

FPA-ACTIFI ADVISER TECHNOLOGY REPORTS

# [ DOCUMENT MANAGEMENT SOFTWARE ]

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## [ ABOUT THE DOCUMENT MANAGEMENT SOFTWARE REPORT ]

The Financial Planning Association® (FPA) and ActiFi are proud to announce the completion of the fifth of a planned total of seven technology reports: the Document Management Edition. This is the first in-depth guide created for advisers to assist them in identifying and selecting a document management software solution.

A total of 8 software packages are reviewed in the research report, which is composed of data gathered from FPA members and software vendors.

## [ TAKE A LOOK ]

Take a glance at what the report has to offer. The FPA-ActiFi Adviser Technology Reports: Document Management edition provides an easy-to-use guide to help advisers make smart software decisions to improve their work flow, potentially increase profits and advance their business.

But don't take our word for it. Take a glance at the following pages and see for yourself!

## [ PURCHASE AT A DISCOUNT ]

**FPA and TD Ameritrade Institutional are currently offering a savings of \$200 off the regular retail price.**

This report is valued at \$495, but since you visited TD Ameritrade Institutional's website, you can purchase this report at a discounted price of \$295. Visit FPA's online store at <http://www.fpanet.org/professionals/FPAStore/TDDMREPORT/> and add the report to your cart (you may need to log in or create a new login). Simply view your shopping cart, click on "promo/gift card", enter **TDDM11200** into the promotional code window and save \$200 on the report purchase instantly.

### **Save even more with an FPA membership!**

As an added value, individuals hearing about this great deal have the opportunity to become FPA members for \$295. Membership includes these [great benefits](#), as well as the Document Management Software report free of charge. In order to take advantage of this special offer, please call us at 800.322.4237, option 2 and mention this special price for the Document Management Report plus FPA membership offer from FPA and TD Ameritrade Institutional.

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## Introduction

Advisers have been the beneficiaries of advances in technology that help them operate their practices in a more efficient and productive manner. Customer Relationship Management (CRM) software allows advisers to document and recall the entire history of interactions with clients, portfolio management and trading software streamlines trading across all of the accounts under the adviser's management, and financial planning software can calculate hundreds of thousands of investment and cash flow scenarios in the time it takes to read this sentence.

While advisers have realized the benefits of such tools, one technology advisers have not rapidly adopted is document management software. Specific reasons behind the tool's absence in adviser practices are not obvious, but what is clear is that advisers who do implement document management software can realize tremendous benefits from using the technology. In his presentation at FPA Denver 2010, practice management consultant David J. Drucker highlighted one firm that realized a return on investment exceeding 1,000 percent after it implemented document management software.<sup>1</sup>

### ADVENT OF DOCUMENT MANAGEMENT

The need for document management systems existed long before the invention of the photocopier, printer, scanner, and even microprocessor. One of the most well-known information classification systems in use today is the Dewey Decimal Classification, developed by Melvil Dewey in 1876 while organizing the collections of the Amherst College library in Massachusetts.

The Dewey Decimal Classification standardized the physical organization of library books by identifying them according to class, division, and section. When the system was coupled with the library catalog (card catalog) register system developed by Charles Ammi Cutter, library users were then able to effectively locate books according to their author, title, subject, or category out of an enormous collection of volumes and manuscripts.

### BENEFITS OF DOCUMENT MANAGEMENT MATURITY

Now, 135 years after contributions by Dewey and Cutter, advanced microprocessors and powerful computers are largely

employed to organize and simplify access to the world's information using similar techniques.

In addition, electronic documents and digital records have become ubiquitous in the Information Age, increasing the need for systems that are sophisticated enough to manage copious amounts of important yet disparate data.

Financial advisers generate vast amounts of data over the course of a multi-generational financial planning engagement. It is critical that documents and files related to a client's financial plan are captured in a system where they can be retrieved and reviewed at any time. Document management software facilitates document filing and organization by enforcing standards for how documents are labeled and requiring descriptions for key pieces of information pertaining to the document's contents. This enforcement prevents documents from becoming misfiled, which would make them difficult, if not impossible, to find and retrieve at a later time. The imposed standards are also a benefit in multi-adviser practices with multiple support staff in which it is too easy for individuals to identify and organize similar documents in a wildly inconsistent fashion.

In addition, many document management systems include powerful search tools capable of scanning the contents of millions of documents and files in a matter of seconds. Coupled with full-text indexing and search capabilities, advisers using document management software have the ability to efficiently search across their entire repository of client files for specific documents using keywords and phrases.

Lastly, advisers operate their practices in an ever-tightening regulatory environment. Both FINRA and the Securities and Exchange Commission enforce record keeping requirements in which documents related to activity in a client's account must be retained for no less than six years. Advisers are also required to outline and periodically test disaster recovery and business continuity plans in case an external event were to interrupt the practice's ability to conduct normal business.

Advisers who use document management software have a significant advantage in meeting these regulatory requirements over their counterparts who do not use such systems. Most document management systems support and enforce retention schedules and policies to all stored documents. Entire repositories of documents can be backed up to external devices, eliminating the

### FOOTNOTE

1. Drucker, David J. (2010, October 10) Return on Technology Investment. Presented at the FPA Denver 2010, Denver, Colo.



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risk of loss to physical property due to a catastrophic fire or flood. Managing retention policies and disaster planning with paper records is a process fraught with inefficiencies and shortcomings.

Document management software programs have improved significantly and leverage the capabilities afforded by powerful computers and inexpensive disk storage. Today's document management software has reached a level of maturity to provide significant benefits to financial advisers. By implementing such software, advisers can better organize, manage, and retrieve electronic records across their clients and their practice using appropriate taxonomies. Advisers using document management software gain from the system's ability to operate an efficient, compliant, and secure electronic document environment essential in today's world.

## Purpose and Methodology

As with the previous reports in this series, this report is designed to serve as a roadmap for advisers to use when evaluating and selecting software for their practices. Because financial advisory services span a wide variety of business models, individual adviser objectives, and client needs, there isn't a silver bullet solution that is best for everyone.

Before comparing the cost and functionality checklists of various software providers, it is important to have your business objectives and your specific software objectives identified. This report is designed to provide key information that can help you make strategic decisions with your document management software purchase or usage.

### WHY WE WROTE THIS

We started our mission of writing the ultimate technology report series because of you, the adviser. For years we have listened to you talk about the lack of existing information available to help advisers learn about technology and, once adopted, fully utilizing the software you have.

The Financial Planning Association and ActiFi Inc. collaborated to take the guesswork out of technology purchases. Through a comprehensive software, technology, and business best-practice research program, FPA and ActiFi hope to help advisers identify which technologies are best for a specific type of practice, so advisers can make the right technology purchase decisions. The research program provides advisers an objective and personal view of how technology can improve client service and increase profits. A series of in-depth reports

and analyses compares and contrasts the attributes of various software and technology offerings and determines which package is best for a firm's business operation. The following report on document management software is the fifth report in the series.

"The FPA-Acti-Fi Adviser Technology Report: Document Management Edition is a terrific example of a collaboration which does the heavy lifting and research for advisers. They can use the solid and objective data in this report to help improve their practice, and ultimately benefit their clients," said Marv Tuttle, executive director and CEO of FPA.

FPA and ActiFi conducted extensive research in the various software products available to advisory firms. In addition, quantitative surveys provide a best-practice view of how technology can interact to improve operations, client service, client acquisition, and ultimately a business's profitability.

"All too often we see financial advisory practices that have made the wrong technology decisions by focusing on the bells and whistles of a software package versus what tools will drive their client experience and improve their business processes," said Spenser Segal, CEO of ActiFi. "Advisers don't have the time to be software experts and thus rely on what's promised in marketing and sales literature. With FPA, we're going to take a leadership role in helping the industry define best practices and then provide advisory firms the objective information they need to make wise choices."

### RESEARCH METHODOLOGY OVERVIEW

This report was developed from a combination of vendor interviews, software functionality testing, and a quantitative online survey of financial advisers. The goal was to create a report that had a wide breadth covering the key vendors, and depth to encompass the core issues and desires of users. The research methodology included three major elements that ultimately created a 360-degree view: (1) market analysis, (2) functionality review, and (3) adviser research. See Exhibit 1.

**Market Analysis**—Vendors were interviewed at length to determine company history, customer experience, perceived points of differentiation, marketing and distribution strategies, pricing, support services, and much more. In addition, secondary analysis was conducted to provide objective information regarding each of the reviewed vendors.

**Functionality Review**—The research included an in-depth functionality review of the vendors covered and took into