

ADVISOR INSIGHTS

# Choosing technology

**Full integration is key to advisor success.**



## **The right technology can make all the difference when it comes to a financial advisor's success, especially in today's competitive business environment. Recent innovations in financial technology have provided state-of-the-art applications to handle everything from client relationship management to investment modeling to billing and document production.**

These solutions have the potential to make your practice more efficient and profitable. The challenge is making sure these different technology applications work together seamlessly providing your business with the support and accuracy you require.

Why is technology crucial for your advisory practice? Let's review the benefits:

**Technology can make you more efficient.** As you know, advising clients, investing their money, and providing necessary documentation and compliance paperwork can be time-consuming. According to a 2023 Kitces Report, *"How Financial Planners Actually Do Financial Planning,"* advisors managing \$1 million or more in revenue spend 39% of their work week on front-office activities, like client meetings, prospecting, and marketing.<sup>1</sup> Modern technology solutions streamline back-office tasks like billing and record keeping, significantly reducing the time required from staff. These solutions, if fully integrated, can also reduce the risks of data-entry mistakes and miscalculations, providing higher levels of productivity, efficiency, and accuracy.

**Technology frees up more time to focus on clients.** By investing in technology to streamline back-office operations, advisory firms free up staff time, giving them more capacity to build meaningful relationships with clients and prospects. In today's environment, that kind of personalized engagement is more vital than ever. The investor-advisor relationship remains critical. A recent survey of 1,000 U.S. investors conducted by CapIntel found that 72% of investors identified trust as the most critical factor when choosing an advisor, beating out their investment experience (50%) and the ability to provide a holistic financial perspective (46%).<sup>2</sup> Regarding the type of investment advice they're seeking, a 2022 Granum Center for Financial Security Consumer Survey confirmed that 52.5% of clients primarily sought help from advisors to meet financial goals, while 47.5% felt that investment evaluation was a more valuable service.<sup>3</sup> Advisors who don't distinguish themselves through a high-touch approach risk losing clients to robo-advisors and other competition.

**Technology improves client communication.** While technology is no substitute for face-to-face client meetings and personal phone calls, the right systems can help support your client outreach and communication efforts. Customer relationship management (CRM) systems can track client contacts and data and can coordinate with email marketing solutions to improve overall client communications. This kind of systematic, proactive approach is vital to keeping clients happy.<sup>4</sup>

**Technology allows you to do more with less.** By making your practice more efficient and client-focused, technology can help you grow your business without adding to your team. According to the 2023 RIA Tech Survey, there is a positive correlation between an RIA firm's portfolio management/reporting management system adoption and its assets under management (AUM); for RIA firms with under \$5 million in AUM, the adoption rate was 12%, yet RIA firms with \$100 million or more in AUM had a 35% adoption rate.<sup>5</sup>

**Technology boosts AUM and profitability.** Because technology helps advisors serve a larger client base with a smaller staff, firms that leverage technology also boost their long-term profitability. Technology-integrated firms compete better in the market. According to research from Orion, financial advisors with 75% of their technology stack integrated have 30% more assets and more powerful growth potential than their competitors.<sup>6</sup>

**Investors are demanding more technologically connected advisory practices.** Your clients themselves are also driving technology adoption in the financial services industry. Research from Advisor360° confirms that modern investment tools and up-to-date technology integrations are critical for both advisors and their clients, frequently providing competitive advantages. The survey confirmed that 93% of advisors working with state-of-the-art technology shared that they gained new clients because of a competitor's bad technology.<sup>7</sup>

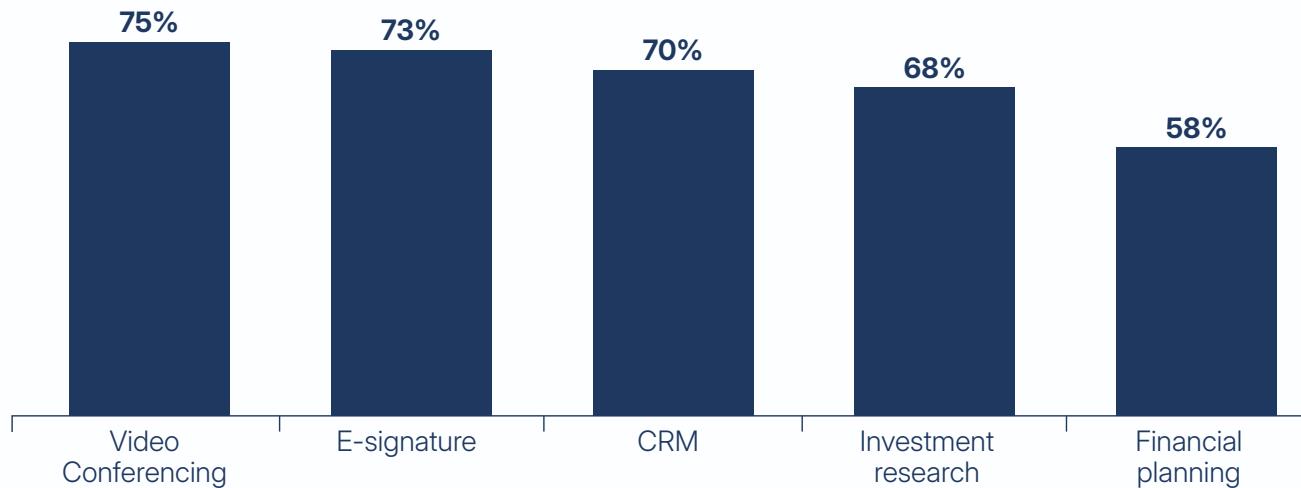
**New technology solutions have leveled the playing field.** Today's marketplace offers a range of state-of-the-art solutions for everything from targeted CRM platforms to investment modeling and performance reporting.

These systems offer enhanced functionality and are tailored specifically to financial advisors. As competition and innovation have helped drive down the prices of these new applications, they have become realistic options for independent investment advisors with smaller technology budgets. In some cases today, it's advisors working for wirehouses and broker-dealers who may feel themselves

at a disadvantage, as many are forced to work with legacy systems that may not offer the latest functionality. The Advisor360° research also confirmed that an overwhelming majority (65%) of advisors believe it's time to improve their technology stack, referencing incorrect data and operational efficiencies like lack of automation as weaknesses.<sup>7</sup> Wealth management firms are in good company here. A 2023 Information Technology report from the U.S. Government Accountability Office (GAO) confirmed the U.S. government spends over \$100 billion on information technology annually, with most of the budget used to operate and maintain existing and legacy systems.<sup>8</sup>

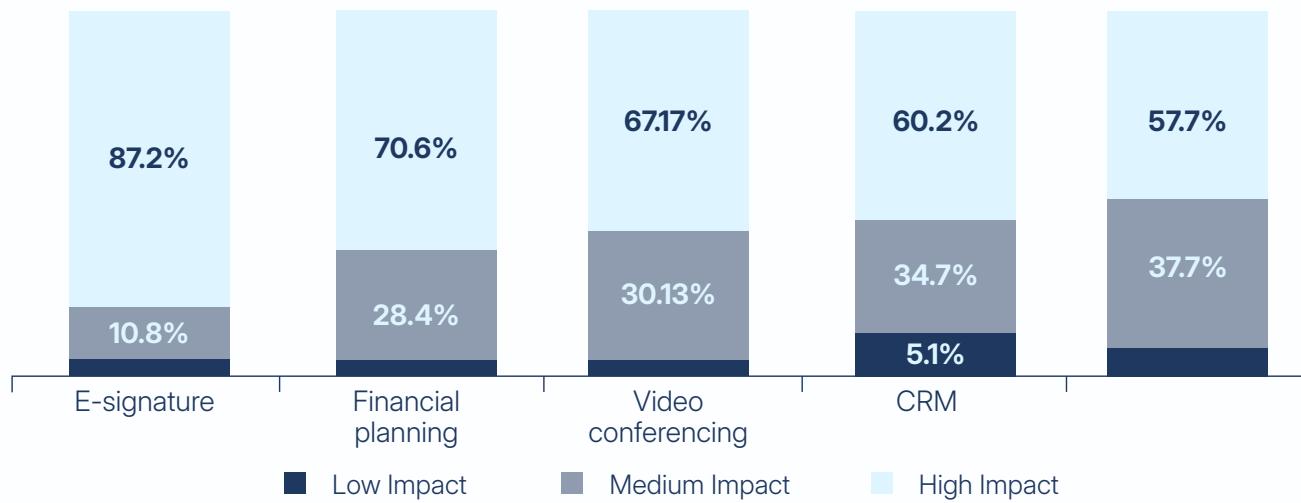
## Top-Five Technologies That Impact Advisor Productivity

Five Most Frequently Cited Technologies That Improve Advisor Productivity



Source: Cerulli Associates. (2023). Corner office views: The challenges and opportunities of wealth management technology (Q2 2023).

## Perception of Impact For Advisors Citing a Technology as Having a Positive Impact on Advisor Productivity



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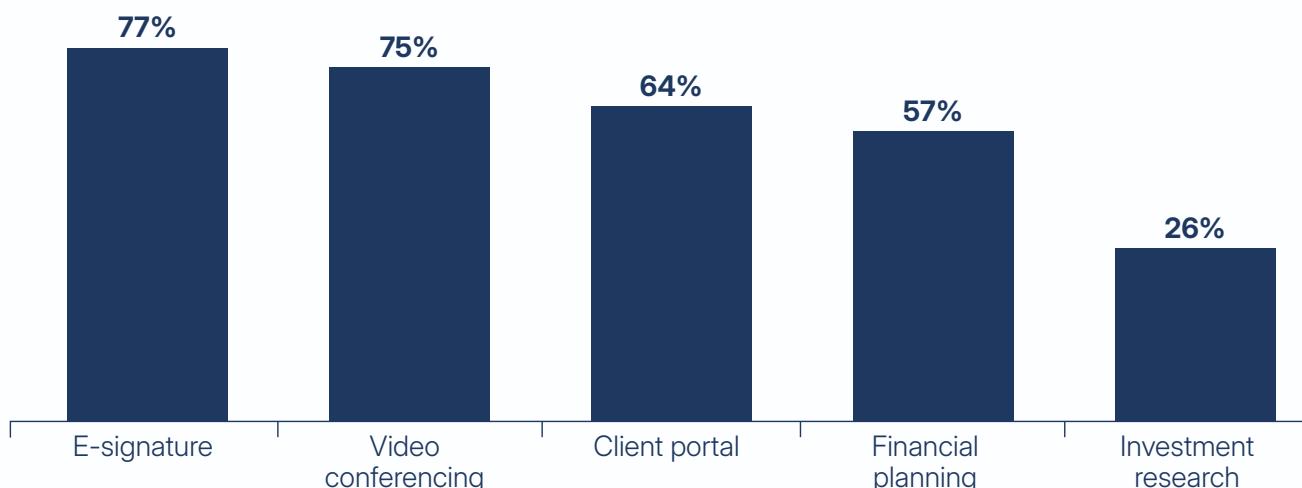
## Selecting the right technology for your business

As technology offerings in the FinTech market continue to multiply, advisors have more choices than ever when it comes to solutions that might advance their businesses. These solutions fall into one of the following categories:

- Customer relationship management (CRM) solutions help track and quantify interactions with clients and prospects. These systems help organize client contact information and personal details. Many include call and activity tracking and, in some cases, may be integrated with automated email messaging solutions.
- Financial planning systems provide a range of advanced modeling tools to help advisors test specific investment scenarios based on each client's assets, risk tolerance, timeline, and long-term financial goals.
- Account aggregation software provides advisors with a holistic view of each client's account by gathering data from various financial institutions and investment companies to which the client has exposure.
- Portfolio management, rebalancing, and reporting systems provide various tools for managing individual portfolios, maintaining asset allocation and risk parameters, and tracking and displaying portfolio performance. Some systems also provide client billing support.
- Document management systems use cloud-based connections to back up client data while helping advisors share files, manage different document versions and edits, and satisfy compliance documentation requirements.
- Risk management tools help quantify risk tolerance and enable advisors to use that data to build suitable portfolios, meet client expectations, and win new business.

## Top-Five Technologies That Impact Client Experience

Five Most Frequently Cited Technologies That Improve Client Experience



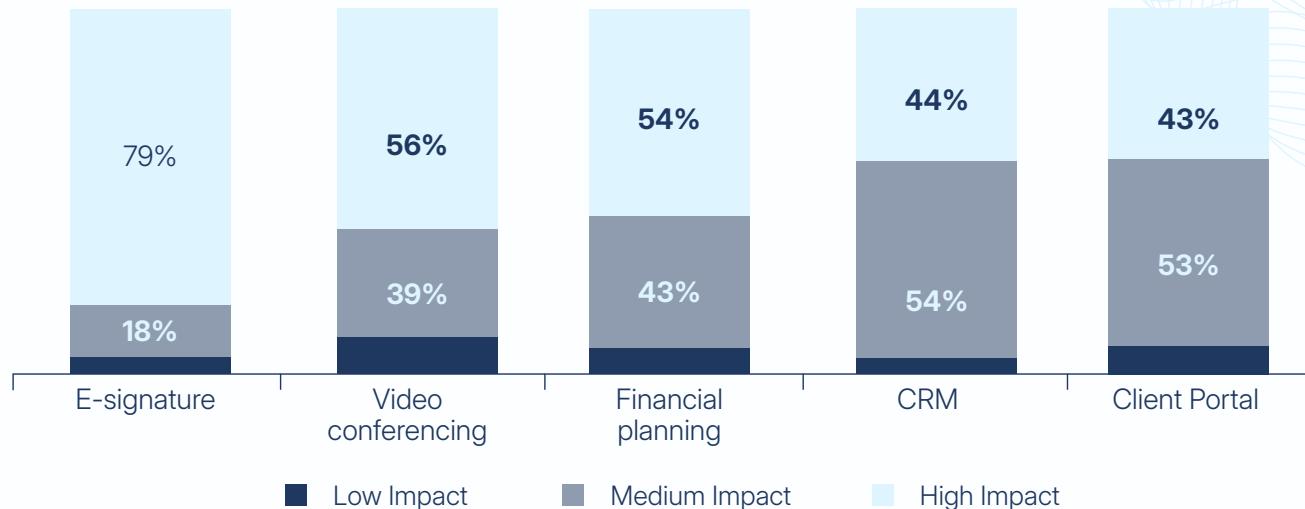
Source: Cerulli Associates. (2023). Corner office views: The challenges and opportunities of wealth management technology (Q2 2023).

## The most popular technology applications for advisors

Advisors have plenty of technology platforms to choose from.<sup>6</sup>

Increasing technology use has its benefits for advisors. According to recent data from Orion, which surveyed 202 advisors with an average age of 46 and a mean AUM of \$394 million, 89% said that increased technology use improved operational efficiency, 76% said it delivered greater value to clients, and 50% said it increased growth through new client acquisitions.<sup>9</sup>

### Perception of Impact For Advisors Citing a Technology as Having a Positive Impact on Client Experience



Source: Cerulli Associates. (2023). Corner office views: The challenges and opportunities of wealth management technology (Q2 2023).

### Integration is key

While technology may provide a range of benefits for financial advisors, the success of these solutions depends in part on how well these various software applications work with one another in a connected office environment. This depends on their degree of integration. **Integration** refers to the extent to which individual software applications – from CRM to financial planning to billing – communicate and share data. Not surprisingly, full and deep integration has become a priority for many financial advisors.

While integration has become a watchword in the financial services and financial technology markets, it's important to recognize that the term may mean different things to different people. At its most basic level, integration may refer simply to "single sign-on" (SSO) integration. SSO integration allows users to access different applications without constantly reentering login information and passwords. While SSO integration can be useful, it doesn't guarantee that these individual solutions will share data or automatically

update to account for changes to one single program.

Full integration goes much further. It allows different applications to communicate seamlessly with one another – meaning that any changes you make are automatically and securely saved across your systems.

At the most advanced levels, it means that changes to asset allocation models or investment performance will automatically inform processes such as trading and performance reporting. It means you can easily shift between modeling and reporting applications during client meetings, offering investors a comprehensive, holistic view of their accounts.

In the real world, this kind of deep integration remains relatively rare. Orion research confirms that 91% of wealth management firms do not have a complete and comprehensive technology solution.<sup>10</sup>

While full integration between technology solutions can be hard to achieve, even partial integration can make a difference in your business. An Intelliflo survey found that 57% of advisors deemed integration challenges the biggest barrier to new technology adoption, followed by installation time and the employee time and resources needed to manage the technology.<sup>11</sup>

## Solving the integration gaps through APIs

The good news is that financial advisors have more help than ever in reaching their integration goals. This is thanks to the growth in application programming interfaces (APIs). APIs are specialized software programs that link together different applications to create a seamless experience for end users. To understand how APIs work, imagine each separate software program as having hooks that interact with the outside environment, taking in data and providing outputs. API programs act like a chain, bolting onto these hooks and helping these different programs communicate with one another.

From an end-user perspective, APIs might be likened to the graphical interface software on your computer. The computer's graphical interface allows you to work with a variety of functions without worrying about the inner workings of the hardware or individual software components. You type information into your computer and trust that the data will be stored in the correct place. You can also download and work with a variety of software applications from different developers, trusting that in most cases there won't be a conflict. A well-structured API works in much the same way. It allows you to interact with your various software programs, from CRM to document storage, and reduces the need for manual data entry or adjustments. A successful API also allows you to scale, adding new components as your needs change, or as new technology becomes available.

**"Successful integration can transform a fragmented solution set into a connected platform - improving efficiency, ensuring quality, and elevating the client experience. The key is a partner committed to understanding the market need with a focus on continuous improvement."**

— Summer Fischer-Tom,  
Head of Technology Product, Axos Securities

## Choosing the right technology partners

Advisors have a wide range of technology partners to choose from. These may include everything from holistic technology platforms provided by custodians to application-based solutions to handle certain functions including CRM, risk management, financial planning, portfolio reporting, and account aggregation.

Your choice of technology platform can have far-reaching implications for your business. Yet the very breadth of the playing field has made this decision difficult to navigate. When advisors were asked about barriers to full integration, the most common roadblock they cited was insufficient staff time to plan, manage, and implement an integration strategy (see Chart 3 below). According to research from Cerulli, 73% of advisors cite insufficient time to learn and implement technology as the biggest challenge in adoption. Compliance restrictions and lack of integration also rank high as pain points.<sup>12</sup>

### Best practices for investing in technology solutions.

Find out if it can be fully integrated with your system. Some software developers promise fully integrated, comprehensive systems that claim to solve a range of operational needs without integration issues. In such cases, it's important to clarify what the vendor means by "fully integrated." Are they referring to a simple SSO integration or a deep, full integration? Get a commitment up front to what each vendor means when they talk about integration. If they promise deep integration, what level of support and up-front testing do they provide to make certain their technology meets this promise in real-world conditions?

### Be careful that your approach isn't too fragmented.

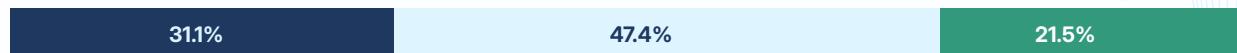
Understandably, many advisors desire the best-of-breed solutions for each separate technology need. In a perfect world, these various software programs should be able to communicate effectively with the help of APIs. In practice, this is not always the case. The more vendors you work with, the greater the risk of integration issues. For this reason, it may make sense to select a suite of applications that already work well with one another or that are provided by established vendors that have committed to integration.

## Challenges to Effectively Using Technology

Insufficient time to learn and implement



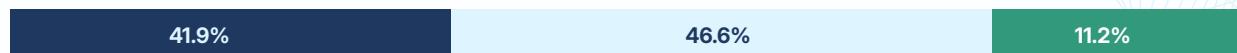
Insufficient time to learn and implement Compliance restrictions limit functionality or impose other limitations



Lack of integration between tools/applications



Inadequate education and training from technology vendor, B/D, or custodian



Limited ability to access applications/technology across different devices



Lack of important features and/or functionality



Inadequate technical support from technology vendor, B/D, or custodian



Lack of buy-in from people within the practice



Negative feedback from clients



Not a Challenge



Moderate Challenge



Major Challenge

Source: Cerulli Associates. (2023). Corner office views: The challenges and opportunities of wealth management technology (Q2 2023).

### Balance security considerations with open architecture innovation.

The technology landscape has become a fertile area for innovation in part because of its open-source development environment. An open-source environment enables developers to collaborate and incorporate feedback to speed up innovation and responsiveness. This degree of openness can be off-putting to advisors concerned about securing sensitive client information. For this reason, it can be helpful to work with a technology partner who understands the compliance issues and business concerns of financial advisors. The right partner can help balance the need for innovation and integration with the protection of client information.

**Prepare for some customization.** No matter what vendors claim about the readiness of their product, most firms will require the services of a software developer to help ensure their chosen technology integrates well with their unique needs. Some firms hire independent

programmers to help finalize the process. Others work with a technology partner who can help structure an integrated suite of products through targeted solutions.

### Think of technology as a life cycle, not a one-time purchase.

One advantage of technology is that it can scale as your practice grows and can be adapted as you decide to upgrade to new technology and capabilities. Consequently, it's important to think of your technology investment not as a one-time capital outlay but more as a recurring expense, since time and resources will be needed to see periodic updates and to make certain your systems remain secure and compliant.

### Capitalize on the cloud.

Through cloud computing, advisory firms can use secure broadband connections to access solutions and data securely stored on remote servers. Because this data is stored remotely, advisors can access these data and applications from different locations

(such as their home offices) and a variety of devices, including smartphones and tablets. In many cases, these applications are accessed on a subscription or pay-as-you-go basis. As a result, they require less capital and carry lower investment risks than purchasing software licenses or on-site hardware.

**Prepare for a testing period.** Deep integration is achieved through an interactive process of trial and error. Developers will need to assess APIs and system integration in real-world situations, with typical data loads. This may require some downtime for your existing systems, as well as a commitment of staff time for testing and training. While this can be a challenging process, it is integral to ensure your systems work effectively.

**Solicit feedback from stakeholders.** Ask for input from staff members who will be using the technology. Include them in every step of the technology selection process, from goal setting to exploring vendors, testing, and training. Similarly, explore upfront how your best clients like to use technology. Let their preferences help guide your objectives. You can do this through client surveys and face-to-face meetings, positioning your exploration to improve value to the client.



## The Rise of Artificial Intelligence in Wealth Tech

Artificial Intelligence (AI) is advancing quickly and will continue to influence how advisory firms operate and grow. When connected to clean data and an integrated tech stack, AI can help increase efficiency, unlock scale, and prompt more timely client engagement. But technology doesn't replace trusted guidance. Advice remains human—grounded in expertise, ethics, and empathy. AI should augment that relationship, enabling richer conversations, not automate them.

When assessing AI-enabled tools, prioritize:

- **Governance:** model oversight, testing, and auditability
- **Data stewardship:** privacy, security, and access controls
- **Integration:** API-driven connectivity with your existing systems
- **Transparency:** clear outputs you can review and supervise
- **Compliance support:** supervision workflows and record retention

Axos Advisor Services is considering AI solutions that focus on enabling the advisor to deliver human-led holistic financial advice.

## Axos Advisor Services understands the value of deep integration

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### Full-service options to meet the needs of your business:

We offer fully integrated technology that fits the strategic needs of your business. These solutions can help you to better serve your clients, while improving your office efficiency, freeing up your time, and improving your profitability.

We are committed to collaborating with you to make sure our solutions are well integrated into your existing operations. We provide:

- A single platform solution with built-in technology that eliminates the need for a lot of integrations, including fee billing, performance and required minimum distributions (RMD) reports, automated cash management, and model-level investment management.
- Comprehensive beta testing to anticipate and resolve integration issues.
- A steady, ongoing process of innovation to provide new functionality.
- A responsive roadmap that continuously incorporates client feedback into our evolving suite of technology solutions.



At Axos Advisor Services, we never stop thinking of new ways to help you grow your business and deliver more value to your clients. For more information, email [sales@axosadvisorservices.com](mailto:sales@axosadvisorservices.com), call 866-776-0218 or visit [axosadvisorservices.com](http://axosadvisorservices.com).

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