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# Inside SEI CEO Ryan Hicke's first year at the helm

By Tobias Salinger

As a publicly traded asset management firm, custodian and investing technology company working with thousands of financial advisors, SEI views the industry from a variety of angles.

Just after completing his first year as the Oaks, Pennsylvania-based firm's CEO, Ryan Hicke spoke with Financial Planning Chief Correspondent Tobias Salinger about the scale of the company's business, the impact of inflation, the new technology in the works, the reason it has no plans to go private and the importance of having a distinctive workplace.

Founder Al West launched the firm in 1968 and took it public more than 40 years ago. Today, SEI has a market capitalization of around $8 billion while it manages, advises or administers $1.2 trillion in client assets, as of the end of last year.

Half of the top 20 U.S. banks and 49 of the largest 100 investment managers worldwide use the firm's outsourced services, according to SEI's latest annual report. With more than 4,800 employees and $1.99 billion in annual revenue, the firm's competitors include BlackRock, Charles Schwab, Pershing, Fidelity Investments, AssetMark and Envestnet.

The company also spent more than $144 million last year on research and development. The West Collection, art exhibits from Al and Paige West's contemporary collection, decorates the firm's offices outside Philadelphia.

Hicke said the art serves an important business purpose, in addition to the aesthetic appeal — an aspect of the company's culture that was missing during remote work in the pandemic. In addition, he previewed some upcoming software upgrades coming to the firm's portfolio models for financial advisors through its acquisition of Oranj in 2021.

*The following conversation with FP has been lightly edited for length and clarity.*

**FP: What statistics can you share about the number of financial advisors and/or advisory or brokerage firms that work with SEI in some capacity?**

**Ryan Hicke:** When you think about our traditional advisor business, the numbers we usually quote are somewhere between 8,000 and 9,000 advisors across the U.S. A lot of those are broker-dealer affiliated advisors. We have definitely increased our penetration into the pure RIA community.

One of the things that we did, though, at the end of last year, we unified all of our asset management businesses under one leader. And one of the reasons we did that was we wanted to start thinking a little bit more broadly just around wealth intermediaries.

So we clearly have a very strong focus and history and heritage around that advisor community that I just spoke about. But we have what we call an asset management distribution division that is working with some other larger wealth managers. At the end of the day, those are really advisors.

We've created more collaboration with our banking unit, especially with firms that have bank-owned RIAs and more of what I would consider wealth-focused banks and advisors.

So I think the stat that we tend to trot out is really 8,000 advisors across the U.S. When you think about it more globally, I don't have the exact number, but it's a much bigger number, when you think about how many intermediaries are SEI serving that service private clients.

And I think that's the mindset we're trying to take and say, 'Well, what are the technology capabilities?

What are the investment products? What are the operational solutions that would drive more value with that entire community? And then what's the right way that we should be going to market and segmenting those channels from a service perspective?'

So it's exciting. I think it's actually opened up our eyes that, especially in the U.S., our market opportunity is probably bigger than we think, if we're very thoughtful and deliberate around how we go engage with those communities.

**FP: What have been some of the most pronounced areas of impact to SEI's business from inflation, rising interest rates and fears of a recession — the large macroeconomic trends that are so interrelated with investing right now?**

**Ryan Hicke:** It's funny, because it's been a good learning experience for me, even after being here 25 years. As CEO, this is not just a kind of down-the-middle-of-the-road answer for you. Almost any macro headwind is also a little bit of a tailwind for us. And I'll explain that for a minute.

If you look at something like wage inflation, it was definitely an issue for us. We have 5,000 employees. We have to be really focused on making sure that we were acquiring and retaining that talent, and we did some pretty significant salary increases and compensation increases in 2021 and 2022, especially for our operational and technology staff. So that puts downward pressure on our margins.

But the flip side of that is, every organization that in-sources is under the same problem. So it actually created a catalyst where a lot of organizations in our banking and investment manager services unit that had traditionally been in-sourcers started to talk to us about saying, 'Hey, now might be a good time for us to engage about looking at outsourcing technology and operational services to SEI.' Because I think they started to look at kind of a longer game and say, 'Well, how sustainable is it for them to be able to absorb that type of inflation in terms of their wage and impact, but also their ability to attract and retain the talent?'

At the end of the day, about 80% of our revenues are asset-sensitive. So the biggest kind of macro trends that impact us in the short term would be really significant pullbacks in the market, but we've managed through those many times. We are very fortunate we have an extremely strong balance sheet. We're very focused on how to work through difficult times and engage clients in difficult times, but they're the kind of bigger macro trends that impact us day to day.

**FP: What new or existing SEI technology solution do you think is the most potentially interesting and exciting to financial advisors and their clients?**

**Ryan Hicke:** A couple years ago, we bought a company called Oranj out in Chicago. We integrated that technology into some of our existing SEI Wealth Platform capabilities — what we call "SEI Connect."

So really putting more tools in the hands of the advisors to engage with prospects and clients before they're SEI clients to give them an ability to actually experience more of our technology and collaboration tools and interactive capabilities, especially around how the advisor can look at customer suitability, what's the right kind of risk appetite, how they can actually kick off a digital onboarding process for that.

So we've definitely seen a lot of positive takeup. We continue to roll out more capabilities and enhancements there.

Another area that we're looking to try to drive a little bit more ease and simplicity, eliminate where the friction is in the ability for advisors to actually buy and hold alternative assets. So more technology that will allow them to actually, we believe, have an ability to incorporate more alternatives into model portfolios. That's something we're very focused on for next year.

We don't want to go out and sell these things as standalone products. We know that advisors really value the ability for models to be able to rebalance to be able to generate fees. So we're looking at not only how can we custody and administer alternatives, as well as add more products for our advisors, but also do that in a way that makes more business sense for them around a portfolio structure and not just a product structure. So that's definitely on the radar for early 2024.

**FP: We have seen at least one publicly traded firm strike a deal to go private in wealth management this year and two other companies who stepped back from plans for initial public offerings over the past couple of years. What would it take for SEI to go private?**

**Ryan Hicke:** I don't think that's in our cards. We've been public since 1981. I would answer that question actually a little bit differently.

Our growth strategy historically has been extremely organic. So one of the things we are actually looking at in this kind of macro environment is, are there assets out there that we believe would accelerate our footprint, our growth strategy, give more capabilities and tools to advisors. So that's an area from an M&A perspective.

We've definitely been much more proactive the last 12 months and definitely more engaged in the community around assets or properties that we really think would add a lot of value in areas of wealth management, the RIA space, technology that we think advisors would be able to increase their penetration to existing and new clients.

But I think the dynamic that you bring up is an interesting one, because the other trend obviously was a pretty significant push from the [private equity] space into rolling up advisors into these consolidators. And that's an interesting one for us as well, because actually, in the U.K., we power a couple of the consolidators in the UK. Not on an asset management front, they have their own manufacturing, but we are the platform and we help with the conversions of moving the clients and the data.

So I think we've actually been trying to engage with some of the larger U.S. consolidators and say, 'Hey, you don't have to buy our asset management. Think of the way that we go sell to the banks and other larger wealth managers from a technology and operational outsourcing' [perspective].' But that's a trend that I think is really interesting.

One of the areas that we're really fortunate is we do have an extremely strong balance sheet. We generate really, really healthy cash flows. And we tend to make decisions with three-, five-, seven-year time horizons.

I've been super fortunate in the role that, you know, our chairman and founder [Al West] is still the executive chairman. He's still the major shareholder of the company. So he's been very clear, Ryan, this is your job. You have the space to go make decisions for SEI, but do it all with a long-term lens. Don't make decisions to cannibalize our medium- and long-term future for short-term returns.'

That's the kind of way we've really been taught as business people and leaders here, and it's exciting, actually, when there are tough times in the market. It does create opportunity for us to go out and maybe take advantage of that in different ways than we would have in the past.

**FP: The company's headquarters in Oaks, Pennsylvania, has interesting architecture and art. What are some of the most unique features of your company's campus, and how did the West Collection become such an integral part of your workplace?**

**Ryan Hicke:** I always thought of the office as a manifestation, physically, of our culture. The open plan is a very clear signal to everybody around the lack of hierarchy, the fact that we don't have offices.

I believe one of our biggest hallmarks, culturally, is accessibility. Al was always really accessible, people were always accessible as I was growing up in the organization, if I wanted to just go learn and talk to people.

I am extremely accessible as a leader. It is a hallmark of who we are. That manifests itself in reality. If you come down, you're going to see me sitting at my desk. There's so many on either side of me. I'm not in a little walled-off city. I don't have a big glass office. But that's who we are.

I think the art in the West Collection has two intents. One is really just to make the office look great. There are some really interesting pieces of art. They're thought-provoking. They're meant to inspire more creativity and a little bit more left-right brain focus as you go throughout the day.

But the other thing that gets maybe glossed over sometimes is, one of the missions of the West Collection was really emerging artists and this concept of taking risks, this concept of some of the artwork is provocative. Some of it isn't for everybody. But I actually think, the longer I've been here, the more I appreciate how integral the artwork is really as an undertone to the culture and the mindset that Al was actually trying to create to every employee that walks in the business — that they can think of themselves as an entrepreneur, as an owner.

And whether you're Ryan Hicke, or whether you're the last person that was hired yesterday, your idea is just as important. We want to know, and that kind of atmosphere really does breed more collaboration when you're on our floors.

One of the hard parts we had with COVID was one of our biggest differentiators is our culture, is our office. And as we were hiring new employees, there was no way to establish that kind of physical connectivity. And as we brought more and more people back, you start to hear people say, 'Wow, this campus is amazing.'

I was just in our London office last week. That's a fabulous office. But it's all open. Everybody's right out there. The meeting rooms, a lot of them are glass. So you see who's meeting with who and I just think it's a big part of our DNA.