

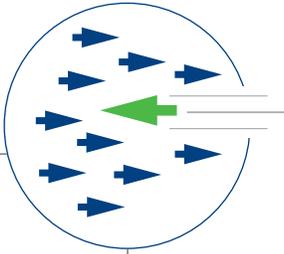


TURN FIVE TECH RISKS INTO OPPORTUNITY FOR YOUR FIRM

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The pandemic forced many organizations across the wealth management landscape to rapidly evolve how they utilize technology, deal with profitability pressure and shape customer-driven experiences. Still, traditional financial services firms face an array of technology risks that are growing more prominent in the current climate. The potential downside of not implementing protective measures to safeguard businesses from risks is great, but the risk of becoming complacent is even greater. As the world changes, organizations that continue to adapt to it will become more resilient. Resiliency is more than just adopting the right technology—it's about confidently changing with clients, while keeping an eye on the future and adding value to the foundation of the business.

Risk #1: The rise of disruptive technologies



While disruptive technologies have recently garnered significant attention in the financial services industry, thanks to the rapid proliferation of fintech startups, disruption isn't new. Highways threatened the railroads, and cable conglomerates upset traditional television networks. Innovation is around every corner. A single microbrewery could probably never take down a national beer distributor, but a lot of those small breweries together can affect that major player's distribution lines.

The biggest threat from the recent growth of fintechs is their cultural ability to fail quickly and use that failure to adapt and boldly move on. They embrace a culture of learning through failure without fear. The ability to pivot and persevere takes them to a potentially successful idea they never considered in the first place. Every successful firm experiences failure. Traditional financial services firms need to determine how to adopt this "no fear" approach to change and embrace new technology, while operating inside a heavily regulated environment. In some ways, the pandemic has given the industry a jump start. Things that used to take years to implement, were forced to happen in a matter of months, weeks or even days.

Risk #2: The reality behind disparate systems



It can be all too easy to respond to the challenge of constantly evolving technology by continually adding new, best-of-breed applications to an existing infrastructure. As a result, you may find your firm managing a large number of disparate systems. The benefit of best-of-breed function points quickly becomes outweighed by disjointed data, manual workarounds and swivel chair processes that proliferate when connecting these disparate systems. Further, the need for constant upgrades to systems in this type of environment can be daunting and expensive, as it costs more to support the structure and connectivity. You might feel as if you're on a technology treadmill, struggling to keep pace with the non-stop process of managing so many applications and vendor relationships. Depending on your company's size, you could be maintaining 30 to 50 (or more) separate systems to run your business, with each system requiring vendor management oversight and separate upgrades. The cost and maintenance cycle are complex and never-ending.

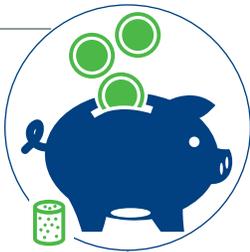
The decision to modernize a platform and consolidate disparate systems is significant. Be thoughtful and stay focused on the value of integration and improvement of your employees' and customers' holistic experience. If you're replacing core mainframe legacy platforms, you've already succeeded by taking that "no fear" approach to adopting new technology. It's also important to spend time identifying your unique value proposition within the markets you serve. What is it that your firm does better than anyone else? More important, do all of your disparate technologies enable your value? If not, why pay to maintain them? Focus on creating substantial differentiation for your customers, and consolidate systems that don't support that value, and you can gain a better technological cost structure and seamless end-to-end experiences for your advisers and clients. Resilience encompasses how you work with technology, not just how technology works for you.

Risk #3: The (un)sustainable investment

Keeping pace with the technology treadmill requires a lot of money and management focus. Often overlooked, these costs can build up over time, are sometimes not easily visible, and may not be aggregated in a single report. Once your firm stops to perform the analysis, you should be able to identify inefficiencies. Technology's price tag can overwhelm the largest of organizations, and paying for disparate systems a la carte can quickly run up your tech bill. Consolidating onto a unified platform creates a cohesive environment that brings cost benefits, and it creates transparency and simplicity in understanding cost drivers.



Risk #4: The challenge with advisor/client alignment



Your advisors and their clients are the two most important assets to your business and the most important users of your technology. Historically, the industry has built technology separately, for the advisor and the end-client, creating disconnected experiences. It is often the trust an advisor builds with the client that promotes and differentiates a firm's brand. When an advisor and the client each use different systems to view and manage customer wealth, everyone's experience suffers. The advisor's focus and productivity diminish when spending more time with daily administrative tasks in multiple systems. The effect here is a double-whammy—when both advisor and client are frustrated, your firm is liable to lose both and confidence in your business lessens.

A fully integrated, modern platform provides a unified experience that takes customers from “prospect” all the way through the client lifecycle. When information is shared seamlessly across an organization, from executive management to an advisor or portfolio manager to the end-customer, all stakeholders remain on the same page, and you are able to stand side-by-side with your clients as you confidently navigate change together.

Risk #5: The absence of collaboration



Collaboration within an organization and across strategic business partners has proven key to riding the wave of change brought on by the pandemic. Identifying and addressing needs across internal and external stakeholders not only increases stability in the wake of this change, but it also offers assurance that trust remains at the core of uncertainty. From workforce benefits to leadership advice to solution enhancements, needs come in all shapes and sizes. It's critical to provide the technology tools that can replace in-person interaction and facilitate collaboration between employees, advisors and clients, and strategic business partners. Not only does this create opportunities to appropriately solve for various needs, it fosters community. And let's face it—everybody needs a greater sense of belonging in a remote world.

It is imperative that you build your firm's own unique strategies to safeguard against these risks, and it must start at the top. Prioritize at the highest organizational level and develop a systemic, holistic approach. These risks are here to stay, but they trigger a greater opportunity for those willing to take a risk, accept change, and stay focused on the future.

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About the SEI Wealth PlatformSM

The SEI Wealth Platform (the Platform) is an outsourcing solution for wealth managers encompassing wealth processing services and wealth management programs, combined with business process expertise. With the Platform, SEI provides wealth management organizations with the infrastructure, operations, and administrative support necessary to capitalize on their strategic objectives in a constantly shifting market. The SEI Wealth Platform supports trading and transactions on 137 stock exchanges in 42 countries and 43 currencies, through the use of straight-through processing and a single operating infrastructure environment. For more information, visit seic.com/wealthplatform.

Contact us to learn how the SEI Wealth PlatformSM can enhance your business.

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