retirement, and transferring wealth to the next generation or to charities.

SIG’s assets under management have increased from approximately \$450 million in 2008 to \$750 million at year-end 2014.

After spending so much time with Silicon Valley entrepreneurs, it seemed natural that these clients’ penchant for innovation would rub off on the SIG team. To help manage their practice and power their financial planning and portfolio management services, the team created proprietary Microsoft Excel-based solutions.



Tamarac helps us fulfill this objective by allowing us to focus our team and resources on higher-value tasks for clients. We have been able to take people who were stuffing envelopes, or doing other laborious data management and reporting duties, and instead dedicate them to portfolio management and financial planning for clients. This allows us to grow in scale much more efficiently while serving clients much more effectively.



“It was very creative for the time, but we’re not a software company, and we don’t have a large team,” recalls Mr. Kirkpatrick. “Managing software development and maintenance along with financial advisory services and portfolio management is too much for any firm, let alone a practice our size.”

SIG’s homemade rebalancing solution was cleverly conceived, but it made rebalancing a laborious process as the firm’s client base grew. The firm’s advisors had to use Excel spreadsheets to calculate allocations and trades, then generate and print paper trading tickets, and submit them to a staff member who was responsible for manually entering each trade into the Schwab trade blotter.



This time-consuming workflow took its toll, and by 2007, the SIG team decided to look for a new solution that would automate rebalancing and trading, as well as other functions. “We already recognized the capacity and limitations of our homegrown rebalancing program, but then the market began to experience gyrations, and there was a lot of extra activity related to portfolio changes and tax-loss harvesting as a result,” recalls Mr. Kirkpatrick. “This is what brought the urgency of modernizing our technology home to us.”

Automating Rebalancing—and Opening a New Gateway

The firm was determined to stop creating proprietary technology solutions. “We set a goal of never writing another line of code and eliminating our dependence on our on-premises server,” says Mr. Kirkpatrick. “Building and debugging software, keeping a server up and running—these were headaches that were holding us back, and on top of that, they weren’t relevant to our core competencies of wealth management and financial advice.”

“ **We couldn’t have gotten through 2008 and 2009 without Advisor Rebalancing.** ”

As Mr. Kirkpatrick and his colleagues began to search for a new rebalancing application, they didn’t have a specific product or vendor in mind, but they did possess a general idea of what they wanted. “We were interested in a web-based, commercial-grade solution that could help us automate rebalancing and trading,” he says. “We knew that an application that went through portfolios to look for tax losses to harvest, and enabled us to make changes across portfolios if and when we wanted, would be much more efficient and effective than manually going account by account to calculate each trade, and then re-entering all the trades with the custodian.”

Mr. Kirkpatrick further recalls, “We also wanted to partner with a vendor that would not only help us with installation and conversion, but also take the time to understand where we want to go and support us over the long term with the technology we need to meet our goals. We were seeking a provider that would treat us like we treat our clients.”

Thanks to Advisor Rebalancing, the firm saves an estimated three to four days per month in labor related to trade execution and compliance trade review alone.

In 2008, before the financial crisis fully manifested, the firm chose Advisor Rebalancing® from Envestnet | Tamarac. The solution dramatically shortened the trading process firm-wide and allowed SIG to customize account settings, investment strategies, restrictions, and tax sensitivities. In addition, Advisor Rebalancing also allowed the SIG team

to standardize model portfolio allocations, execute trades directly with brokers, monitor trading triggers across accounts, and very quickly reconcile trades from the previous day.

These efficiencies made trading and rebalancing far less onerous, and gave Mr. Kirkpatrick and his colleagues the flexibility to spend more time advising clients and monitoring portfolios during unusually volatile market conditions.

“We couldn’t have gotten through 2008 and 2009 without Advisor Rebalancing,” says Mr. Kirkpatrick. “We immediately recognized its advantages, particularly its ability to customize rebalancing parameters at different levels and also run multiple allocation models. With Advisor Rebalancing’s automation, we can also relieve advisors of the more routine day-to-day aspects of portfolio management so they can focus on developing new client relationships and meeting more complex client needs.”

Since implementing Advisor Rebalancing in 2008, Stanford’s assets under management have increased by \$300 million, and the firm has experienced a 70% growth in revenue per employee.

Advisor Rebalancing’s functionalities save SIG approximately three to four days per month of labor related to trade execution and compliance trade review. The application also removed a potential point of error by eliminating the duplicate re-entry of trades from paper trade sheets.

Strong support from Tamarac during installation and implementation ensured a smooth transition to Advisor Rebalancing. SIG designated a member of its team to be the point-person for the new application, and sent that professional for in-depth training at “Tamarac University,” formal two-day, classroom-style training sessions held at Tamarac’s headquarters in Seattle as well as around the country every month. At Tamarac University, SIG’s point-person learned about how to use Advisor Rebalancing and also how to properly harness the application to improve the firm’s operations. Upon returning to Silicon Valley, the point-person shared their new insights and trained the firm’s Wealth Advisors and other employees who needed to become proficient with Advisor Rebalancing. The Tamarac University curriculum is also continuously available to the SIG staff through Tamarac’s Online Support & Training Center.

“ Since 2008, our firm’s revenue per employee has increased by over 70%. Tamarac’s technology suite has been a key enabler for this dramatic increase in efficiency, allowing our team to focus more on high-value services for our clients. In addition to improving core processes related to rebalancing, reporting, and billing, we also no longer require in-house staff time and expertise to build, maintain, and update proprietary software for each of these functions. ”

In addition, Tamarac handled the installation and all necessary conversions for SIG, and regularly checked in after Advisor Rebalancing was up and running on the latter’s server.

“Tamarac’s implementation team was very good about keeping us on track with a set process and timeline, and preparing us for the launch,” Mr. Kirkpatrick remembers. “There’s always a bit of hesitancy when you’re making the leap from something familiar to something unfamiliar, but Tamarac was committed to making it happen and ensuring we were all ready to go.”

Tamarac's ongoing updates to Advisor Rebalancing continue to improve the ease and operational efficiency of the rebalancing and trading processes for the SIG team. Tamarac rolls out software enhancements for Advisor Rebalancing (and the other two applications which comprise its web-based Advisor® Xi web-based platform for independent RIAs) every 60 days. As part of this effort, Tamarac remains custodian-agnostic and is committed to deepening integrations with multiple custodial platforms.

Today, almost all client invoices are generated through Advisor View in roughly half the time, saving Stanford Investment Group approximately three days of work per quarter.

For example, Advisor Rebalancing and the broader Advisor Xi platform have been integrated with SIG's primary custodial channel, Schwab OpenView Gateway™ (Advisor Xi also supports Pershing NetX360® and Fidelity WealthCentral®). This integration enables advisors to log into Schwab OpenView Gateway directly from Advisor Rebalancing and automatically pull real-time account and cash balance data for accounts with Schwab as the custodian—which empowers advisors to make more informed trading and rebalancing decisions. Advisor Rebalancing saves SIG time by automatically uploading trade files to Schwab and other custodial platforms, and executing trades when the advisors are ready.

“Advisor Rebalancing's benefits have only gotten better since we implemented it, largely because Tamarac makes significant updates to its software every 60 days—enhancements that are driven by input from clients like us,” says Mr. Kirkpatrick.

Next Came Tamarac's CRM

Stanford Investment Group's positive experience with implementing Advisor Rebalancing led the firm to adopt Tamarac's enterprise-level client relationship management (CRM) system, Advisor CRM®, when it was introduced a few years later. The firm had relied on GoldMine CRM for many years, and an upgrade was long overdue.

“The GoldMine CRM was a good system for its time, but it wasn't cloud-based or customizable, and it wasn't developed for the wealth management industry,” says Mr. Kirkpatrick. “We used it for many years, and found the best way for it to work for our business, but we eventually reached the limit in terms of what we could do with it.”

The SIG team was also impressed that Advisor CRM was built on the Microsoft Dynamics® CRM platform. “Our next migration path was finding a cloud-based CRM that was tailored for the advisor business, and having a Tamarac solution underpinned by Microsoft Dynamics CRM gave us added confidence that our client information would be secure and portable,” says Mr. Kirkpatrick.

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Given the long stretch of time SIG had used its GoldMine CRM, the conversion process required extensive cleanup of old data and other records. (“We had to use the ‘delete’ button a lot,” jokes Mr. Kirkpatrick when recalling the CRM conversion process.) Tamarac worked side-by-side with SIG from start to finish on the conversion, and just as it had during the rebalancing conversion and implementation, ensured the firm was fully prepared for the launch.

The SIG team had an advantage when adopting Advisor CRM because its members were already familiar with Microsoft Outlook (the user interface for Microsoft Dynamics CRM and Advisor CRM), which they used for e-mail. “The training for Advisor CRM was easier than the training for the other Tamarac applications,” says Mr. Kirkpatrick.

“We already knew how to use Microsoft Outlook, so once we were able to get our data converted out of GoldMine and into Advisor CRM, and we went through the data and cleaned it up, there wasn’t a lot of training required.”

The process for scheduling and rescheduling client meetings and material distributions on the GoldMine CRM system included redundant steps (Mr. Kirkpatrick remembers it as “inefficient and clunky”). Upon the firm’s implementation of Advisor CRM, the Microsoft Outlook-based user interface streamlined this process.

Advisor CRM also provided the SIG team with a central repository for all client interactions and updates, which can be easily accessed by all employees and has strengthened client relationships across the firm. In addition, Advisor CRM helped SIG employees better organize opportunities for clients and leads for prospects.

Closing the Circle with Advisor View™

While Advisor CRM and Advisor Rebalancing streamlined workflows and created operational efficiencies for Stanford Investment Group, the benefits of these applications weren’t fully optimized until the firm adopted Tamarac’s Advisor View™ program—which provided the firm with a complete, unified wealth management technology platform.

Advisor View integrates portfolio management, performance reporting, and billing with an online client portal and document vault, and together with Advisor CRM and Advisor Rebalancing, it comprises Tamarac’s Advisor Xi platform for independent RIAs. Tamarac believes that when all of an advisory practice’s technology applications are fully integrated and regularly communicate with (and complement) each other, the RIA can improve outcomes for clients, strengthen client relationships, and grow over the long term without having to hire additional employees. SIG experienced this end result when it adopted Advisor View, its missing piece of the Advisor Xi platform, in 2013.

“**It used to take a team of us close to a month from start to finish for reporting, but now it takes one person about a week—and in terms of actual man hours, it probably amounts to a day.**”

Before implementing Advisor View, SIG’s reporting process was laborious and paper-based. Reports were printed and stuffed in envelopes—which had to be double- and triple-checked to ensure each report was being mailed to the correct client—on a quarterly basis. The firm originally used a combination of Advent Software’s Axys® application and its homegrown Excel-based capabilities for portfolio management and reporting, but again, as Mr. Kirkpatrick says, “We’re not a software company, so just like with our rebalancing solution, we had issues with reliability, flexibility, scalability, and making enhancements.”

Two years prior to adopting Advisor View, SIG enhanced its portfolio accounting and reporting software, implementing an online reporting solution from Charlotte, NC-based Adhesion Wealth Advisor Solutions and converting its data from Axys to Schwab’s PortfolioCenter®. “The Adhesion solution had a client portal and was a leap forward in our client reporting capabilities, which was good, but we found ourselves still needing more in terms of integration and ongoing enhancements,” says Mr. Kirkpatrick.

At the end of 2013, SIG took the next step toward modernizing its practice, and teamed with Tamarac again to implement Advisor View. The conversion SIG had undergone earlier when implementing PortfolioCenter made the conversion to Advisor View much smoother than those for Advisor CRM and Advisor Rebalancing.

It only takes a few minutes to actually generate the reports and upload them to the client portal.

The firm was up and running on Advisor View by the beginning of 2014, and the practice-wide improvements were readily apparent. “The reporting capabilities were fast and flexible, and the integration with Advisor CRM and Advisor Rebalancing made it simple for our advisors and client service professionals to access and share client information across our platform,” says Mr. Kirkpatrick. “We knew immediately that it was a big win across the board.”

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The SIG team also found the Advisor View client portal to be a powerful tool in its wealth management arsenal. “The Advisor View client portal is very easy for our clients to use, and it presents their information in a concise and visually appealing way,” says Mr. Kirkpatrick. “It also enables us to enhance client engagement, because we have the flexibility to customize the portal according to every client’s preferences and make changes ourselves.”

The client portal’s document vault plays a key role in facilitating more meaningful engagement with the firm’s clients. “The client portal is two-way in nature, so not only can we upload reports within a secure environment, but clients can also upload large or security-sensitive documents for us without having to send an e-mail,” says Mr. Kirkpatrick. “Our clients are cognizant of security, so they appreciate the ability to share and retrieve reports and account updates in a secure online portal.”



Advisor View allows SIG’s advisors and their clients to access documents and post communications via the client portal from any location at any time. Tamarac has also integrated the Advisor View client portal with the SIG website, creating what Mr. Kirkpatrick calls “a one-stop shop for everything our clients need online.”

Most of Stanford Investment Group’s clients use the Advisor View client portal as their primary source for real-time account information. More than 80% of the firm’s clients, spanning all age demographics, logged in during 2015.

On the reporting side, Advisor View provided SIG with more options to personalize client-facing reports than ever before. Advisor View offers 30 report templates with unlimited customization capabilities. Advisor View also enables

advisors to create reports from scratch using its custom PDF report-builder tool, which allows them to add proprietary content. In addition, through Tamarac's integration with Schwab and other major custodians, SIG's team can retrieve detailed, real-time account data directly from the relevant custodian when running Custodial Account Details, Holdings, Unrealized Gains/Losses, and Transactions reports in Advisor View, further enhancing the quality of reports they deliver to clients.

Not only are the reports that the firm produces in Advisor View engaging, but they also take less time to create and distribute. "It used to take a team of us close to a month from start to finish for reporting, but now it takes one person about a week—and in terms of actual man hours, it probably amounts to a day," explains Mr. Kirkpatrick. "The process of generating reports takes a few hours at most, but most of that time involves making sure the data is clean and current, and confirming which clients prefer which type of report. It only takes a few minutes to actually generate the reports and upload them to the client portal."

“ Thanks to Tamarac, we can now compete with other digital offerings out there as well as keep up with the changing expectations of our clients—and do so without onerous expenses. ”

In addition, the enhanced reports and client portal from Advisor View have made it easier for the SIG team to share information with clients' accountants. SIG's professionals can quickly generate Gains/Losses and Income reports (which can be useful for quarterly estimates and annual tax planning) in Advisor View, and post them for retrieval by clients' CPAs in the client portal's document vault. "We can deliver this important and time-sensitive information very quickly and with virtually no manual effort," notes Mr. Kirkpatrick.

Advisor View's streamlined billing workflows have also saved the SIG team a great deal of time every quarter. Prior to implementing Advisor View, the firm utilized a homemade Excel-based billing program. Like SIG's other proprietary software, its billing solution involved time-consuming processes and proved expensive to maintain.

"Every billing cycle used to require a week's worth of work," recalls Mr. Kirkpatrick. "Having been in business for more than 30 years, we have a wide variety of different fee schedules for clients based on when they started with us. We used to have to first export all of that data into our Excel-based billing package, then generate, review, and edit each invoice, and then put all the invoices in envelopes for mailing or create PDF files to be uploaded to the Adhesion client portal."

Today, almost all client invoices are generated through Advisor View in roughly half the time, saving Stanford Investment Group approximately three days of work per quarter. "Billing is so much easier now because all the data is right there in Advisor View—once the fee schedules and invoice templates are set up and ready to go, all we have to do is push a button and the invoice is created," says Mr. Kirkpatrick.

Most of Stanford Investment Group's clients use the Advisor View client portal as their primary source for real-time account information. More than 80% of the firm's clients, spanning all age demographics, logged in during 2015.

Tamarac is Taking Stanford Investment Group Where it Wants to Go

The streamlining of reporting and billing workflows enables SIG's employees to spend more time on portfolio management and client engagement. "As a business, one of our goals is to leverage our technology to facilitate long-term growth," explains Mr. Kirkpatrick. "Tamarac helps us fulfill this objective by allowing us to focus our team and resources on higher-value tasks for clients. We have been able to take people who were stuffing envelopes, or doing other laborious data management and reporting duties, and instead dedicate them to portfolio management and

financial planning for clients. This allows us to grow in scale much more efficiently while serving clients much more effectively.”

Advisor View, Advisor Rebalancing, and Advisor CRM are working together to transform SIG into a well-oiled RIA that can proactively and meaningfully engage with clients. All team members can easily retrieve account data, updates, and reports—along with client communications—from across the platform, which makes it simple to respond to client queries and prepare for client meetings.

The deep integration between the three Advisor Xi applications helps the firm’s advisors obtain an all-encompassing view of every client’s wealth and financial goals—and the Advisor View client portal enables them to communicate this view however and whenever each client wishes to see it.



“This is critical for our business, because clients are seeking an integrated, holistic view of their entire wealth,” says Mr. Kirkpatrick. “Thanks to Tamarac, we can now compete with other digital offerings out there as well as keep up with the changing expectations of our clients—and do so without onerous expenses.”

Stanford Investment Group manages approximately \$750 million in assets from 260 clients (as of December 31, 2014) with a staff of 16 people, including Mr. Kirkpatrick and six other Wealth Advisors. In 2008, when it first implemented Advisor Rebalancing, the firm’s assets under management totaled \$450 million. Mr. Kirkpatrick says Tamarac’s Advisor Xi platform has positioned the firm to grow its client base and assets going forward without having to hire additional staff or acquire more office space.

“Since 2008, our firm’s revenue per employee has increased by over 70%,” he reveals. “Tamarac’s technology suite has been a key enabler for this dramatic increase in efficiency, allowing our team to focus more on high-value services for our clients. In addition to improving core processes related to rebalancing, reporting, and billing, we also no longer require in-house staff time and expertise to build, maintain, and update proprietary software for each of these functions.”

For Stanford Investment Group, buying rather than building new technology was indeed the more sensible choice for modernizing its practice and facilitating long-term growth—largely because Tamarac proved to be an engaged partner in addition to a technology vendor. As the needs of SIG’s clients continue to evolve, Tamarac will be there to help SIG meet them.

“We have found that once our clients experience the benefits of the Tamarac platform, particularly the client portal and reports, they want more—more integration, more automation, and more access,” says Mr. Kirkpatrick. “We believe the Advisor Xi enhancements that are on deck for 2016 can deliver on this clear client demand.”

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).