

# **2018 SOFTWARE SURVEY**

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T3

INSIDE INFORMATION  
ADVISOR PERSPECTIVES

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## Methodology and Disclaimer

The technology sector is arguably the most dynamic aspect of the financial planning/investment advisory profession today. Custodial capabilities are evolving in an arms race of new features and increasingly tight integrations. New automated software, sometimes called “robo,” is appearing not only in the online investment space, but in automated procedures appearing in CRM and financial planning programs. A new generation of all-in-one suites is emerging at Advisor Engine and Riskalyze.

At the same time, a number of well-established firms that were once clearly defined by a specific niche, (portfolio management software in the case of Black Diamond, Orion and Tamarac; data in the case of Morningstar) are now pivoting to become platform or all in one plays. Some time in 2018, you will see a number of RIA custodians compete more directly with third party software providers, particularly in the portfolio management and reporting area. The paperless office, e-signatures and automated forms generation and population are creating new frontiers of practice efficiency. Increasingly sophisticated client portals and vaults are providing the profession with new opportunities to help their clients better organize their financial lives.

This constant, rapid evolution presents increasingly stressful challenges and, at the same time, greater opportunities than the profession has ever experienced. They are two sides of the same coin: every year, advisors wake up to the potential to automate a growing number of rote tasks and provide deeper analysis and better service for their clients. This is balanced by the constant administrative headache of keeping track of all the innovations, and defining how they relate to your firm. At what point does it make sense to make a switch? When does the newer tech represent enough of an improvement over existing technology to warrant a potentially painful change in procedures, plus the purchase price and training costs?

And for many firms: how do I increase my utilization of existing (and evolving) software capabilities from a current 15% to something closer to 50%, and is there a migration/training/process path to getting toward 100%?

This second annual T3/Advisor Perspectives/

Inside Information Advisory Profession Software Survey, was created to help industry managers and executives survey the tech landscape from a high level, and zoom in on the opportunities that make the most sense for them. We asked the readers and members of our respective communities to tell us what tools and solutions they are currently using—to give you a look at market share statistics.

In software categories where there was a high overall market share, we took a deeper dive into the numbers, and correlated the responses with the demographics. This information was provided on the theory that the reader would want to know which programs are most popular with their age cohort, the size of their business, and their business model.

But, of course, the most popular may not always be the best. We also asked survey participants to provide a satisfaction rating for each program they are using—to give you a look at the quality of each software product, as seen through the eyes of its users. The satisfaction ratings range from “1” (probably replace) to “10” (would strongly recommend to a colleague). Each program received a score that is the statistical average of all the responses. As you’ll see, the profession as a whole is generally quite satisfied with the state of their existing technology.

In addition, we provided an “other” field, so participant advisors could tell the names of less mainstream solutions they’re using which didn’t appear the survey. Every year, this uncovers a surprising number of unfamiliar tools and services, and provides insight into the remarkable diversity of software providers in our professional marketplace. More importantly, it gives the reader an opportunity to do a bit more research into tools that have not yet achieved “mainstream” status.

Finally, we asked participants to name those programs and services that they are thinking about switching to. Since these decisions are seldom made lightly and without significant consideration, we believe these lists, provided in the form of a ranking, gives us a rare glimpse into future shifts in market share. You will see cases where a program is currently less popular than some of its peers, but tops the list of services that advisors are considering switching to. That suggests that



there will be a rise in market share by the time the next survey rolls around.

We made every effort to provide an accurate representation of advisor responses. This always requires a degree of hands-on evaluation and judgment. The reader should understand that not every vote was counted. Among the more interesting responses, one gloomy soul claimed to be using every single program listed in the survey, and gave them all the lowest possible rating. Another, presumably happier individual also scored every program, except his ratings were a perfect 10 across the board. A few others amused themselves by giving sequential ratings: a "1" for the first program listed, a "2" for the second and so forth to the end of each category. We excluded these results from the overall rankings.

Some respondents seemed to have a more focused agenda. There were at least seven participants whose only input was to list YourEFolio in the "other" and "plan to use" categories. These too were eliminated.

The most head-scratching responses came from what we can only assume to be avid Wealthbox users, some of whom gave the program a perfect 10 rating and then proceeded to write in that they were planning to add Wealthbox to their software suite--and not just in the CRM category, but in various other categories as well. Several Wealthbox users crossed the line in enthusiasm and gave the program a perfect 10 and gave software in CRM and other categories lower grades. We eliminated those write-in votes but kept the ratings.

Our best efforts may not always have yielded perfect or precise results. For instance, it's clear that some advisors are stricter in their grading than others; many didn't give a single program in their software suite a perfect "10" rating, or even any "9"s. Two iden-

tically satisfied users might give different responses in the satisfaction rating.

A bigger problem, whose magnitude is hard to assess, is the demographics of the respondents. As the reader will see in the next section, the subset of advisors who responded to our survey does not match precisely with the industry averages. But beyond that, we may have attracted a higher percentage of, say, MoneyGuidePro or Orion users than, say, eMoney or Tamarac users. We know of one instance: again returning to Wealthbox, it is clear from the survey that a high number of XYPlanning Network members participated in the survey—and we sincerely thank Michael Kitces and Alan Moore for promoting the survey to this constituency. But, as you'll see in the CRM section of this report, that created some interesting market share numbers in the CRM rankings.

We want to express our gratitude to the more than 1,500 members of the financial planning/investment advisory community for their willingness to participate in this effort, and provide us with priceless data on the ever-evolving professional technology sector.

And we also want to express our gratitude to the sponsors of this year's survey: Orion Advisor Services and Fiserv

We believe that our 2018 Technology Survey represents a significant improvement over last year's version, and that we're collecting the best and most useful data to be found anywhere in our professional space.

We hope you agree.

*Joel Bruckenstein  
Bob Veres*

## Profile of the Survey Participants

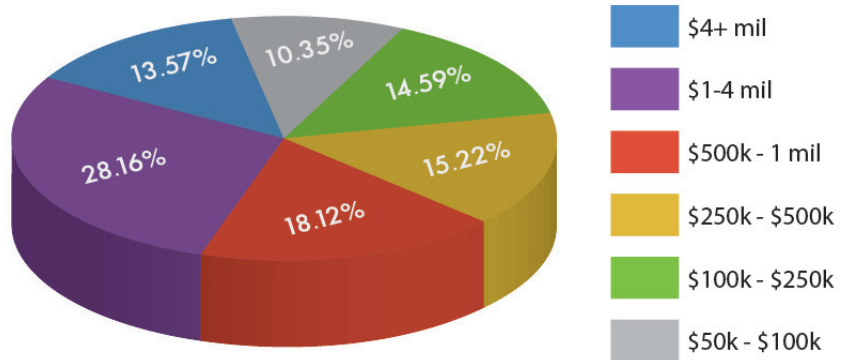
The goal of this research report, and the questionnaire that gathered its data, was to capture data on the software usage of the mainstream financial planning/investment advisory profession. To that end, we wanted to collect not just a broad sampling of opinions and input, but for the sample to reflect the overall marketplace of advisors.

In all, we collected 1,554 useable responses, from invitations sent out to the Inside Information, T3 and Advisor Perspectives communities. This exceeds the number of responses of any other tech survey in the planning/advisory space, and provides a good cross-section of the independent RIA population.

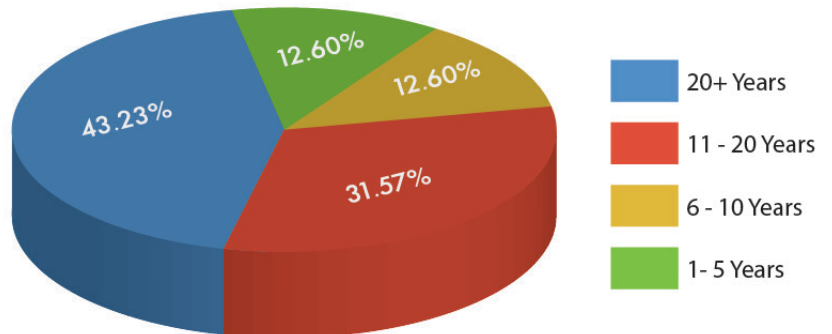
The demographics of the survey respondents are shown in the accompanying four charts. The first indicates that our data represents a broad cross-section of firm sizes. We broke them down into six unique categories, including something we haven't seen in any other survey: the very large, largely unseen cohort of ultra-small firms with less than \$100,000 in total revenue. The reader can see that our divisions created substantial numbers of respondents in each category; however just under 50% of the overall sample reported between \$500,000 and \$4 million in total revenue (spanning two categories).

We also heard from a broad spectrum of advisors in terms of years of experience, ranging from relative novices with five or fewer years of experience, to industry veterans who have been in the business for more than 20 years. Reflecting the profession as a whole, just over 43% of the

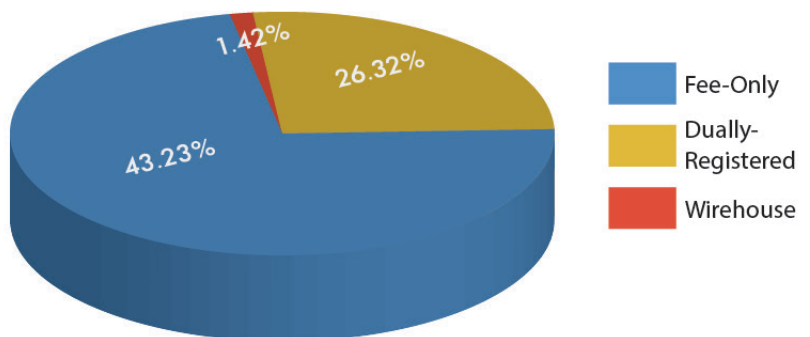
**Annual Revenue of Respondents' Firms**



**Years in Business**



**Business Model**



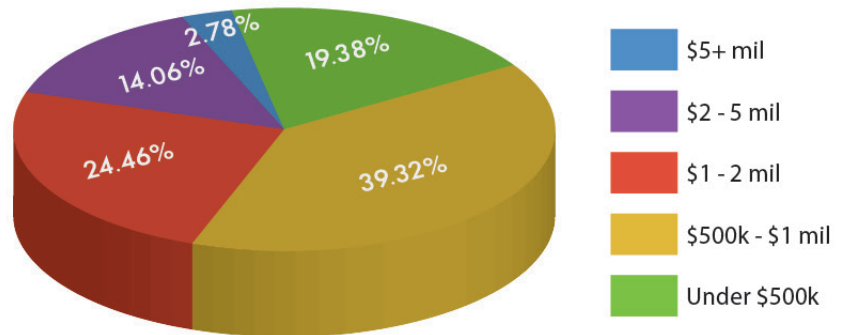
respondents have over 20 years of industry experience, and more than 31% have been in the business between 11 and 20 years.

The core audience of Inside Information and T3 Technology Hub readers is weighted towards independent RIAs, and that is reflected in the results. 72.25% of the respondents are fee-only independent RIAs; another 26.32% are dually-registered—defined as advisors have a broker-dealer affiliation and come under FINRA jurisdiction, but who also are registered as RIAs independently or IARs under their BD's RIA umbrella. Just 1.42% of the respondents reported working for a wirehouse.

In this demographic, our survey contrasts sharply with the December 2016 Financial Planning magazine survey, where only 32.2% of respondents identified themselves as RIA-only. (The magazine did not distinguish between compensation models.)

We also asked a question about the type of clients the different advisory firms work with, measured by median client investible assets. We collected a significant number of participants working with individuals in four of the five categories; few advisory firms who completed the survey are working primarily with clients with \$5 million or more in investible assets. The

**Median Client Investible Assets**



sweet spot seems to be clients with between \$500,000 and \$2 million, which matches what you see in most industry surveys.

What you see on the following pages reflects the technology behavior and attitudes of independent RIAs, most of them compensated primarily or entirely by fees. We believe that this is an important subset of the overall financial services industry, one that is characterized by early adopters, by the industry's most rapid growth, and by a generally higher level of technology sophistication and freedom to make their own technology decisions.

## All-In-One Software Programs

There was a time not long ago when it was accepted wisdom that an all-in-one software program could not compete with the increasingly integrated specialized software. Better integration among programs from different providers and at the custodial level meant that the integration conveniences of all-in-one were becoming less relevant.

But recently, we have seen the quiet encroachment of newer, stronger competitors. Interestingly, this has been achieved in part by new competitors like Advyzon and Oranj, in part by acquisition, most recently Morningstar's purchase of Total Rebalance Expert, Advisor Engine's acquisition of the Junxure CRM technology and the Oranj purchase of Trade Warrior's advanced trading capabilities. Strong specialized programs, developed independently, have been integrated into the all-in-one solutions.

Overall, a remarkable 36.49% of survey participants report using an all-in-one software program—a dramatic market share increase from just two or three years ago, even though the market share numbers of specialized programs, later in the survey, make it clear that this use is combined with other software.

This category provides some interesting dynamics. It is no surprise that Morningstar Office is a clear leader. The Morningstar name is well respected, and the value received for the price paid is high. Office includes Morningstar data, portfolio management and reporting software, billing, some lite goal-based planning, the ability to track contacts (to call it CRM would be an exaggeration), and more. Their 6.89 satisfaction rating is respectable, but quite frankly, we expected it to be higher. We suspect that the transition from the older version of the system to the new cloud-based version has held their score down a bit, but this should be behind them going into 2018. The new cloud version is much improved. It includes account aggregation, tax sensitive rebalancing, and client communication tools. We expect further enhancements in 2018.

Tamarac has established a well-deserved reputation in this category. Its market share and satisfaction

All-In-One Software Programs	Market Share	Avg. Rating
Morningstar Office	20.21%	6.89
Envestnet/Tamarac	11.84%	7.74
Advyzon	1.61%	8.08
Advisor Engine	1.42%	7.91
Interactive Advisory Software	0.84%	3.38
Oranj	0.58%	4.11
Total category market penetration		36.49%
Average category rating:		6.35

Programs people are thinking about adding:	
Envestnet/Tamarac	57
Oranj	50
Morningstar Office	41
Advyzon	22
Advisor Engine	21
Orion Advisor Services	19
CircleBlack	2
Robust Wealth	2
Black Diamond	2
Interactive Advisory Software	2

score reflect this. Also worth noting: more respondents in this category are thinking about adding Tamarac in 2018 than any other program. Their latest version is a significant improvement over the last, with much deeper integration and improved workflows. Tamarac offers portfolio management and accounting, reporting, tax sensitive rebalancing, CRM, billing, and a well-designed client portal.

Advyzon's market share is still small, but its users really like its functionality, as reflected in the highest rating (8.08) in the category. Advyzon is one of the more competitively priced all in one solutions, with portfolio management and accounting, reporting, CRM, document management, and a client portal. A rebalancing module is expected soon. The program's high satisfaction score, and the number of respondents thinking about adding them in 2018 are clear positives.



Advisor Engine, a newcomer, also scored high among those that use it. A substantial number of respondents are thinking about adding AdvisorEngine in 2018.

Advisor Engine offers portfolio management and accounting, reporting, goals-based planning, document management, account aggregation, a powerful alerts system, and perhaps the best client digital onboarding experience in the industry. The company also offers analytics and rebalancing through partners.

Its recent purchase of Junxure CRM positions it strongly in that niche and its ability to accommodate multiple wealth management work flows on a single unified platform sets it apart. For example, you can create one investment process for top tier clients, an automated (think robo) process for small clients and automate much or all of it through the AdvisorEngine platform.

IAS and Oranj both score poorly in our survey. In the case of Oranj, we are somewhat optimistic going forward. They are still a relatively young firm. They recently altered their business model, and they acquired Trade Warrior. Both moves give us hope that their numbers will improve in the future, as does the fact that a substantial number of respondents say they are thinking about adding Oranj in 2018. IAS, on the other hand, has been around for years. Its low market penetration, low satisfaction score, and the minimal number of respondents thinking about adding IAS in 2018 do not bode well for the future unless circumstances change drastically.

**"Other" programs mentioned:**

Smartworks Advisor  
Capitect  
Schwab In-House Rebalancer  
Riskalyze AutoPilot  
Advent/Moxy  
Adhesion  
Pershing NetX360  
Fidelity Wealthscape  
RebalanceMax  
RobustWealth  
Blaze Portfolio  
Eze Castle Software  
FTJ FundChoice  
TradePMR Fusion  
FolioDynamix  
RiskproAdvisor  
Sungard Wealthstation  
SmartLeaf

## Portfolio Management Tools

With a total market penetration of 83.40%, portfolio management software and services would seem to be one of the primary tools in the financial services toolbox. The category is notable for the diversity of market share: the top six programs all have nearly 10% market share. We gathered market share information on 10 other programs, and 14 additional service providers gathered write-in votes. In the portfolio management space, there is a very healthy competitive balance.

In addition, we would characterize any average user ranking above 7.0 as showing a high degree of overall satisfaction, and a somewhat remarkable seven of the 16 firms exceeded that threshold: Advyzon (7.90), Orion Advisor Services (7.67), Envestnet/Tamarac (7.59), Addepar (7.43), Assetbook (7.39), Croesus (7.25), and Advent/Black Diamond (7.22).

Schwab's PortfolioCenter retains its lead from last year as the market share leader, but if current trends continue, it may not be the market leader for long. PortfolioCenter's share dropped from 24.48% last year to 17.63% this year. There are other troubling signs as well. The program's satisfaction rating dropped from 6.76 last year to 6.41 in this year's survey. Only 16 respondents said they were thinking about adding PortfolioCenter in 2018; that compares with 132 for Orion, the runaway leader in that leading indicator of future market share.

The saving grace for Schwab is that its long-awaited next generation cloud-based portfolio management and accounting system is expected to finally be released in 2018 after numerous delays. If that new system can deliver what has been promised, it could be a game changer.

Tamarac edged out Morningstar for the number two slot in market share this year. We suspect that is attributable for its superior satisfaction score vs. Morningstar. Tamarac also ranks second in programs advisors are thinking of adding, so 2018 looks bright for them.

Portfolio Management Tools	Market Share	Avg. Rating
Schwab PortfolioCenter	17.63%	6.41
Envestnet/Tamarac	13.32%	7.59
Morningstar Office	13.19%	6.84
Orion Advisor Services	12.48%	7.67
Albridge	9.40%	6.33
Advent/Black Diamond	8.04%	7.22
AssetBook	2.96%	7.39
Advent/Axys	2.83%	4.57
Advyzon	1.35%	7.90
Addepar	0.45%	7.43
Investigo	0.39%	3.83
FinFolio	0.39%	5.83
Croesus	0.26%	7.25
First Rate	0.26%	7.00
Panoramix	0.26%	5.50
Cornerstone Revolution	0.19%	5.33
<b>Total category market penetration</b>		83.40%
<b>Average category rating:</b>		6.51

<b>Programs people are thinking about adding:</b>	
Orion Advisor Services	132
Envestnet/Tamarac	81
Advent/Black Diamond	49
Morningstar Office	46
Advyzon	33
AssetBook	18
Schwab PortfolioCenter	16
Albridge	21
FinFolio	14
Addepar	13
CircleBlack	5
Capitect	4
RiskPro	3
Croesus	3
First Rate	3
Cornerstone Revolution	2
Advent/Axys	2

Orion slightly trailed Tamarac and Morningstar in market share, but its 7.67 average satisfaction rate was among the survey's better rankings, edged out only by Advyzon (7.90) in this category. Orion's category-leading pipeline of 132 "thinking about adding" respondents indicates that it is likely to move up a notch or two next year.

The Advent/Axys satisfaction rating, which dropped substantially from an already low score last year, should be an embarrassment to the firm. Advent needs to fix it or stop selling it and send all customers over to its Black Diamond platform, which achieved a very respectable 7.22 average user ranking.

Investigo, added to the survey this year, recorded the lowest satisfaction ratings in this category. That, combined with its minuscule market share, leads us to be pessimistic about that product's future.

Advyzon also has a small market share, but its prospects appear brighter. Although the sample is small, the firm recorded the highest satisfaction rating of the group, and a substantial number of advisors are thinking about using its software in 2018. Currently, the user base is skewed towards newer entrants to the profession, but they seem to be attracting some larger firms more recently.

We took a deeper dive into the numbers, correlating user responses with some of the demograph-

ic information we collected and reported earlier in the survey. Thus, we were able to determine the share of market each software program achieved, not overall as in the primary rankings, but with advisory firms of different sizes, different business models and different levels of experience in the industry.

The result was eye-opening. The first thing to notice is that smaller advisory firms, the two categories with under \$250,000 in total revenue, had hardly any utilization of portfolio management software at all. Look across the top two levels of the "size of firm" breakdown and you see that only one program (Morningstar Office) has higher than a 10% market penetration into this cohort.

Turn to the third chart, and you see something similar: with the exception of Orion Advisor Services, none of these portfolio management programs enjoys as much as a 10% market penetration among advisors with 1-5 years of industry experience.

This may be capturing a generational trend in the industry that nobody is currently talking about. Younger advisors with smaller firms may have given up managing assets as part of their business model, preferring to charge their (mostly younger, less-wealthy) clients on a retainer or monthly fee basis, billed out of their credit cards instead of their portfolios.

At the opposite end of the spectrum, as you move from top to bottom of the two charts, toward

**Market Share Breakdown: Size of Firm (annual revenues)**

	PortfolioCenter	Tamarac	Morningstar	Orion	Albridge	Black Diamond	AssetBook	Advent/Axys	Advyzon
Under \$100,000	0.76%	2.27%	6.82%	7.58%	5.30%	0.76%	0.00%	0.76%	0.76%
\$100,000-\$250,000	8.06%	4.30%	12.90%	9.68%	10.22%	7.53%	2.69%	0.00%	2.15%
\$250,000-\$500,000	19.07%	4.64%	14.95%	10.82%	10.82%	6.70%	7.22%	1.55%	2.06%
\$500,000-\$1 Million	19.48%	11.69%	15.15%	15.15%	14.29%	10.82%	5.19%	0.43%	1.73%
\$1-4 Million	28.69%	17.55%	14.76%	16.43%	7.24%	11.14%	2.51%	4.46%	1.11%
\$4+ Million	23.70%	34.10%	13.29%	15.61%	6.36%	10.98%	0.58%	7.51%	0.58%

**Market Share Breakdown: Business Model**

	PortfolioCenter	Tamarac	Morningstar	Orion	Albridge	Black Diamond	AssetBook	Advent/Axys	Advyzon
Wirehouse	11.11%	5.56%	5.56%	0.00%	5.56%	5.56%	0.00%	0.00%	0.00%
Dually-Registered	11.71%	11.71%	13.51%	12.31%	29.73%	9.01%	1.50%	0.90%	0.30%
Fee-Only	21.88%	14.00%	13.79%	14.00%	1.86%	8.53%	3.94%	3.28%	1.97%

**Market Share Breakdown: Years in Business**

	PortfolioCenter	Tamarac	Morningstar	Orion	Albridge	Black Diamond	AssetBook	Advent/Axys	Advyzon
1-5 Years	9.38%	8.75%	6.25%	11.88%	1.88%	6.88%	1.25%	1.25%	2.50%
6-10 Years	13.13%	10.00%	13.75%	16.25%	11.25%	12.50%	3.75%	0.63%	1.25%
11-20 Years	19.20%	12.22%	14.46%	14.21%	8.48%	6.73%	4.99%	3.24%	1.25%
20+ Years	23.13%	16.03%	14.94%	12.39%	11.29%	9.84%	2.37%	3.28%	1.46%

generally larger advisory firms and advisors with more experience, you see higher utilization. This reflects advisory firms that are operating in the more “traditional” AUM business model.

Now turn to the programs themselves, and you see information which could potentially help the user decide which program is most popular in his/her age and firm demographic category. The best way to use these charts is to identify your own firm size, your own years of experience, and your own business model, and then see which programs are most popular in those spaces.

PortfolioCenter, Tamarac, Orion and Black Diamond all are more popular with larger firms than with smaller, less experienced ones, although Orion, alone among its competition, holds up well in market share across all categories, with leading market share in the smallest firm category, and ranking third among the largest firms.

It comes as no surprise that Albridge gets the clear majority of its business in the dually registered space; it is partnered with a number of independent broker-dealers. PortfolioCenter has the highest penetration among fee-only advisors, followed by Tamarac and Orion in a dead heat for second, but it is interesting to see that PortfolioCenter—owned and marketed by a custodian that supports the fee-only business model—enjoys an 11.71% market share among survey participants who report themselves to be dually-registered. On the other hand, as word of caution regarding PortfolioCenter is in order. With Schwab expected to release its next generation portfolio management and reporting software later in 2018, it remains to be seen how much new development effort will be put into PortfolioCenter going forward. Will it remain a robust competitor, or will it become an underfunded stepchild a la Advent Axy's? We just don't know at this point.

**"Other" programs mentioned:**

CircleBlack  
Fidelity Proprietary  
Captools  
Adhesion  
Capitect  
Morningstar dbCAMS  
Robust Wealth  
Fortigent Wealth  
Power Advisor  
Asset Dedication  
Ebix SmartOffice  
BridgeFT  
Stylus Pro  
AutoPilot



## Risk Tolerance Instruments

It is a bit surprising that fewer than half of independent advisory firms, many of them fiduciary and fee-compensated, are using risk tolerance assessments as part of their client onboarding process. This oversight may come back to haunt advisors if/when there is a significant market downturn and clients begin questioning the appropriateness of their portfolios.

However, we were not surprised that Riskalyze led this category with a 26.90% market share, up a tad from last year. Its satisfaction rating of 7.36 is a good one; up from 7.05 last year. What did surprise us is that FinaMetrica's share dropped to 14.74% from last year's 20.72%; this even though FinaMetrica's satisfaction rating was a category leading 7.62, identical to its 2017 satisfaction score.

Last year, when we asked advisors what they were thinking about using in the coming year, Riskalyze led FinaMetrica by a margin of roughly two to one. It seems that number was a good predictor of the usage trend. Fortunately for Riskalyze, the trend is similar this year: those who are thinking about using Riskalyze outnumber those thinking about using FinaMetrica by approximately a 2 to 1 margin.

Although PocketRisk only has a small market share in our survey, its 7.0 satisfaction score is respectable.

Tolerisk and FinMason are new to the survey this year, and their market share is tiny. The few advisors using FinMason seem to really like it; the 8.83 average user rating is among the highest in the entire survey.

Risk Tolerance Instruments	Market Share	Avg. Rating
Riskalyze	26.90%	7.36
FinaMetrica	14.74%	7.62
Pocket Risk	0.97%	7.00
Tolerisk	0.58%	5.11
FinMason	0.39%	8.83
<b>Total category market penetration</b>		43.56%
<b>Average category rating:</b>		7.18

Programs people are thinking about adding:	
Riskalyze	168
FinaMetrica	80
Tolerisk	21
Pocket risk	6
RiskPro Advisor	6
FinMason	5
Totum Risk	4
Hidden Levers	4
Advisory World	3
Data Points	2

"Other" programs mentioned:
Hidden Levers
Morningstar Risk Questionnaire
Data Points Investor Profile
ACP Risk Questionnaire
IPS AdvisorPro
Totum Risk
RiXtrema
OnPointe Risk Analyzer
Sungard Allocation Master
RiskPro Advisor
Invessence
AdvisoryWorld

## Investment Data/Analytics Tools

Morningstar leads in this category by a wide margin; no surprise there, and its users are quite satisfied, giving the venerable service a 7.79 rating. However, this is a slip from last year, and the company may be experiencing a long, slow, incremental erosion of market share as more advisors move to ETFs and out of the business of ranking and sorting actively managed mutual funds. It will be something to watch in the future.

FI360, new to the category this year, finished just ahead of Y Charts, last year's #2 market share application, but YCharts improved its user rating and continues to add new data and features to its offer.

Once again, we find Kwanti, new to the survey this year, with a strong initial showing both in market share and with an impressive initial user rating (8.56).

Although its market share is very small at this point, FinMason notched the highest satisfaction score on the whole survey: 9.25! Advisors really love FinMason's data and analytics tools. 2018 could be a good year for both FinMason and Kwanti.

Overall, this category has the highest average satisfaction score in the survey. That should make the 40% of advisors who don't have these capabilities sit up and take notice.

Some are already there. In the programs that people are thinking about adding, our leading indicator shows that YCharts is due to add market share, and more advisors plan to add Morningstar and Kwanti to their toolkits.

Inv. Data / Analytics Tools	Market Share	Avg. Rating
Morningstar	36.55%	7.79
FI360	6.37%	7.87
YCharts	5.98%	7.87
Kwanti/Portfolio Lab	5.02%	8.56
Bloomberg Terminal	3.93%	8.52
AdvisoryWorld	2.51%	6.33
FactSet	1.99%	8.03
Chaikin Analytics	0.84%	7.85
FinMason	0.26%	9.25
<b>Total category market penetration</b>		63.45%
<b>Average category rating:</b>		8.01

Programs people are thinking about adding:	
YCharts	39
Morningstar	33
Kwanti	26
FactSet	20
FI360	19
AdvisoryWorld	18
Bloomberg Terminal	10
Chaikin Analytics	7
FinMason	2

"Other" programs mentioned:
Steele Mutual Funds
Firm CMX
Intrinsic Research
Zephyr
Investor FastTrack
S&P CapIQ
StockCharts
PortfolioVisualizer
Zacks Advisor Tools
RiskPro Compliance Officer
Schwab Institutional Research Lab
GuruFocus
FastTrack
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## Trading Rebalancing Tools

Fewer than 45% of the survey respondent advisors are currently using a trading or rebalancing software tool, but those who do appear to be extremely happy with their choice. Six of the seven programs received a rating above 7.0, led by TDA's free version of iRebal (8.32%) and Envestnet/Tamarac (7.72%). The average category rating was 7.50, the highest in the survey.

Looking at the market share numbers, "free" is an excellent price point to gain popularity, especially if it is a sophisticated, highly capable application with good usability. Hence it is no surprise that the free online version of iRebal leads this category in market share. The satisfaction rating is particularly noteworthy because iRebal improved upon their already impressive 7.70 rating last year.

Among the applications that advisors actually pay for, Envestnet/Tamarac remains the clear leader. Its market share dropped a bit from last year, but its rating actually improved from 7.45 to 7.72.

In a somewhat surprising showing, Orion Advisor Service's new rebalancing program is already ranking third in market share with a very respectable 7.34 user rating. More respondents are thinking about using the Orion rebalancer than any other in 2018, so we expect their market share to increase when we next survey respondents.

TD Ameritrade has clearly contributed to the growth of this category over the last several years. Based on the record number of advisors who are thinking about using one of these tools in 2018, we are bullish on the category as a whole going forward. It seems to us that tax-sensitive, location-sensitive rebalancing software is becoming table stakes for the independent RIA, so those who fail to make use of this software in the future will be at a competitive disadvantage.

Trading/Rebalancing Tools	Market Share	Avg. Rating
iRebal (TDA-free version)	14.86%	8.32
Envestnet/Tamarac	13.00%	7.72
Orion Advisor Services	5.15%	7.34
Morningstar TRX	3.35%	6.44
iRebal (standalone)	2.90%	7.29
Trade Warrior	2.32%	7.42
Red/Black	1.99%	7.97
<b>Total category market penetration</b>		43.56%
<b>Average category rating:</b>		7.50

### Programs people are thinking about adding:

Orion Advisor Services	88
Envestnet/Tamarac	66
iRebal (TDA Free Version)	64
Trade Warrior	36
Morningstar Total Rebalance Expert	34
iRebal (Standalone Version)	22
Red/Black	15
FIX Flyer	3
RobustWealth	2
RiskProAdvisor	2

### "Other" programs mentioned:

Smartworks Advisor  
 Capitect  
 Schwab In-House Rebalancer  
 Riskalyze AutoPilot  
 Advent/Moxy  
 Adhesion  
 Pershing NetX360  
 Fidelity Wealthscape  
 RebalanceMax  
 RobustWealth  
 Blaze Portfolio  
 Eze Castle Software  
 FTJ FundChoice  
 TradePMR Fusion  
 FolioDynamix  
 RiskproAdvisor  
 Sungard Wealthstation  
 SmartLeaf

## Financial Planning Software

In the past, surveys of financial planning/investment advisory audiences found that a relatively small number of professionals were actually using financial planning software, leading one to wonder whether they were actually providing planning, or very basic due diligence to set up an investment relationship.

Wonder no more; almost 95% of the survey respondents are using one of these financial planning programs, and we suspect that if we were to add in all the respondents in the “other” category, the number would be close to 100%. This is now a key part of every advisory firm’s toolkit.

In terms of market share, the financial planning software market is increasingly looking like a two horse race between MoneyGuidePro and eMoney. As was the case last year, MoneyGuidePro leads the field in market share, but eMoney has closed the gap; it was from 16.2 percentage points behind last year and only 7.1 this year. eMoney also edged out MoneyGuidePro in the user ratings, but both continue to exhibit excellent scores (8.00 to 7.81).

MoneyTree, last year’s third place finisher, held steady in market share and user rating, but it has been eclipsed this year by relative newcomer Right Capital, which continues to earn among the best user ratings (7.97 in this survey). As was the case last year, Right Capital ranks third behind the two market leaders in people thinking about adding it in 2018.

Advizr, another relative newcomer, saw its market share hold steady despite a significant uptick in user satisfaction.

Financial Planning Tools	Market Share	Avg. Rating
MoneyGuidePro	36.10%	7.81
eMoney	29.02%	8.00
Right Capital	9.97%	7.97
MoneyTree	7.27%	7.09
Advicent/NaviPlan	5.79%	5.59
Advizr	3.73%	7.71
Advicent/Profiles	0.97%	5.53
Envestnet Logix	0.84%	5.77
Advyzon	0.32%	6.00
Advicent/Figlo	0.32%	4.00
<b>Total category market penetration</b>		94.34%
<b>Average category rating:</b>		6.55

Programs people are thinking about adding:	
eMoney	173
MoneyGuidePro	111
Right Capital	91
Advizr	39
Advicent/Naviplan	16
Advyzon	13
Envestnet Logix	10
Advicent/Profiles	7
Advicent/Figlio	4
MoneyTree	4



Looking at the user demographics charts, both MoneyGuidePro and eMoney are popular across all segments of years in business, a healthy sign. They are also strong across all business models.

Looking at the market share across firm sizes, MoneyGuidePro exhibits strength across all revenue levels; while it appears that the larger the firm, the more likely it is to use eMoney as its planning tool of choice. This intuitively makes sense, since it costs more than MoneyGuidePro does.

RightCapital is the clear market leader with newer, smaller advisors, but the company is also starting to make inroads with larger, more mature firms, a very promising sign for the company's marketing team.

MoneyTree's strength is with older advisors, but it is struggling to win business from the next generation of advisors. If the company is unable to modernize its user interface, graphics and usability, it is difficult to see how it will withstand the onslaught from the two market leaders and two more dynamic newcomers.

#### "Other" programs mentioned:

ESPlanner  
Cheshire Wealth Manager  
Finaceware  
Plan Builder  
WealthTrace  
ExecPlan  
Voyant  
Income Solver  
BNA Financial & Tax Planner  
Retirement Analyzer  
Sungard Wealth Station  
RetireUp  
MoneyTrack/Circle of Wealth  
GoalGami Pro  
RiskPro Advisor  
MaxiFi  
Advisys/Back Room Technician  
Invessence

#### Market Share Breakdown: Size of Firm (annual revenues)

	MoneyGuidePro	eMoney	Right Capital	MoneyTree	NaviPlan	Advizr
Under \$100,000	24.24%	15.91%	38.64%	6.82%	2.27%	12.88%
\$100,000-\$250,000	37.63%	29.57%	13.44%	8.06%	5.38%	6.45%
\$250,000-\$500,000	40.21%	28.35%	9.28%	5.67%	2.06%	4.12%
\$500,000-\$1 Million	40.69%	31.17%	6.49%	6.93%	6.06%	3.03%
\$1-4 Million	43.45%	33.43%	5.29%	8.36%	6.96%	1.67%
\$4+ Million	35.84%	32.37%	3.47%	9.25%	9.25%	1.73%

#### Market Share Breakdown: Business Model

	MoneyGuidePro	eMoney	Right Capital	MoneyTree	NaviPlan	Advizr
Wirehouse	27.78%	22.22%	0.00%	5.56%	5.56%	0.00%
Dually-Registered	34.83%	39.04%	7.81%	5.41%	5.11%	3.60%
Fee-Only	40.59%	26.48%	11.93%	8.32%	5.91%	4.49%

#### Market Share Breakdown: Years in Business

	MoneyGuidePro	eMoney	Right Capital	MoneyTree	NaviPlan	Advizr
1-5 Years	25.63%	26.88%	28.13%	2.50%	3.13%	12.50%
6-10 Years	45.00%	31.25%	13.13%	4.38%	2.50%	5.00%
11-20 Years	40.90%	27.68%	9.73%	7.48%	5.99%	3.24%
20+ Years	38.80%	31.51%	5.28%	10.20%	7.10%	2.19%

## CRM Tools

Few advisory firms attempt to operate without a professional CRM program; indeed, the days when a simple database or contact management program was considered a viable CRM option appear to be over. Last year, just over 77% of respondents reported using one of the professional CRM programs; in this survey, that figure topped 87%. More and better features, greater usability and accessibility through the cloud have all improved user experiences and the benefits of a CRM application.

Once again, users seem to be pleased with what they're using. Seven of the 10 programs on which we collected market share received a 7.0 or above rating, led by Concenter Services' XLR8 customized Salesforce application (8.65). The overall satisfaction rating for users of CRM tools was a very respectable 7.07.

In terms of market share, the leading charts may be misleading; it shows Wealthbox as the market leader, followed by last year's runaway market leading pair of Junxure and Redtail. Wealthbox's 22.97% market share this year, up from 4.24% last year, suggests that a much higher number of Wealthbox users participated in the survey than any other program in any category. Add to the fact that we identified several responses which were A) clearly fraudulent, and B) skewed strongly in Wealthbox's favor, and you get a situation where the reader is permitted to doubt our results. For the sake of data integrity, we did not interfere with the data we received, with the most obviously fraudulent exceptions.

Junxure and Redtail finished the rankings in almost a dead heat, both in terms of market share and ratings. This is not surprising; the two have dominated this space for years, with very different offerings; Junxure with its workflow and business management capabilities, Redtail with its affordable price point and intuitive user interface. Both have increasingly become an integration "glue" that ties together planning, portfolio management and other programs under a single sign-

CRM Tools	Market Share	Avg. Rating
Wealthbox	22.97%	7.97
Junxure	19.95%	7.39
Redtail	19.37%	7.43
Salesforce	10.88%	7.21
Tamarac CRM	5.15%	6.56
Concenter Services/XLR8	3.99%	8.65
ProTracker	1.67%	5.54
Ebix	1.54%	7.04
Advisors Assistant	1.09%	5.59
Advyzon	0.97%	7.27
<b>Total category market penetration</b>		87.58%
<b>Average category rating:</b>		7.07

Programs people are thinking about adding:	
Redtail	105
Salesforce	102
Tamarac CRM	49
Wealthbox	39
Junxure	35
Concenter/XLR8	19
Advyzon	15
Salentica	10
Advisors Assistant	6
ProTracker	4
Ebix	3

on, with Redtail becoming the market leader in overall integrations. Going forward, it will be interesting to see how the purchase of Junxure by Advisor Engine impacts the company's rankings next year.

Turning to the programs that advisory firms are thinking about adding, Redtail and Salesforce were the runaway leaders, each with among the highest responses of this part of our survey. If this is indeed a leading indicator, it suggests that Redtail will increase market share next year.

When you look at a deeper breakdown of market share by size, business model and age demographics, it is easy to see why Salesforce is once again attracting the attention of advisory firms. It only has significant market share among advisory firms with more than \$1 million in revenue. As more and more firms gain significant scale, they may be looking for a more powerful CRM engine.

Interestingly, this may also benefit XLR8's market share, since the program offers a more customized way to apply the power of Salesforce to a specific advisory firm's needs without the (significant) expense of customization. Indeed, the software had the highest user rating by far last year actually set an even higher bar for competitors this year. It is gratifying to see that the market is taking notice; their market share is more than double that of last year.

Redtail, meanwhile, enjoys strong market share across all sizes of firms, and there is only a hint of bias in its favor among older advisors. The larger the firm, and the more experienced the advisor, the more popular Junxure is likely to be, and Tamarac has a significant market share of the largest category of advisory firms with over \$4 million in revenue.

Wealthbox had the most interesting profile; it dominated the market share among extremely small firms—62% of advisory firms whose total top-line revenue was under \$100,000. It is worth noting that Wealthbox is a free CRM option for members of the

XY Planning Network, so it's possible that many of those users are not currently paying for the program. As firms reached \$250,000 in annual revenues (still quite a small firm), the market share dropped dramatically, and it is minuscule among the largest firms. A similar profile can be seen with industry experience; the less experienced the advisor, the more likely he or she was to use Wealthbox.

#### "Other" programs mentioned:

Salentica Dynamics  
Solve 360  
Grendel  
Backstop  
Insightly  
ACT  
Goldmine  
Daylite  
EZData  
Highrise HQ  
BPA Sharepoint  
Zoho  
SalesLogix  
Less Annoying CRM  
Ebix SmartOffice  
HubSpot  
ClientLogix

Market Share Breakdown: Size of Firm (annual revenues)

	Wealthbox	Junxure	Redtail	Salesforce	Tamarac CRM	XLR8	ProTracker	Ebix	Ivisors Assista	Advyzon
Under \$100,000	62.88%	0.76%	8.33%	3.03%	0.00%	0.00%	3.03%	0.76%	0.76%	0.00%
\$100,000-\$250,000	40.32%	4.30%	22.04%	5.38%	1.61%	3.23%	2.69%	0.54%	0.54%	2.69%
\$250,000-\$500,000	26.29%	13.40%	27.84%	9.79%	1.03%	3.09%	1.03%	1.55%	0.00%	1.55%
\$500,000-\$1 Million	18.61%	19.48%	30.74%	7.79%	3.90%	5.19%	2.16%	2.60%	2.16%	0.87%
\$1-4 Million	8.36%	37.05%	20.61%	16.43%	6.41%	5.01%	2.51%	1.11%	0.84%	0.84%
\$4+ Million	5.78%	30.06%	9.25%	20.23%	16.18%	6.36%	0.00%	0.58%	0.58%	0.00%

Market Share Breakdown: Business Model

	Wealthbox	Junxure	Redtail	SalesForce	Tamarac CRM	XLR8	ProTracker	Ebix	Ivisors Assista	Advyzon
Wirehouse	11.11%	5.56%	22.22%	16.67%	0.00%	11.11%	5.56%	0.00%	0.00%	0.00%
Dually-Registered	25.53%	13.81%	28.53%	11.71%	2.10%	3.60%	0.30%	3.30%	2.40%	0.00%
Fee-Only	22.21%	23.74%	18.49%	11.27%	6.13%	4.38%	2.52%	0.44%	0.33%	1.53%

Market Share Breakdown: Years in Business

	Wealthbox	Junxure	Redtail	SalesForce	Tamarac CRM	XLR8	ProTracker	Ebix	Ivisors Assista	Advyzon
1-5 Years	55.63%	7.50%	11.88%	9.38%	1.88%	2.50%	0.00%	0.63%	0.00%	0.63%
6-10 Years	41.25%	15.00%	19.38%	11.88%	3.13%	2.50%	1.25%	1.25%	0.00%	1.25%
11-20 Years	19.70%	18.95%	22.94%	13.72%	3.49%	4.99%	2.00%	1.25%	0.75%	1.25%
20+ Years	10.02%	27.50%	22.77%	10.02%	7.47%	4.55%	2.73%	1.46%	1.46%	1.09%

## Document Management/Document Processing Tools

Of all the software categories in this survey, this one is perhaps the least well-defined (after, obviously, the miscellaneous category), mixing, as it does, e-signature platforms (DocuSign) with paperless document management (Laserfiche, Worldox, NetDocuments and Redtail Classic Imaging), cloud-based transaction processing (DocuPace) and forms-generating software (LaserApp). It is highly likely that many advisory firms are using more than one of these programs; the most efficient will be using at least three.

Thus, it is surprising to see that only 69% of the respondents are using one of these programs, and the overall utilization rate, due to duplication, is almost certainly less than 50%. Nevertheless, those who do manage forms, documents and signatures with one or more of these programs are experiencing significant productivity gains, measured by their overall satisfaction rate of 7.39. DocuSign (8.21) and Worldox (7.87) were among the total survey leaders in average user satisfaction.

DocuSign's market share climbed about 11 percentage points over last year, and its rating increased a bit as well. LaserApp, under new ownership, saw its market share dip a bit, but its satisfaction ratings remained constant, and 16% of respondents are using its forms-generating conveniences.

Among the competitors in the enterprise content management/paperless office space, the competition is close and market share is low. This is an area that offers significant opportunity for one or more programs to gain more users. Laserfiche, the market leader, is only being used by 6.24% of the survey respondents, followed by Worldox (5.98%) and NetDocuments (3.99%). We attribute Worldox's high user ranking almost exclusively to Trumpet, Inc., the primary (and virtually exclusive) Worldox reseller in the RIA vertical. Laserfiche does particularly well with larger firms, where the software's power and the firm's deep expertise can really shine.

Document Mgt/Processing Tools	Market Share	Avg. Rating
DocuSign	30.05%	8.21
LaserApp	16.09%	7.38
Laserfiche	6.24%	7.18
Worldox	5.98%	7.87
NetDocuments	3.99%	7.23
Redtail Classic Imaging	3.67%	7.32
DocuPace	3.09%	6.54
<b>Total category market penetration</b>		69.11%
<b>Average category rating:</b>		7.39

<b>Programs people are thinking about adding:</b>	
DocuSign	129
LaserApp	56
Laserfiche	51
Worldox	32
Redtail Classic	24
NetDocuments	12
DocuPace	10

That said, its more recent release of a cost-effective cloud-based version will make it more competitive with firms of all size going forward.

Redtail Classic Imaging is new to the survey this year. It was an oversight on our part not to include it last year. We are impressed with Redtail's initial user rating. DocuPace, with just 3% of the market, is not far behind. But looking at the overall numbers raises a question: is it possible that so few advisor firms have gone paperless in this day and age?

Turning to our leading indicator of market share list, a significant number of advisory firms are looking at adding DocuSign and LaserApp to their office toolbox, and among paperless solutions, Laserfiche and Worldox are leaders in the "thinking about adding."



Here again we performed a deeper dive into the data, identifying market share across different firm size, business model and experience demographics. It should come as no surprise that the newer you are to the business, the more likely you are to use DocuSign; indeed, advisors with fewer than 10 years in the business are about 60% more likely to use DocuSign than their peers who have been in the business more than 20. This is an example of more tech-savvy younger advisors recognizing an opportunity to streamline their document handling processes, making themselves more efficient and providing fewer hassles to their clients.

Of the enterprise content management firms, Laserfiche does equally well among the dually registered and the independents. Worldox users skew more to the independent side and its market share is heavily weighted toward the larger firms.

#### "Other" programs mentioned:

Citrix ShareFile  
Dropbox  
Box.com  
BPA Sharepoint  
Paper Vision  
ComConnect  
CabinetNG  
Imaging Assistant  
SmartVault  
DocuXplorer Professional  
RobustWealth  
RightSignature  
M-Files  
AdobeSign  
Advisor Vault  
Google Vault  
FileCenter  
Egnyte  
HelloSign  
Hyland  
Image Silo/Munimetrix  
PaperPort  
OneDrive

#### Market Share Breakdown: Size of Firm (annual revenues)

	DocuSign	LaserApp	Laserfiche	Worldox	NetDocuments	Redtail Imaging	DocuPace
Under \$100,000	44.70%	12.88%	3.03%	1.52%	0.76%	3.03%	0.76%
\$100,000-\$250,000	39.78%	19.89%	3.76%	2.15%	1.61%	4.30%	4.84%
\$250,000-\$500,000	38.66%	18.56%	3.61%	0.52%	3.61%	5.15%	1.55%
\$500,000-\$1 Million	28.14%	19.05%	5.19%	2.60%	3.90%	4.33%	3.46%
\$1-4 Million	23.40%	16.16%	6.41%	11.98%	7.80%	4.46%	3.90%
\$4+ Million	28.32%	13.87%	14.45%	16.18%	2.89%	1.73%	2.89%

#### Market Share Breakdown: Business Model

	DocuSign	LaserApp	Laserfiche	Worldox	NetDocuments	Redtail Imaging	DocuPace
Wirehouse	16.67%	5.56%	11.11%	0.00%	5.56%	5.56%	5.56%
Dually-Registered	32.43%	23.42%	6.31%	4.20%	1.50%	5.71%	9.31%
Fee-Only	31.62%	14.99%	6.02%	7.55%	4.92%	3.39%	0.88%

#### Market Share Breakdown: Years in Business

	DocuSign	LaserApp	Laserfiche	Worldox	NetDocuments	Redtail Imaging	DocuPace
1-5 Years	43.13%	11.88%	1.88%	3.13%	3.13%	3.75%	0.00%
6-10 Years	39.38%	22.50%	4.38%	5.63%	5.00%	4.38%	3.13%
11-20 Years	30.92%	15.46%	3.99%	5.99%	5.24%	3.74%	2.74%
20+ Years	26.78%	18.03%	9.47%	8.38%	3.46%	4.19%	4.37%

## Digital Wealth Management (“Robo”) Platforms

We asked advisors what, if any B2B robo offering they were using. One thing that jumped out at us immediately is that market penetration (20.59%) is still relatively low. It will be interesting to see if it trends upwards over the next several years. Our sense is that it has increased substantially from a year ago, but that many advisors are using online investment platforms sparingly, with younger, less-wealthy “accommodation” clients rather than as a solution for their target clients. That could change as the platforms become more accommodative to things like transferring existing assets, and broader in the assets they will accept.

It has been said that the so-called “robo” could become the “TAMP” of the future, at a much lower price-point and with more services and control.

Despite all of the press regarding newcomers to the space, an incumbent, Schwab Intelligent Portfolios leads the pack with a 4.89% market share. This is no surprise. For Schwab advisors, the path of least resistance is to use the offering that is biologically attached to the Schwab platform. It is the least disruptive to their current workflows and should work well with the advisor’s existing technology tools.

The platform’s user rating of under 7 is somewhat of a disappointment, but it comes as no surprise. A number of Schwab advisors we spoke with in the early part of 2017 were vocal about a number of concerns that have been or are being addressed, so it is likely that user ratings will rise next year.

Envestnet, another incumbent, finished a very close second in market share. Readers may recall that Envestnet purchased a robo-advisor called Upside in 2015 and then gave it a major overhaul before rolling it out to advisors. Envestnet has the edge over Schwab in user satisfaction.

Betterment Institutional comes in slightly behind Envestnet, but its satisfaction levels are on par with Intelligent Portfolios. Look further down the list and you find TradePMR with a small market share but the highest user ratings in the category, at 7.62. The

Online Portfolio Mgt. Tools	Market Share	Avg. Rating
Schwab Intelligent Portfolios	4.89%	6.83
Envestnet	3.60%	7.11
Betterment Institutional	3.41%	6.92
Folio Institutional	2.77%	7.02
AutoPilot	1.16%	7.00
Robust Wealth	1.03%	7.06
Trade PMR	0.84%	7.62
Motif Investing	0.77%	5.08
Advisor Engine	0.71%	7.36
CircleBlack	0.71%	7.45
Blackrock FutureAdvisor	0.51%	7.50
Jemstep	0.19%	2.67
<b>Total category market penetration</b>		20.59%
<b>Average category rating:</b>		6.64

### Programs people are thinking about adding:

Schwab Intelligent Portfolios	63
Robust Wealth	38
Betterment Institutional	31
Envestnet	21
AutoPilot	20
Blackrock FutureAdvisor	19
Jemstep	19
CircleBlack	18
Advisor Engine	17
Folio Institutional	15
Capitact	12
Motif Investing	8
Fidelity AMP	6
Trade PMR	4
Marstone	4
XY Investment Solutions	3
RiskPro Advisor	3

firm’s all-in-one integrated software suite, plus the integrated online offering, represents an unusually smooth user experience compared with the competition which is still sanding down the sharper edges.

Turning to our rankings of programs that people are thinking about adding, it appears that Schwab will be bringing a good number of advisors onto the Intelligent Portfolio platform in 2018. Robust Wealth, which ranked 6th in market penetration this year, has a good opportunity to move up in 2018, and there is widespread interest across the full spectrum of programs—and a number of write-in candidates as well. This is a segment which, when advisors figure out how to incorporate it into their service offerings, is poised to go mainstream.

When we look at digital platform (robo) usage by years in the business, we can perhaps glean some additional insights. The heaviest weighting of Schwab Institutional Intelligent Portfolio users tends to be the longest-tenured advisors. At first glance, this may be startling to some, but intuitively it makes sense. Schwab has a large stable of long advisor relationships and satisfied advisory clients, and as we stated earlier, for that cohort, Schwab has offered the path of least resistance into this relatively new field.

In contrast, Betterment, which has more of a millennial vibe, is most popular with the least tenured advisors.

Robust Wealth, which provides a turnkey solution for the XY Planning network heavily represented here, also skews its user base towards the least-tenured advisors. A look at the revenue numbers confirms our thesis. Schwab users are concentrated above the \$1 million revenue mark. Betterment users are highly concentrated under the \$100,000 mark. Ditto for Robust Wealth users.

#### "Other" programs mentioned:

First Ascent  
SEI Business Builder  
Trizic  
Portfolio Insight  
Asset Dedication  
XY Investment Solutions  
FormulaFolios  
Adhesion  
RiskPro Advisor  
Invessence

#### Market Share Breakdown: Size of Firm (annual revenues)

	Intelligent Portfolios	Envestnet	Betterment Inst.	Folio Inst.	AutoPilot	Robust Wealth	Trade PMR
Under \$100,000	1.52%	4.55%	11.36%	5.30%	1.52%	3.79%	1.52%
\$100,000-\$250,000	2.15%	3.23%	4.84%	4.30%	1.08%	0.54%	1.61%
\$250,000-\$500,000	4.64%	1.03%	1.55%	1.55%	1.03%	1.55%	0.52%
\$500,000-\$1 Million	3.46%	4.76%	1.73%	3.03%	0.43%	0.00%	0.00%
\$1-4 Million	7.52%	3.90%	1.95%	1.67%	1.67%	1.11%	0.84%
\$4+ Million	6.36%	4.62%	4.62%	2.89%	1.16%	0.58%	0.00%

#### Market Share Breakdown: Business Model

	Intelligent Portfolios	Envestnet	Betterment Inst.	Folio Inst.	AutoPilot	Robust Wealth	Trade PMR
Wirehouse	5.56%	5.56%	0.00%	0.00%	0.00%	0.00%	0.00%
Dually-Registered	3.00%	7.51%	2.10%	4.50%	1.80%	0.30%	0.30%
Fee-Only	5.80%	2.41%	4.27%	2.41%	0.98%	1.42%	0.88%

#### Market Share Breakdown: Years in Business

	Intelligent Portfolios	Envestnet	Betterment Inst.	Folio Inst.	AutoPilot	Robust Wealth	Trade PMR
1-5 Years	3.13%	6.25%	10.00%	5.00%	0.63%	3.13%	0.63%
6-10 Years	4.38%	5.63%	6.25%	3.13%	1.25%	0.63%	2.50%
11-20 Years	3.99%	2.24%	2.99%	1.75%	1.00%	1.50%	0.75%
20+ Years	6.01%	3.46%	1.46%	2.55%	1.46%	0.36%	0.18%

## Investment Data and Stress Testing Tools

For the first time, we asked participants about their usage of investment data and stress testing software—a venerable category in the brokerage and institutional management business (Bloomberg terminal, Zacks research), but relatively new to the investment advisory space. What we found was startling; what seemed like a very niche product, which is never mentioned in the trade press or at industry conferences, has quietly achieved a cumulative market share just below 50%.

Moreover, the average user rating across the category was an extremely satisfied 7.69, with the users of the Bloomberg Terminal reporting 8.35 on a scale of ten, and Kwanti/Portfolio Lab, a firm not widely known in advisory circles, at 8.32. Compared with the institutional cost of Bloomberg Terminal, Kwanti charges only \$80 per month for a single user license—and might get more attention from the advisor community via word-of-mouth driven by the high satisfaction rating.

In terms of market share, this category provides another example of how free software that adds real value is appreciated by advisors. DFA Returns, software that is made available for free to advisors using DFA Funds, leads the category, and it receives very favorable user ratings as well.

Riskalyze Stats/Scenarios, from a firm that has been growing at a rapid pace, ranked first among the paid options—remarkable considering its tender age. Its score of 7.26 is a bit below the category average, but that might be considered high for a program that is still in the 1.0 stage of life.

Hidden Levers was up a bit in market share and down more than a bit in client satisfaction. The latter statistic initially troubled us, but the changes might be due to a reshuffling of our categories. We will continue to monitor the situation closely.

Inv. Data & Stress Testing Tools	Market Share	Avg. Rating
DFA Returns	12.68%	7.85
Riskalyze Stats/Scenarios	12.16%	7.26
FI360	7.92%	7.70
Kwanti/Portfolio Lab	5.28%	8.32
Bloomberg Terminal	4.25%	8.35
Hidden Levers	4.18%	7.08
RiXtrema	2.77%	7.51
FinMason	0.71%	7.43
<b>Total category market penetration</b>		49.74%
<b>Average category rating:</b>		7.69

<b>Programs people are thinking about adding:</b>	
Riskalyze Stats/Scenarios	65
Hidden Levers	45
DFA Returns	27
FI360	24
Kwanti/Portfolio Lab	21
RiXtrema	14
Bloomberg Terminal	8
MacroRisk Analytics	6
FinMason	4

FI360, which ranked third in the market share rankings, is a bit hard to categorize; it is a community of advisors, similar to DFA, with tools that allow advisors to identify, document and defend a fiduciary process when they're selecting investments for clients. RiXtrema (user rating 7.51) provides an advanced "quant-like" form of this same service, but without the surrounding community—and we cannot determine if the ratings for FI360 is for the designations, education

and training it provides, or can be purely attributable to the software overlay to Morningstar data that it provides.

Riskalyze and Hidden Levers ranked high in our leading indicator list of firms that are thinking about adding the tools. If the marketplace experiences a significant correction, it will be interesting to see if these programs will expand market share and become mainstream parts of an advisory firm’s toolbox. We’d like to believe that our more astute readers will do their buying before the correction, so they can obtain the maximum value from their purchase.

"Other" programs mentioned:
Portfolio Visualizer
Morningstar Direct
YCharts
FactSet
Fiduciary Benchmarks
Zacks Research System
Totum
OnPointe Risk Analyzer
Old School Value
RiskPro Compliance Officer
GuruFocus
AdvisoryWorld
MSCI BarraOne
FastTrack
StockCharts
Reuters Icon
Global Financial Data



## Custody and Trading Platforms

One of the most entertaining and interesting rankings in other software surveys is how the custodial and broker-dealer trading platforms compare with each other, so we couldn't help ourselves and added questions about custodial satisfaction to the survey. The reader will notice that there is no overall market share ranking, or market share rankings for each of the custodians, because we think that would be meaningless data; it's possible that we've attracted more or fewer TD Ameritrade users than Pershing or Cambridge, but what would that tell somebody who is considering a switch. Moreover, in the fee-only world, it is common for the larger firms to have multiple custodial relationships, which further renders that data meaningless.

Instead, we focused on the average satisfaction rating, and ranked accordingly. The overall category rating is 6.83, but the dispersion is substantial, ranging from a high of 8.12 for Schwab's Advisor Center all the way down to RBC Wealth's RBC Black platform. We were, quite frankly, a bit surprised by the latter's low score. RBC Black's user interface for advisors is excellent and in some ways ground-breaking, as is its client portal. We suspect that the company is still working out some of the kinks in the new system and expect a better showing next year.

TD Ameritrade and Schwab finished neck-in-neck at the top of the user ranking charts. Cambridge scored the highest among the B/D platforms, with Ameriprise right at its heels, and their user satisfaction rates were completely comparable with the fee-only custodial competition. The Trade PMR - Fusion platform also scored well above average, again suggesting some advantages to the all-in-one software concept.

Speaking of all-in-one platforms, we were sur-

Custodial Custody and Trading Platforms	Avg. Rating
Schwab - Advisor Center	8.12
TD Ameritrade - Veo	8.07
Cambridge - Advisor Workstation	8.07
Ameriprise Financial Services - PracticeTech	8.00
TradePMR - Fusion	7.85
Fidelity - Wealthscape	7.31
Shareholders Service Group - NetX360	7.16
LPL Financial - SAM/SWM	6.66
Pershing - NetX360	6.24
Commonwealth Financial - Client 360	6.14
Lincoln Financial Network - AdviceNext	5.80
Cetera Advisor Networks - SmartWorks	5.79
Royal Alliance Associates - Vision2020	5.63
RBC Wealth - RBC Black	4.75
<b>Average category rating:</b>	<b>6.83</b>

Who are people thinking about switching to?	
TD Ameritrade - Veo	97
Schwab - Advisor Center	36
Fidelity - Wealthscape	32
Pershing - NetX360	15
Interactive Brokers	4
Shareholders Service Group - NetX360	3

prised that Commonwealth wasn't ranked higher in our survey. Next year's rankings will tell us if this was an artifact of the relatively small number of Commonwealth users who responded to our survey, or an indication of something more substantial.

Looking forward, the number of advisors interested in potentially adding VEO in 2018 outweighed all other firms. It would have been interesting, for the purposes of this category, to have attracted more wirehouse broker respondents; if we had, we suspect that Trade PMR and Commonwealth would have ranked higher in the "thinking about adding" category, since both are well-positioned to provide a turn-key solution to a departing advisor.

For different reasons, we would also have expected Pershing to rank higher on that list; its custodial sweet spot is larger, more ambitious (or rapidly-growing) advisory firms and breakaway teams, which means fewer existing firms are candidates for inclusion, but many breakaway teams would qualify.

"Other" custodians mentioned:
SEI, Inc.
Raymond James
Scottrade
Trust Co. of America
Vanguard
National Advisors Trust Co.
State Street
First Clearing
AssetMark
National Financial Services
Folio Institutional
Interactive Brokers
Equity Trust Company
FTJ FundChoice
TIAA
Apex Clearing
Wells Fargo SmartStation
EPIC/RiskPro Advisor
Triad WealthScape

## Cloud Hosting and Cybersecurity Resources

There is no gentle way to say it: we were disappointed that only 8% of the advisors responding to our survey are taking advantage of the growing, rich ecosystem of cloud hosting and cybersecurity resources. With the threat level so high, the small market penetration is troubling.

In addition, these firms provide an opportunity to outsource the expensive IT functions and eliminate the expensive in-house legacy servers that many advisory firms are hanging onto. Advisors reading this survey should note the very high 7.73 average category user ranking, suggesting that those who are availing themselves of these solutions are very happy with their decision.

Rightsize Solutions, which offers both cloud hosting and cyber tools, is the current leader in market penetration with an impressive user rating of 8.33. True North Networks has the most satisfied customer base, with a VERY impressive 8.83 score.

Entreda, finished second in the market share rankings, but second place is achieved, currently, with just a 1.74% market share. This is clearly a sector of the market where there is great opportunity.

Financial Computer, which as for years been a major presence in the dually registered and insurance space, is just beginning to ramp up its services to RIAs.

We should have included ExternalIT in the list of options that survey participants could choose, but it was by far the leader in write-in ballots—and offers the reader a chance to look at the wide variety of other programs that advisors are using for their cybersecurity and IT hosting needs.

In our leading indicator ranking, True North Networks holds a substantial lead over Entreda and Rightsize Solutions. But (stepping out of our objective analytical role for a moment) we would be more comfortable if the “programs people are thinking about adding”) numbers were ten times this high, and this category’s overall market share were to trend toward 100%.

Our hope is that it won’t take a major incident to make this happen.

Cloud Hosting /Cybersecurity	Market Share	Avg. Rating
Rightsize Solutions	2.77%	8.33
Entreda	1.74%	7.59
True North Networks	1.54%	8.83
Itegria	1.16%	6.89
Financial Computer	0.71%	7.00
<b>Total category market penetration</b>		7.92%
<b>Average category rating:</b>		7.73

Programs people are thinking about adding:	
True North Networks	29
Entreda	17
Rightsize Solutions	13
Financial Computer	10
Itegria	9
ExternalIT	4

"Other" programs mentioned:
ExternalIT
HighRidge
Elevated Technologies
BitDefender
Skyreach Systems
RIA Workspace
IVDesk
Egnyte
Google Business
Gsuite
ComConnect
CyberLink
TekLinks
OneDrive
Machado
Network1
AdvisorArmor
Smarsh
Xantrion
TraceSecurity
Kroll Associates
Envision Consulting

## Miscellaneous Tools

This category contains a hodgepodge of miscellaneous applications that did not fit neatly into any of our other categories, but which we wanted to include in some fashion.

Before we get into the analysis, let's take a moment to offer a much-needed apologize. There is no reasonable excuse for Everplans, PreciseFP and IPSAdvisor-Pro not to have been included in our survey—and we can guarantee that they will be next year and each year going forward until they hit us with a restraining order to prevent future attention. All three are excellent tools that have enhanced the worklives of advisors, and the fact that they don't fit comfortably into one of our other categories is no excuse for not including them here.

As the reader will see below, they were the leaders in write-in ballots, and draw the eye to a relatively high number of potentially-interesting specialized tools that the reader might want to investigate further.

SSAnalyzer, which does exactly what you think it does, leads in market share with an impressive 10.75% ranking—impressive given the fact that it is clearly a niche product. This is evidence that Social Security planning has come of age in the last several years, and advisors clearly appreciate the value they can provide by engaging more thoroughly in the timing of SS benefits. However, looking into the future, will comprehensive planning applications like MGP, eMoney and RightCapital extend their capabilities, thereby lessening the need for a stand-alone application?

MaxMyInterest, ranking second in market share (albeit with a small 2.51% share) is a cash management service we have long admired. In a nutshell, you designate a deposit account that holds your cash, and then MaxMyInterest allocates it among the online banks that offer the highest interest rates on an ongoing basis, while limiting deposits at each institution to the FDIC limit. MaxMyInterest charges 0.02% per quarter to ensure that all of your client's cash is earning the maximum return. With interest rates starting to rise, and

Miscellaneous Tools	Market Share	Avg. Rating
SSAnalyzer	10.75%	7.58
MaxMyInterest	2.51%	7.54
i65	1.35%	6.33
Whealth Care	1.03%	8.06
Capstone College Partners	0.58%	7.00
Life Site	0.19%	2.00
Total category market penetration		16.41%
Average category rating:		6.42

Programs people are thinking about adding:	
Whealth Care	49
SSAnalyzer	49
MaxMyInterest	35
i65	29
Capstone College Partners	8
DebtPayPro	7
Life Site	3

the rates that many institutions pay remaining near zero on cash deposits, this may be a particularly appropriate time to engage with MaxMyInterest. The company's 7.54 user rating indicates that existing clients are happy with the service. Max has recently improved the sign-up process, so we expect to see even higher user ratings in the next survey.

We are guessing that many readers could use some help providing clients with expert Medicare enrollment guidance. That's exactly what i65 is designed to do. This is another application that more advisors should know about, but we'd like to see the user rating move up in the future.

WhealthCare is yet another application that is new to the advisor marketplace. The brainchild of Carolyn McClanahan, MD, CFP, the industry's leading expert on the intersection of health and wealth, we believe that WhealthCare Planning is a natural extension of

the financial planning process. The program—which earned an excellent 8.06 rating in its 1.0 version—offers a way to evaluate the cognitive health of clients in order to determine their risk of eldercare abuse, and helps develop, with clients in an interactive way, an aging plan and a financial caretaking plan.

On further reflection, we are not quite sure why we added Life Site to the survey this year. Their market penetration is minimal, and they hold the record for the lowest user score to date. Unless things change, it is unlikely that they have a future in the profession.

Turning to our leading indicator, SS Analyzer tied with Whealthcare for the most advisors thinking about adding it in 2018, although that can change fast if the comprehensive applications step up their game. Only time will tell.

#### **"Other" programs mentioned:**

Everplans  
PreciseFP  
IPSAvisorPro  
Frontier Analytics  
ESPlanner  
Social Security Timing/Covisium  
EFC Plus  
Plan Facts  
IncomeSolver  
Retirement Income Solutions  
College Funding Solutions  
CompositeBuilder  
TaxClarity  
Vestorly  
ImagiSoft RMD Calculator  
CSLA Technology (student loans)  
YourEFolio  
RiskPro  
Touchstone Pathway  
MindMeister  
MaximizeMySocialSecurity  
RetireSoft



## Bonus Question: What Is Your Most Valuable Software?

One of the ancient questions in the financial planning/investment advisory space relates to what software respondents find most valuable as they manage their businesses and serve clients. What is the heart of the software suite that you would start with and build around as you create your technology stack.

In our survey, CRM was the clear winner, with 42.65% of the respondents saying that it was their most important piece of office technology. Not surprisingly, financial planning finished in second place (26.37% of respondents) closely followed by portfolio management software (20.33%).

Not everybody agrees, however. When we broke these responses down by years in the business (*see below*), the results were very interesting. Among advisors with 6 or more years' experience, CRM was the winner. But only 22.44% of advisors with 1-5 years in the business felt like the CRM program in their tech stack was their most important piece of software. In that younger or newer cohort, a whopping 50.64% regarded their financial planning software as their most important business tool. For advisors with more than 11 years of experience, the pattern was reversed; roughly 20% of the more experienced advisors listed planning as their most important tool, while nearly 50% of advisors with 11 or years in the business were most attached to their CRM software.

The results for portfolio management software were interesting but not nearly as dramatic; the longer you were in business, the more likely you were to regard portfolio management as your primary tool, and this is obviously the cohort that regards investment management as its primary service. Trading/rebalancing tools were cited by 3-6% of advisors as their most important tool, and once again the more experienced advisors were more likely to rate it with high importance.

In retrospect, it would have been ideal if we had asked, instead of an all-or-nothing, for a more nuanced



ranking of which program was most important, which second and so forth, and provide blended rankings based on those results. But looking at the data we did collect, there are plausible explanations why younger advisors are less enamored with CRM and fixated on planning, while older advisors are, on average, the reverse.

We hypothesize that more experienced advisors already have a relationship with their clients and are looking to maintain it or increase it. On the other hand, the shorter your time in the business, the more you value financial planning software, because financial planning software is absolutely crucial to the initial client experience and onboarding process.

It is also possible that younger planners, and their clients, assign more value to financial planning than many older advisors do. So, to attract more millennial clients, planning is a must. Second, for many years, many older advisors who call themselves planners have, during their career, largely paid lip service to planning, while devoting more of their energy to investments. In our view, this antiquated model does not look good going forward.

Breakdown of "most valuable" software preference by years in business (percent who say each is "most valuable")

	CRM	Planning	Port. Mgt.	Trading/Rebal	Inv. Analytics	Risk Tolerance	Doc Mgt.
1-5 Yrs.	22.44%	50.64%	15.38%	5.77%	3.21%	1.92%	0.64%
6-10 Yrs.	43.95%	30.57%	17.20%	3.18%	3.82%	1.27%	0.00%
11-20 Yrs.	47.22%	22.47%	19.95%	6.57%	1.77%	1.26%	0.76%
20+ Yrs.	45.01%	20.53%	23.35%	6.40%	2.26%	1.13%	1.32%

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