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**The Digital Wealth  
Manager of the Future**



# Where we start our story:

It is a fascinating time to work in the Wealth Management (WM) industry, a time of great challenges and great opportunities.

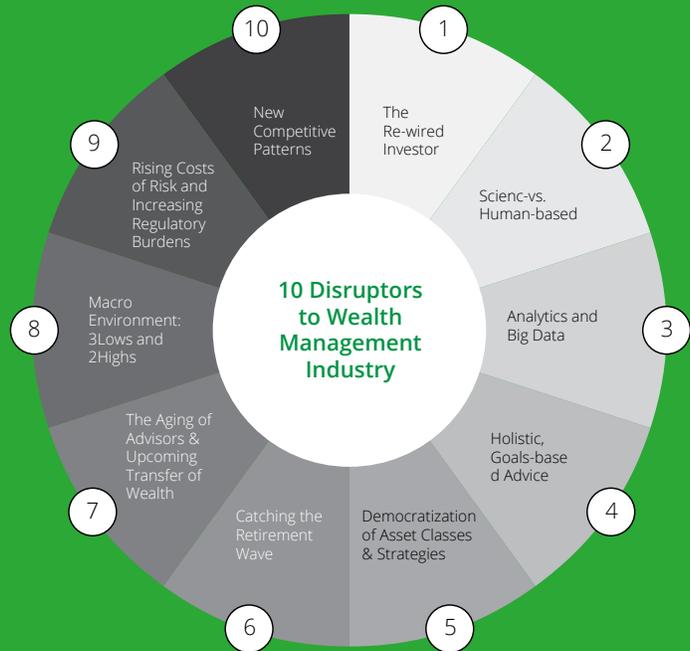
The WM industry today is certainly under considerable stress amidst the combined forces of demographics, technology, regulation and competition (see Deloitte: 10 Disruptive trends in wealth management; and Figure 1). A new generation of investors with their idiosyncrasies (i.e., the ‘rewired investor’) are rapidly expanding their control over a large share of US retail assets; Gen X and Gen Y individuals are expected to control more than half of US retail assets within 15 years.<sup>1</sup> At the same time, advisors are aging out of the workforce; 30% of the current population is expected to retire within 10 years.<sup>2</sup> Increasingly a host of new technologies (robo advice, big data, cognitive computing to mention but a few) make it possible to understand and engage with investors in new ways. Regulators are accelerating a transition by the whole industry to best- interest standards of care that consumers are increasingly demanding. And last but not least, new competition and new business models, from fintech firms to banks and insurers leveraging robo advice technology to push deeper into wealth

<sup>1</sup> Deloitte: The Future of Wealth in the United States: Mapping trends in generational wealth

<sup>2</sup> Deloitte research

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**Figure 1:** 10 Disruptors—The wheel of change is turning on the Wealth Management industry



1. A new generation of investors think differently about advice and bring new attitudes and expectations to the WM industry, influencing how older investors purchase and consume wealth services
2. With the rise of Robo Advisors, new combinations of science and human based advisory models have emerged
3. Big data and advanced analytics are on the cusp of transforming the WM industry, with new ways to engage with new clients, manage client relationships and manage risks
4. Investors value holistic advice on how to achieve multiple, often conflicting goals through a range of investment and funding strategies
5. Retail investors are demanding access to the same asset classes and investment strategies as HNW or institutional investors
6. Longevity concerns increasingly are or should be at the heart of client-advisor conversations, even years ahead of retirement
7. Two demographic trends: (i) Advisors are aging and leaving the industry faster than firms are replacing them; (ii) Wealth is about to change hands, upsetting established client/advisor relationships
8. This is a challenging macro environment for investors and their advisors to find the right return/risk combinations
9. Increasing regulatory burdens and rising costs of risks pose new challenges to WM firms and their parent companies
10. New firms and new business models as well as renewed commitment by incumbent WM firms will drive higher intensity of competition for the same clients and the same assets

management, are only increasing the pace of innovation and disruption. Disruption alone is not new in wealth management – we have seen that before, for instance, with the growth of passive investments. What is new is that all these disruptors are seemingly acting in concert, like a troop marching in step over a bridge, causing the structure to oscillate dangerously and requiring an immediate and strong response.

The DOL Fiduciary Rule has accelerated structural industry trends towards fiduciary standards, greater pricing transparency, elimination of conflicts of interest, and democratization of advice. Whether the Rule is implemented as currently planned or in a delayed or modified fashion is beyond the point: the pace of transformation of the WM industry is not likely to slow down.

In fact, the WM industry is a prime candidate for disruptive innovation. A recent study of innovation in the financial services industry jointly conducted by Deloitte and the World Economic Forum (WEF) suggests that disruptive innovation is not a random process.<sup>3</sup> Quite the contrary. Innovation is a deliberate and predictable process: it happens where large sources of customer friction meet the large profit pools. In the industry, wealth managers have long realized comfortable operating margins while too many investors have been underserved. Large scale, disruptive innovation is very likely to address this imbalance.

### What we did:

Based on multiple conversations with clients and WM industry leaders, our on-going monitoring of fintech innovation, and insights from our study with WEF, we have imagined the 'digital wealth manager of the future' in three steps: We started by determining key design principles, describing how a digital wealth manager should look from an investor standpoint (i.e., what kind of customer experience it should deliver), as well as from a business architecture standpoint. For instance, we learned from our study of disruptive

innovation that innovations are having the greatest impact where they employ business models that are platform-based, modular, data intensive, and capital light; so we incorporated these insights into our design. We then developed a potential functional architecture that brings together new technologies and creates a new capability set consistent with the key design principles. Finally, we asked ourselves whether these design principles and architectures were consistent with a new economic model where productivity gains can be shared across investors, advisors, and WM firms, leaving all stakeholders in a better position despite a sharp decline in the price of advice.

In fact, the vision outlined in this paper is quite compelling and substantively different from today's traditional advisory models.

### Why it matters:

Fintech firms and large asset managers already seem to be aggressively moving towards a version of the digital wealth manager described here. However, large, incumbent advisory firms face a dilemma: if they drive change too fast, they may lose advisors, hurting their top and bottom lines; if they are too slow, they will put themselves in a competitive and strategic disadvantage.

Furthermore, traditional advisory firms face a host of business model constraints such as client load ratios, advisor pay-out ratios, and an array of legacy systems that make it structurally difficult for them to scale up. If industry pricing of advice continues to decline – which seems likely given increasing pressure from robo advisors - how will these firms continue to grow their top and bottom lines unless they transition to a new model?

Our hope is that this paper will provide a helpful direction for management teams at WM firms (new firms and incumbents, growing firms and those with a more challenged business model) to manage change proactively and assemble the right set of capabilities over time. These waters

are too agitated to navigate without a known destination and a map for how to get there.

### What this paper is, and is not, about

- Our focus is not limited to the impact of robo advice or digital technologies but rather includes how a host of new technologies will transform the WM industry going forward
- This is not about the end of the human advisor but about freeing up the human advisor to do what humans do best by employing machines to do what they do best
- This is not about tinkering with the economics of traditional advisory models but about resetting advisor productivity expectations (i.e., achieving a step change in productivity rather than incremental improvement) and the industry's profit equation
- This is not just about millennials and small accounts, but about how digitally savvy investors across every demographic, wealth tier and account size will consume advice in the future
- This is less about quasi-institutional, HNW private banking models and more about a retail wealth management models that serve the needs of mass market, mass affluent and affluent clients
- We are not only providing a vision for what the digital wealth manager of the future may look like but also offering thoughts on the journey from here to there.

<sup>3</sup> The Future of Financial Services: How disruptive innovations are reshaping the way financial services are structured, provisioned and consumed

### Key design principles

We have summarized what we learned from multiple surveys of retail investors and conversations with industry experts into a set of seven key design principles (see Figure 2). These principles are divided into two categories. The first group addresses the kind of experience retail investors will expect of their wealth managers and advisors in the future, namely that they be (i) sentient and highly engaging; (ii) human, trusted, and transparent; and (iii) highly automated, modern and frictionless. The second category of design principles includes business model requirements to deliver that experience. Specifically, the digital wealth manager of the future must be

- i. Platform-based
- ii. Capital-light
- iii. Data rich and smart
- iv. Scaling exponentially

Figure 2: Key Design Principles

### From an investor standpoint



#### Sentient & Highly Engaging

- We understand who you are and how you feel
- It's all about you and your life goals
- We constantly learn about you
- You learn at own pace through simulations and iterations
- We are always on, anywhere, and in real time
- You receive tailored, digital communications when you need them



#### Human, Trusted & Transparent

- We treat you as a human being that is both rational and emotional
- Our advice is grounded in the best science and algorithms
- We are always acting in your best interest and compliant with all regulations
- Pricing is transparent and value-based
- We appreciate your trust and reward loyalty



#### Highly Automated, Modern, & Frictionless

- Every interaction between you and us is easy, intuitive and efficient
- We leverage best algorithms to support decision-making
- We automate whatever process can be automated
- Transitioning between machine-based tools and human-based services is seamless
- Our advisors know what you have been doing on your own (context aware)

### From a business architecture standpoint



#### Platform Based

- Open ecosystem of best providers to accelerate innovation
- Cloud-based platforms to allow scalability
- Easy to add and integrate new capabilities with inter-operability layer



#### Capital Light

- Minimal physical branch footprint
- Connecting to and leveraging best Third-party product platforms (e.g., Banking as a service)
- Software as a service
- Leveraging industry utilities (e.g., KYC, data aggregation)
- High usage of robotics to lower fixed costs



#### Data Rich & Smart

- Levering internal and external, structured and unstructured data
- Internet of things to feed more customer information into algorithms
- Advanced (algorithmic, predictive) analytics and machine learning
- Cognitive computing to broaden scope of automated advice
- Client-centric data architecture



#### Exponential Scaling

- Advisors empowered by advanced analytics (prospecting, advising, communicating) and freed from administrative tasks (2x productivity)
- Close to zero marginal costs for adding new advisors, new clients, new accounts and doubling transaction volumes
- Flexible client servicing and engagement models

**From an investor standpoint:**

**Design principle 1:**

**Sentient and highly engaging**

The advisor of the future - be it a human advisor, a team of advisors supported by the right digital platform and tools, or an automated “robo” advisor leveraging artificial intelligence, sensing tools and proprietary algorithms – must understand the investor at a deep level, including the investor’s psychology, preferences, and even his mood swings. The experience delivered must be hyper relevant to the investor’s unique needs at any point in time, taking into account the investor’s lifecycle but also market short-term market fluctuations and uncertainties. The advisor should not be required to explain obvious data points—rather, engaging user interfaces will handle lower value interactions. The advisor has relevant data pushed to her dashboard in real time. The data is visually intuitive, easily transferrable to client presentations and discussions, and is analyzed for correlations between the investor’s past and current actions as well as market situations to understand her psychology and preferences. The advisor learns about his clients continuously by interacting with them and tracking all their actions.

The investor has access to her advisor anywhere, anytime through a personalized omni-channel experience (phone, on-line, mobile, smartwatch). These interactions enable the investor and advisor to develop a highly interactive and meaningful relationship with frequent, two-way communications, and real-time ‘what if’ scenario analyses and discussions.

**Design principle 2:**

**Human, trusted and transparent**

Investors are understood and served in a human way – that is, in a manner consistent with their individual needs and emotional make-up. For example, investors who do not have a deep financial background will not learn much from sitting with a human advisor for an hour once a year. By the time they get home they have likely already forgotten half of what they heard! A much more effective and ‘human’ way to learn

is for the investor to interact with a digital platform on her own time and be able to play in a “sandbox” where she can model multiple scenarios, revise the answers to the investment questionnaire, schedule a conversation with a human or text chat with a robo advisor at any hour of the night, and thereby better understand the impact of her choices. Another example: In times of market volatility, investors want reassurance and tailored advice in real time, not a week later when a human advisor finally finds the time to call. Real-time advice pushed through digital means is therefore more human-like even if it is in fact manufactured and delivered by a machine because a human advisor does not always have the bandwidth, intelligence or ability to process data fast enough to deliver the interactions in a timely manner. At the same time, however, human advisors must be within reach to help investors deal with emotionally sensitive issues such as making trade-offs between funding a child’s education vs. planning for the rising health care costs for elderly parents.

Investors tend to trust the advice they receive when it is free of real or perceived conflicts of interest, in their best interest, compliant with current regulations, communicated in a language that is straight forward and accessible (no jargon please) but not overly simplistic (that would be insulting), and grounded in science, leveraging robust, sophisticated, algorithms that can churn out quick answers tailored to an investor’s unique circumstances. A new generation of investors may intuitively trust machine-based advice more than their elders, in part because they grew up believing that the smartest student in the class was a search engine named ‘Google’, so they are not afraid of algorithms, likely quite the opposite.

Transparency is not just a matter of pricing being de-composed to its value components (advice vs. service vs. products), it is also a function of how advice is being crafted over time as part of a discovery process that involves, educates and empowers the investor.

A new generation of investors intuitively trust machine-based advice more than their elders, in part because they grew up believing that the smartest student in the class was one named ‘Google’

**Design principle 3:**

**Highly automated, modern and frictionless**

Investors expect a similar experience they get elsewhere in their lives from the digital brands they engage with every day. These investors are connected, active, informed, and channel agnostic and demand that each interaction with an advisor is easy, familiar, intuitive and efficient. Information presented to the investor is highly engaging and contextual—not simply a menu of systems for the investor to hunt and peck to find what they need—rather the investor’s journey is guided by intelligent systems and processes that are hyper-aware of the investor’s lifecycle.

Transitioning between the machine-based tools and human-based interactions is virtually seamless. Investor and advisor discussions incorporate the latest data points from recent activity. Automation of front, middle and back office processes allows for dynamic, tailored responses to investor needs.

To deliver on these expectations, advisors will need to embrace modern digital technologies, user experience (UX) and user interface (UI) principles to keep investors engaged on an ongoing basis. In a world where everything is an app, advisors will need to build experience rich mobile “coaches” that integrate easily into an investor’s lifestyle and needs.

**From a business model standpoint:****Design principle 4:****Platform-based**

Most large broker-dealers and advisory firms today operate proprietary platforms, built over many years, with legacy systems connecting through an integration layer and a limited number of vendors plugging into these systems and enabling the integration itself. As a result, innovation is too costly and too slow. The wealth managers of tomorrow will operate flexible, open platforms that enable the development of ecosystems of leading-class vendors connecting easily through an inter-operability layer.

**Design principle 5:****Capital light**

The wealth managers of tomorrow will be adept at leveraging outside sources of capital while staying nimble themselves. So they will use other firms' balance sheet rather than their own to integrate banking and lending services into their wealth management offerings. They will leverage cloud computing rather than manage mounds of software and hardware themselves. They will have a minimal physical footprint and get the most out of their digital channels. They will concentrate on nurturing the highest quality workforce to support client engagement and design activities while outsourcing many other functions. They are not be afraid to leverage industry utilities (e.g., for KYC, data aggregation). They will use robotics and automation to streamline processes and convert fixed into variable costs.

**Design principle 6:****Data rich and smart**

The digital wealth manager of the future will access a range of internal and external, structured and unstructured data sources and make sense of that data by processing it and feeding it into continuously evolving algorithms to generate next best actions and insights for advisors and investors.

Sensing tools (e.g., Internet of things, social media analyses) and big data engines will continuously expand the depths of the wealth manager's 'data lake' and support an ever-expanding range of use cases for predictive and algorithmic analytics. With cognitive computing capabilities, the scope of advice that can be automated will continue to expand (from investment to wealth to well-being and beyond).

**Design principle 7:****Scaling exponentially**

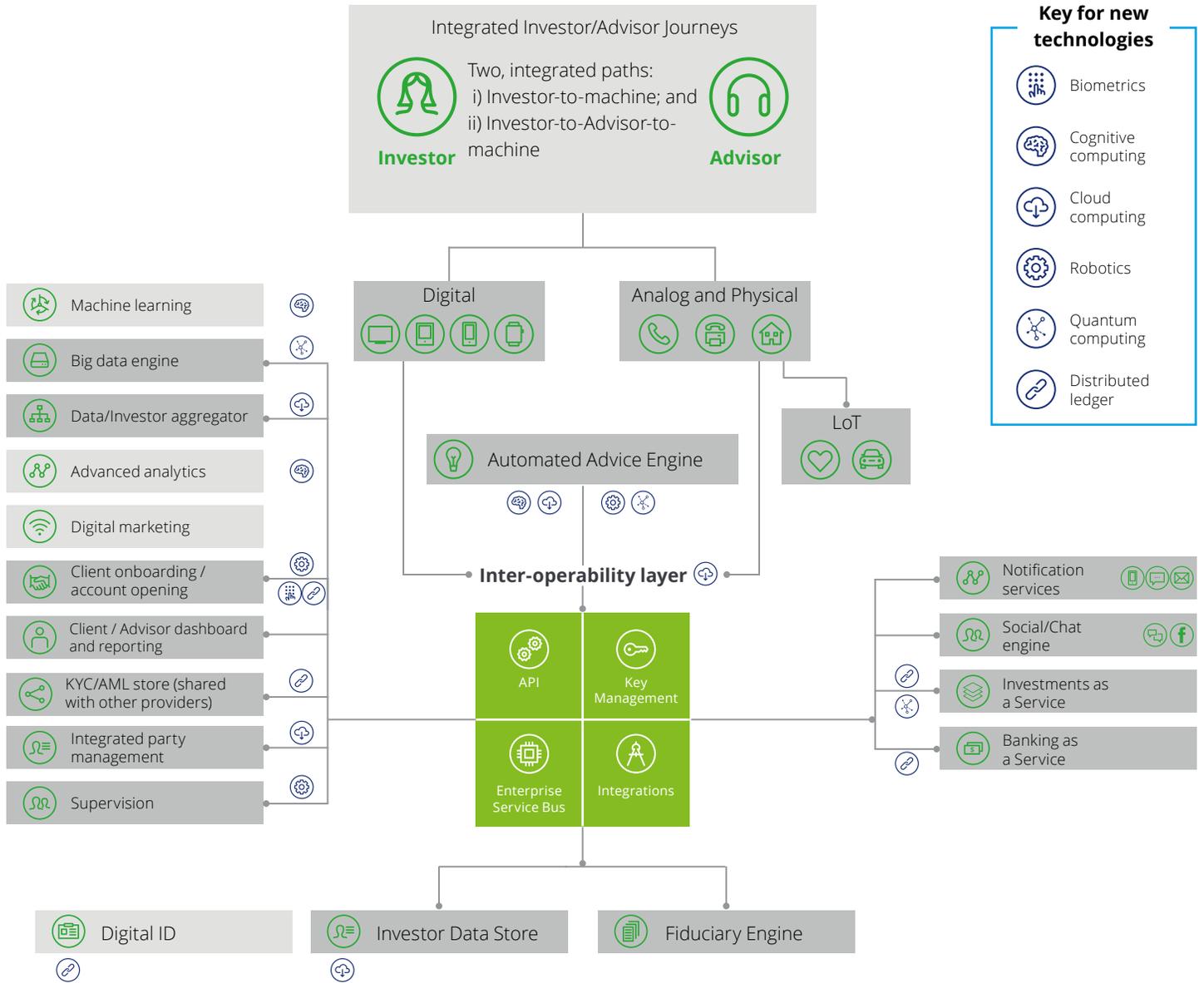
Wealth managers must be able to add clients and advisors to their platforms without any constraints in terms of number of relationships, accounts, transaction volumes and minimum incremental costs. Advisors must be empowered by algorithm-based, automated tools throughout the activity chain (from prospecting and advising and engaging to communicating and reporting) and freed from administrative and compliance tasks. In other words, human advisors must be made smarter, faster and more intuitive so that they can serve many more clients while achieving higher levels of client satisfaction.

**A functional architecture map**

As a thought exercise, if we started with a clean slate—no legacy systems, no business model cast in stone, or vested interests by advisors or other stakeholders—how would we leverage emerging technologies to assemble a coherent set of capabilities and build new business platforms to construct a wealth manager consistent with the design principles outlined above?

We have developed a functional architecture map (see Figure 3 for an overview and Figure 9 for more detail) as a first step toward answering this question. At the heart of this vision lies an automated, algorithm-driven advice engine that empowers advisors to engage with their clients and deliver high-quality advice to them in new, compelling ways, while also enabling investors to interact directly with the firm through robust self-guided tools. A full suite of digital channels allow for a highly interactive advisor-investor experience. An inter-operability layer with API and integration capabilities allows for flexibility when adding capabilities and integrating leading-class vendors in a seamless fashion over time. Investors have a Digital ID and have control over their own data with clear data access, sharing and management rules. Certain activities can be shared with other wealth managers through quasi-industry utilities, for instance in the case of a KYC/AML engine. A big data engine feeds into an advanced analytics capability that is core to the automated advice engine, an automated client notifications engine, an enhanced supervision process, and fiduciary and KYC engines. Machine learning allows the automated advice engine to continuously improve, while trades and investments are executed and tracked using a distributed ledger technology that is a component of the client data manager.

Figure 3: A functional architecture map



### Some key features of this proposed functional architecture:

- The scope of the **automated advice engine** will be significantly broader than today's robo advisor (See Figure 4). It will include not just financial planning for a set of goals during an accumulation phase but also a de-cumulation phase; not just portfolio allocation but also investment and protection recommendations, tax and estate planning and health care management; not just advice for the investors but also a next-best action module for both the investor and the advisor. Many of the required capabilities are being developed and tested today across a range of fintech firms as well as within large incumbent wealth managers. But it will likely take a number of vendors being integrated together, as no single firm will likely be able to create this automated advice engine on its own.
- **Advisor and investor workflows and journeys will be integrated** so that the investor can easily go back and forth between two parallel paths (see Figure 5), directly to the machine or through the advisor to the advice engine. The advisor will therefore need to be aware of the context so he can jump into the conversation between investor and the advice engine without missing a beat and add value immediately. The advisor will also be able to track how his clients are doing in terms of their engagement with the advice engine and their overall experience and he will be able to realize impactful interventions.
- Critical to this functional architecture is an **inter-operability layer** that allows for robust and flexible interfaces between its component parts. This layer will be built based on several key concepts such as a service-oriented architecture,

API management, integration and orchestration rules of various rules and processes (see Figure 6). By employing these tools and standards, wealth managers of the future will enable connectivity between the component parts of their digital enterprise platform.

- A **Notification Services** engine will generate real-time, tailored electronic communications to clients. Advisors will be able to turn this engine on and off and engage directly with the client if they choose to. The engine will suggest to the advisor which clients to reach out to by phone directly vs. automatically generated electronic communications based on client characteristics and circumstances (e.g., clients most impacted by current market events), allowing for a flexible engagement model.
- A **Digital ID** capability will allow investors to create smart digital identities: Their information, from KYC data to goals and financial plans, will be stored in a single repository and accessible by multiple systems and applications within a particular firm, with clear rules for maintaining data integrity. Powered by blockchain, a customer's smart identity will be secured and accessible across a variety of platforms, thus allowing information to be shared across multiple providers of services and further driving efficiencies for the customer. (for more about digital ID see Deloitte's report "Picture Perfect: A blueprint for digital identity")
- A **Data Aggregation** capability will allow wealth managers to add customer accounts across multiple providers, thereby providing a complete view of a particular investor's balance sheet, and also across investors, allowing for peer benchmarks.

- A **Fiduciary engine** brings together a set of capabilities required to guide the provision of advice to investors and demonstrate client best-interest standards are being complied with to the regulator's satisfaction. The engine includes a product comparison module accessing data across a universe of products, moving beyond just investments to also include annuity and insurance products. It connects to the automated planning capability within the advice engine to demonstrate that a robust and thorough investment process is followed. This engine relies on a system of record (i.e. a leading CRM system) and a tool to automatically generate required documents such as disclosures, investment plans, and contracts.

Figure 4: Components of an automated advice engine and example vendors

**Scope of advice**

- Broad range of investors' **life goals**
- Both **accumulation** and **de-cumulation** phases
- Includes investors' **assets, liabilities** and **cash flows**
- Not just investment but **wealth**, including tax and estate planning
- Wealth in the context of **Health, Leisure, Family**, etc.

**Several integrated components**

- Client profiling (risk and behavioral)
- Financial planning
- Budgeting
- Portfolio construction, rebalancing and tax optimization
- Investment and protection product recommendations
- Next best actions for Investors and Advisors
- Theme Investing and Trading Ideas
- Research tools

**LearnVest  
SigFig  
Personal Capital  
Merrill Edge  
HealthView  
Services**

**Advisor Software  
FutureAdvisor  
HelloWallet**

**Key design features**

- Algorithm-driven (whenever the machine can work faster than humans)
- Goals-based planning
- Tools to replace and tools to assist human advisors
- Performance measured against investor goals and peers, not just (or primarily) benchmarks

**Enabling capabilities**

- Aggregation (across providers for a particular investor and across investors to allow for peer comparisons)
- Machine learning to continuously update/refine profiles and algorithms through interactions with investors
- Big data engine to leverage internal and external information to feed into algorithms
- IoT to feed personal data into algorithms
- Cognitive Computing to extend scope of automated advice beyond investment

**Riskalyze  
Betterment  
Meetinvest  
Kensho  
Morningstar  
Covestor  
Motif Investing**

**Cognitive Scale  
Fiserv  
Investnet  
Yodlee**

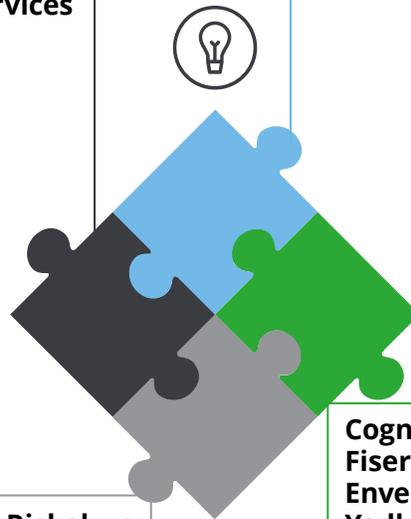
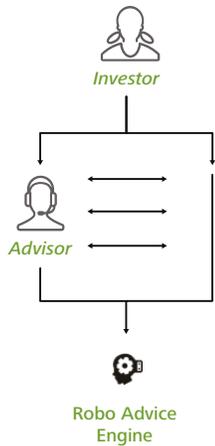


Figure 5: Integrated investor/advisor journeys

Two Parallel Paths



Example Investor/Advisor/Robo Interactions & Key Capabilities

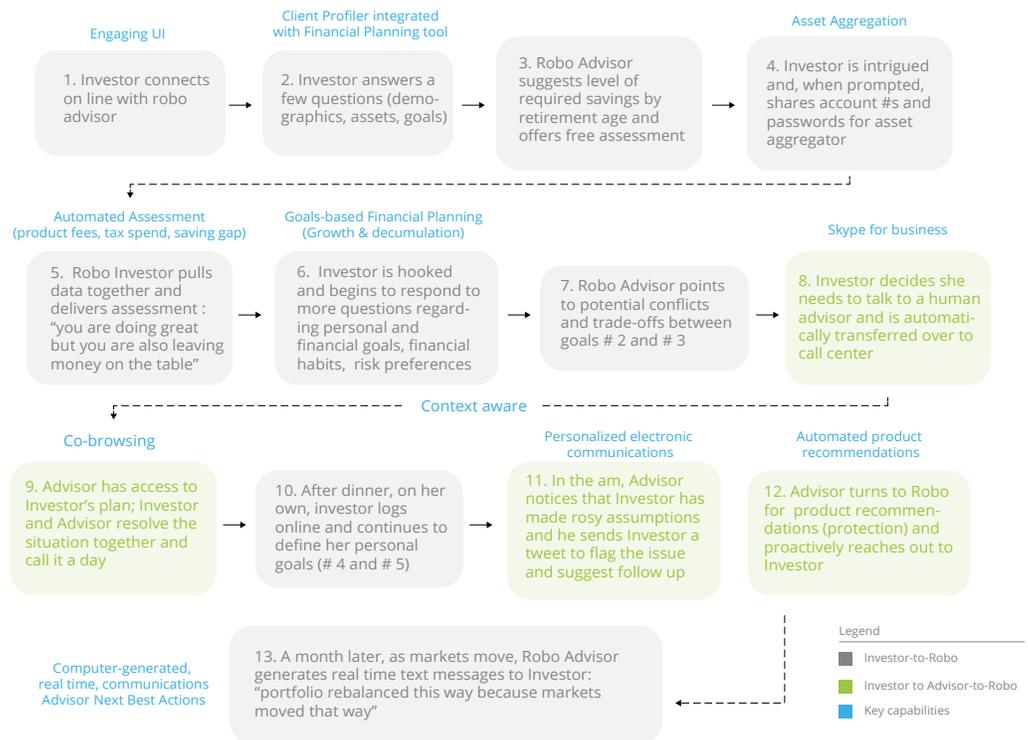


Figure 6: Key building blocks of an inter-operability layer

Key Elements



- A **Service-Oriented Architecture (SOA)** that organizes business functions from disparate applications into reusable building blocks or "services" (resembling black boxes) that enable the enterprise to respond rapidly to business needs.
- An **Interface Design** that employs standards of Interoperability to build robust and flexible interfaces. The Interface Design process defines systems, processing rules and constraints, communication protocols, user experience, templates to send/receive data, and exception or error handling behavior.
- **Transactional Integrity** to facilitate achieving the desired tasks with expected outcomes. This is measured through four criteria, described together as ACID: atomicity, consistency, isolation, and durability.
- The **Integration** of various platforms can be achieved at different levels. Data integrations refer to direct access to the database by the requesting application. Application integration usually calls the "logic" layer of the responding application which in turn processes data before sharing with the requesting application.
- **Orchestration** refers to managing several discrete steps that make up an end-to-end business process. It encompasses logic such as data retrieval, rules enforcement, and data rejection on failed validation.
- **API Management** enables creation, assembly, management, security and socialization of high-level services through low-level application programming interfaces.

### An economic model

These design principles and architectures would be for naught if key stakeholders, from WM firms and their advisors to investors and regulators, could not imagine an economic model that worked for all. In the past, wealth managers have found it impossible to significantly scale up their business model in part due to inflexible client load ratios (to ensure minimum experience standards) and rigid advisor pay-out ratios (to defend minimum standards of compensation for advisors and prevent inter-firm poaching of advisors), thereby limiting bottom line growth. Furthermore, large asset managers have priced their robo advice offerings quite aggressively as a means to force the price of advice down and thereby put further pressure on traditional wealth managers. So is there a way out of this conundrum for traditional broker-dealers and advisory firms? We believe there is.

New technologies as displayed in our functional architecture map have the potential to markedly change advisor productivity. We are not talking about 10-20% improvement here but more like 100%. If we are correct, these productivity gains can be shared between investors (in the form of lower price for advice and higher satisfaction), advisors (more clients and more assets under management), and WM firms (lower advisor pay-out ratios and fewer advisors). **Figure 7** pictures a simplified example of how the math could work out even in the face of a 50% decline in price of the advice.

While the transition from the current model to this new economic model cannot be affected overnight, significant investment by wealth managers in building the new capabilities we have described in this paper should convince a share of their advisors to trade productivity gains for points on the grid.

### Thoughts on the journey ahead

In conclusion, we would like to offer a few thoughts on the journey from here to there, recognizing that for many incumbents it will be massively difficult to evolve towards the vision that we have painted in this paper and to do so at a fast enough pace.

Not everyone in our industry will agree with all of the specifics of the vision laid out above, but many will agree with a vision that overlaps largely with ours. The point is that a clear vision is needed if one is to manage through the waves of change and disruptions that have started to wash through our industry. So establishing a relatively clear vision of the future, with a 10-15 year horizon, and driving alignment within boards of directors and management teams around that vision, is a critical first step.

Then wealth managers can start building key components of the new architecture while managing the current business. The first few steps may include:

1. Building core elements of automated advice engine, starting with algorithm-driven and goals-based financial planning
2. Incorporating automated advice capabilities into advisor journeys, rather than building as a separate capability for self-directed investors
3. Putting an interoperability layer in place and building around it.

At the same time, it is important for firms to 'stop driving in reverse' and making it harder to transition toward the digital wealth manager of the future. In particular, firms should stop:

1. Investing in analog processes
2. Building tools and applications that are based on an advisor-centric data infrastructure, but rather build for a client-centricity data architecture
3. Focusing development resources on in-house development dollars, but rather embracing leading-class external vendors

Over time, firms can add new capabilities around the core capabilities as they continue to build their automated advice engine and embrace partnerships to support the growth of an ecosystem of leading tools/applications/vendors. Most importantly, firms will need to constantly reinforce a new mindset that will foster innovation in the right direction (see **Figure 8** for elements of such a new mindset)

If you're interested in this vision of the digital wealth manager of the future and the journey from here to there, we would like to talk to you.

Figure 7: A new economic model

Productivity gains from new technologies, new architecture and new processes to allow for the wealth advisory model to scale up in a way that creates a win/win for investors, advisors and their firms

**A 'typical' broker-dealer example: How the economics of the digital wealth manager of the future would play out**

From		To	Key changes	
	Advisor force	1,000 Advisors	750 Advisors	Fewer advisors
	Advisor loads	100 clients/advisors	200 clients/advisors	Higher client load factors
	Client size	AuM/client = \$500k	AuM/client = \$500k	Same client size
	Advisor compensation	Advisor Pay-out: 50c/\$	Advisor pay-out: 40c/\$	Lower pay-out
	Pricing	Rev./AuM = 150bps	Rev./AuM = 100bps	Lower price point
	Advisor productivity	Rev.Advisor = \$750k Advisor Comp. = \$375k PT Profit/Advisor = \$375k	Rev./Advisor = \$1M Advisor Comp. = \$400k PT Profit/Advisor = \$600k	Higher advisor productivity Advisors better paid Higher profit per advisor
	Financial performance	Revenues = \$750M Comp. Expense = \$375M PT Profit = \$375M	Revenues = \$750M Comp. Expense = \$300M PT Profit = \$450M	Same top line Higher bottom line
	Customer satisfaction	Net Promoter Score: 40	Net Promoter Score: 60	Increased client satisfaction

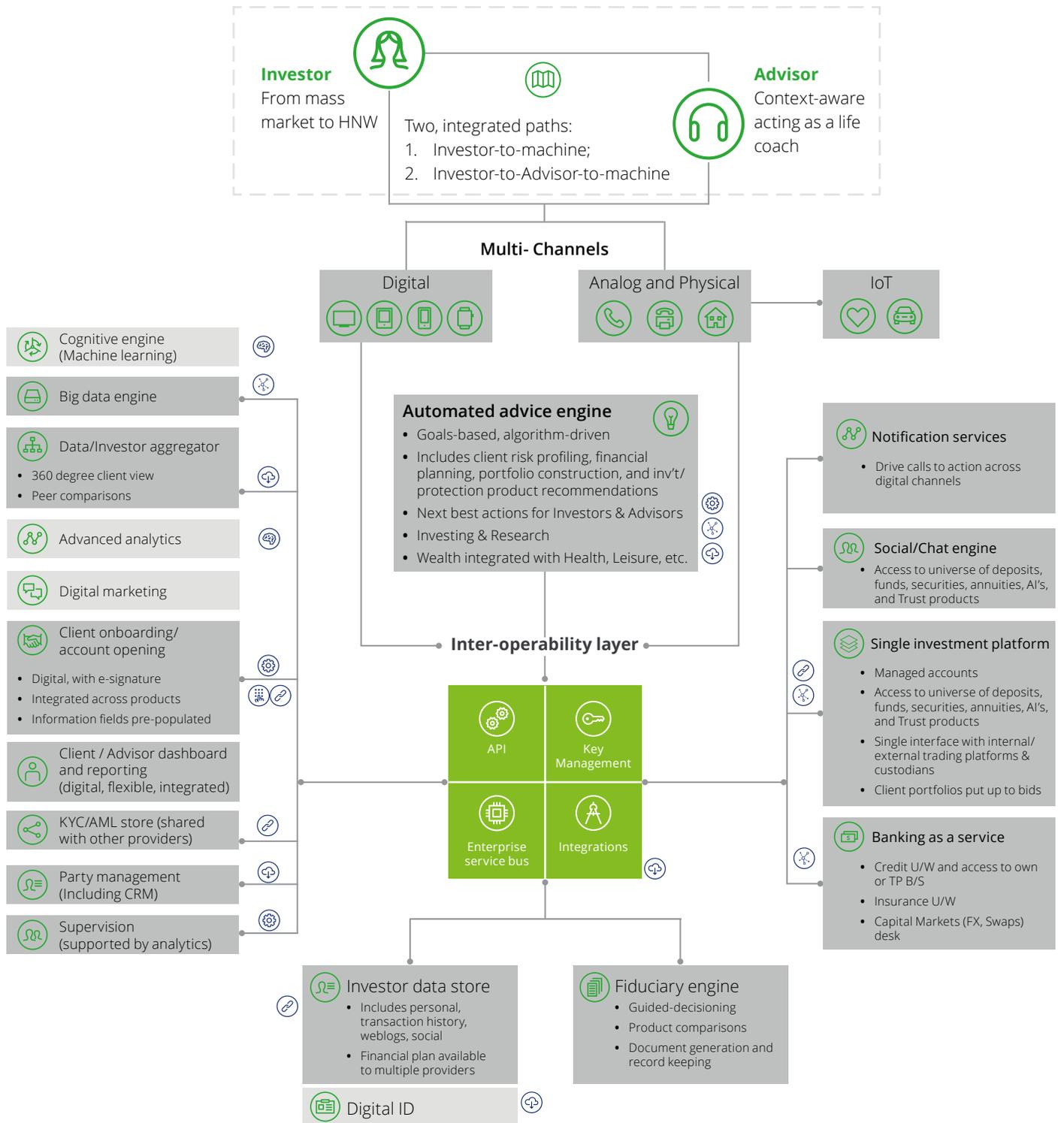
Figure 8: A new mindset



**A new mindset**

- 1. Automate** as much as possible
- 2. Work with advisors**, not against them
- 3. Design** for a new generation of investors
- 4. It's about life**, not investments
- 5. Provide quality advice to all investors**, not just large accounts
- 6. Commit to transparent pricing** and client best interest
- 7. Experiment** and build prototypes
- 8. Your brand as a digital brand**

Figure 9: A functional architecture map



Key for new technologies



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