

TAMP Myopia:

Why “If you build it, they will come” won’t work in the RIA industry

WHITE PAPER WRITTEN BY:



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Start with the problem

In his seminal article, entitled “Marketing Myopia,” Harvard Business School’s Theodore Levitt argued that companies, to their detriment, focus too much effort on creating and selling products and services, often failing to understand the problems and needs of their customers¹. In contrast, successful firms start first by identifying a unique customer need or problem, and then developing a solution by way of a product or service. This relatively simple approach would appear to be well understood, but many technology firms struggle. “Product-Market Fit” issues arise when product-oriented companies are unable to find the best target market for their product.

The principal wealth management technology firms and Turnkey Asset Management Platforms (TAMPs) are either public entities or majority-owned by private equity. These firms are on never-ending acquisition sprees, each with the apparent goal of becoming the platform that offers every imaginable product to an advisor. But to what end? If they sense RIAs have an unmet desire for one platform to provide for all of their needs, they have fundamentally misunderstood the RIA market.



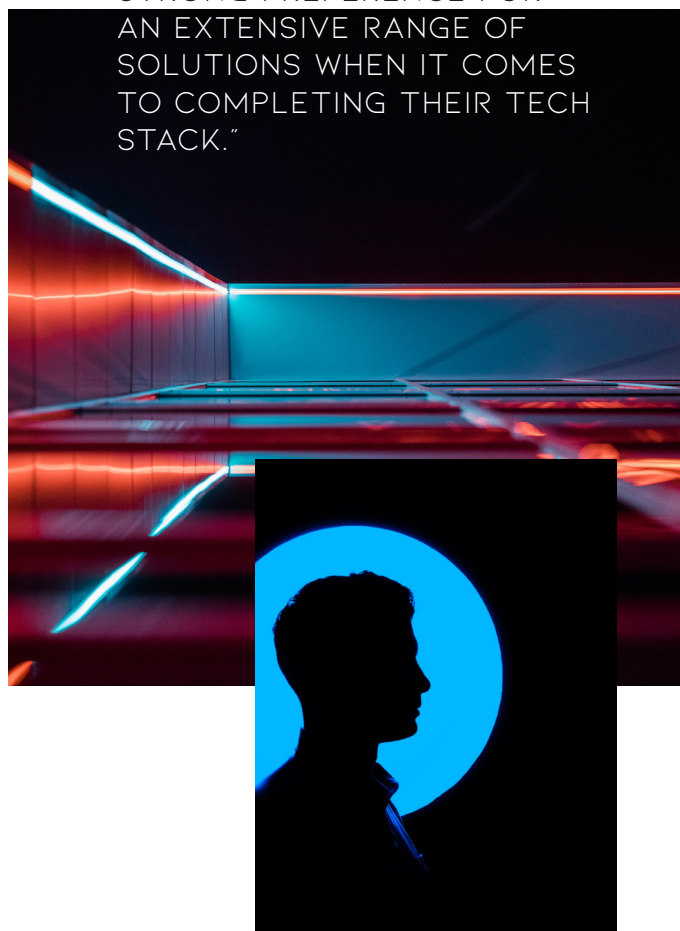
1 Theodore Levitt, “Marketing Myopia,” Harvard Business Review 53 (September-October 1975, pp 1-14.)

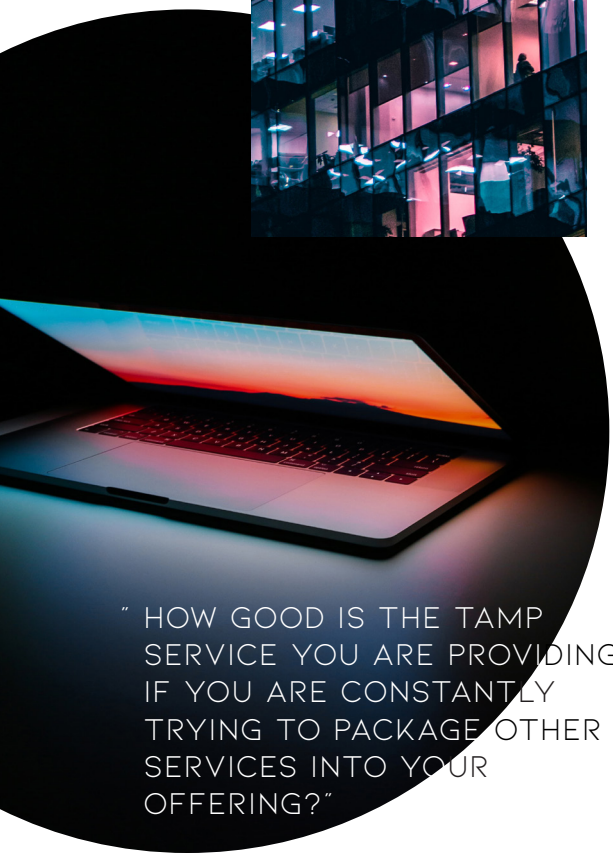
Platforms for IBDs, not RIAs

The original TAMPs started with the singular goal of providing outsourced investment management services to advisors. However, they have all morphed into tailoring their offerings to Independent Broker-Dealer (IBD) home offices. The competitive IBD landscape requires comprehensive offerings that include products well outside the scope of traditional TAMP services. The biggest technology platforms and TAMPs have engaged in a continuous cycle of acquisitions, acquiring what are seen as complementary pieces. Some TAMPs have acquired financial planning technology and proposal analytics software, while others have started offering insurance products, lending platforms, and a range of other solutions. It seems like there is a race to be the first, truly all-encompassing platform that can offer every conceivable tool to an advisor.

In all fairness, home offices are likely clamoring for all-inclusive offerings in the very competitive IBD market. It is operationally easier to offer their captive advisors many solutions from one provider, as opposed to many different solutions from various vendors. Unfortunately for the biggest TAMPs in the IBD market, the RIA industry is very fragmented. There is no demand for one platform that provides every possible technology solution. Quite to the contrary, RIAs have an extremely strong preference for an extensive range of solutions when it comes to completing their tech stack.

“RIAS HAVE EXTREMELY STRONG PREFERENCE FOR AN EXTENSIVE RANGE OF SOLUTIONS WHEN IT COMES TO COMPLETING THEIR TECH STACK.”





“ HOW GOOD IS THE TAMP SERVICE YOU ARE PROVIDING IF YOU ARE CONSTANTLY TRYING TO PACKAGE OTHER SERVICES INTO YOUR OFFERING? ”

“If you’ve met one RIA, then you’ve met one RIA”

Every sales professional serving the RIA market has heard this cheesy joke one hundred times before. By and large, RIAs vary widely in how they operate. For example, some RIAs are very much “in the weeds” while constructing portfolios, requiring advanced analytics and research solutions. Other firms might focus entirely on financial planning, choosing to outsource investment management completely, and thus require different technology altogether. Relative to one another, RIAs have different ideas and preferences regarding investment management, practice management, service offering, and the technology solutions available to them.

Consider financial planning, for example. While a couple of the biggest financial planning entities were gobbled up by large institutions, there are dozens of providers, and still, the number of technology solutions continues to grow. RIAs have a strong preference for flexibility and will happily choose from a variety of providers. It will be extremely difficult to package proprietary planning and TAMP services to RIAs. In addition to financial planning, TAMPs are attempting to offer a range of proprietary products – everything from lending services to insurance exchanges. At some point, how good is the TAMP service you are providing if you are constantly trying to package other services into your offering?

Be world class in what you do

GeoWealth does not want to be everything to everyone. We aspire to deliver the very best TAMP service to RIAs. Period. Our proprietary technology, of which we

are immensely proud, was developed in response to advisor feedback in order to solve for the TAMP needs of RIAs. Our technology enables us to provide the service that best delivers value to RIAs. By staying focused on what we do best, we are able to offer more investment flexibility, human support, and competitive pricing. All of our future innovation efforts will reflect our expertise, specifically in investment management, model implementation, maintenance, billing, performance reporting, and back-office support. GeoWealth does not struggle with Product-Market Fit. We will never take our eyes off the ball in meeting the needs of RIAs, and we will continue to bring world class TAMP service to them.



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SAY HELLO TO
GeoWealth

GeoWealth's RIA-focused TAMP offers a diversified lineup of turnkey model portfolios from industry-leaders in addition to implementing advisor-managed models. We also provide advisors with flexible risk profiling and portfolio management tools alongside reconciliation, performance reporting and billing services. GeoWealth's customizable open-architecture platform and proven spectrum of investment strategies address all essential needs of investment advisors and institutional investors by helping take their practice to the next level.

HEADQUARTERS:
CHICAGO

ESTABLISHED:
2010

PLATFORM ASSETS:
\$15 BN

EMPLOYEES:
55

DEVELOPERS:
30

Ready to see our platform in action?

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