

SPINNING 200+ YEARS OF LEGACY CULTURE AS A VIRTUE, BNY MELLON USES PERSHING INSITE TO SHOW ITS SOFTWARE SIDE, SOFTER SIDE

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Some habits are hard to break for a global custodian like BNY Mellon — like putting your highest ranked New York big shot on stage to flay a Pershing audience with pompous platitudes.

“In order to stay relevant for 200-plus years, you need to actively manage change,” said Brian Shea, vice chairman of BNY Mellon, in his opening remarks at the 2016 Pershing INSITE conference held earlier this week in hot, muggy and stormy Orlando, Fla.

But though this high-level bank executive passively tossed out throwaway lines about being proactive, the strange twist here is that the more than 2,200 advisors, exhibitors and Pershing staffers gathered for the 3-1/2 day conference may have reason to believe he is actually understating his case.

First of all, the Orlando, Fla.-based version of Pershing's annual RIA conference was its first with women executives in charge.

“We're taking the industry by storm,” said Lori Hardwick, newly installed COO for Pershing LLC, as she addressed a gathering of technology vendors in a pre-conference workshop to officially launch the company's version of an App store. The open code approach allows software vendors to build toward Pershing code hub.

Recently installed Pershing CEO Lisa Dolly held stage along with Hardwick on the first morning to detail the latest enhancements to the Pershing platform. In addition to the new technologies, Pershing is adding new alternative investment capabilities, operational solutions for implementing DOL conflict of interest compliance and expanding its private banking lending. The last program has proven enormously successful as RIA clients prefer loans to selling assets, hence disrupting portfolios, to generate cash.

Pleased to 'meet' you

If that weren't evidence enough to establish Pershing's mantle of XX-chromosomal sovereignty, Pershing Advisor Solutions CEO Mark Tibergien provided a capper: Comedian and actress Julia Louis-Dreyfus occupied the chair of the originally scheduled guest, Charlie Rose. While “Elaine” wasn't exactly sure of what advisors were all about, she did drop a few funny lines and even two f-bombs from the main stage, a first at any conference event that I can remember.

To show that Pershing — known for promoting an industrial strength mentality to excuse itself from producing any endorphin-buzz retail euphoria — isn't above having a little fun, Ram Nagappan, CIO of Pershing, showed he aspires to be chief info-tainment officer.

The gregarious and dynamic Nagappan held court in the Pershing Pavilion demonstrating the many uses for emerging technologies, such as virtual reality. Nagappan's team experimented with using the Oculus Rift virtual

reality unit to simulate a client meeting rather than relying on video chat app such as Skype or FaceTime to connect advisors and clients separated by time and geography.

True aim

Amid the millennial-mentality technology on display, the bank looked to its roots, celebrating the 232nd birthday of Bank of New York founder Alexander Hamilton who is, of course, the current toast of Broadway thanks to the eponymous musical based on his life. (Editor's note: Lin-Manuel Miranda's epic offering on the life of the "ten-dollar founding father" is a money-making machine by Broadway — and even by Wall Street — standards. See the breakdown in this New York Times article.)

Mindful that Hamilton lost his life in a duel with vice president Aaron Burr on the banks of the Hudson River in Weehawken, N.J. in 1804, Shea stressed that his firm can out-duel fellow custodians by arming RIAs and IBD reps with the right weapons. As a major custodian to both RIAs and broker-dealers, Pershing clears trade and other business processes for more than 100,000 advisors.

"With the digitization of advice, this is a changing business once again and real human beings matter — we need to provide the digital tools to help advisors scale their businesses," he said.

Pershing now has centers of technology innovation in Silicon Valley, Pittsburgh, Jersey City, London, Pune and Chennai.

Shea's business-speak again proved out as he described the firm's judicious admixture of API store, deals with B-to-B robo-advisors and the old NetX360 system in providing service to its advisors. The API store provides hand-selected tech firms with access to a library of enterprise APIs (integration interfaces), documentation and a test environment through a self-service website. In the API store, advisors will soon find their favorite software packages integrated into the NETx360 workstation, he said.

The first wave of B-to-B integrations through the API store began with digital advice providers Marstone, Jemstep Inc., SigFig and Vanare. Taking the TD Ameritrade Veo idea to the next level, Pershing will also open its APIs to its advisors themselves, enabling the integration and co-creation of their own applications for CRM, financial planning, wealth reporting and more.

'Sophomoric economics'

In one of the more impactful keynotes, the leaders of disruptive companies Tesla, Warby Parker and Feed discussed innovation and how they built their firms into major competitors in legacy industries. Their message on how to change the status quo: Use technology to eliminate the middleman, constantly innovate what you are doing and hire former Apple employees to execute your strategies.

Scattered throughout the conference were a number of high-profile keynote speeches by celebrities, business leaders, basketball coaches and even a former army colonel.

On the practice management front, **Dan Seivert of ECHELON Partners**, Jason Carroll of Live Oak Bank and Mike Papedis of HighTower Advisors discussed the current state of mergers — including the mindless tire-kicking of many insensitive "buyers."

"Today we would have a lot more sellers engaged in transitioning their firms, however, they often get turned off by the unimpressive buyers they run into," noted Seivert. "There needs to be a lot of improvement in the buyer community."

Papedis and Carroll both commented that the industry's "sophomoric economics" being used to value firms based on a multiple of revenue were also a contributing factor to slowing down deal volume. Despite these issues, the panel foresees a big uptick in deal closings thanks to advisor demographics and the growth of the industry that is attracting easy cash from outside private equity investments.

Cash flowed from wallets at a thriving evening scene at the Hyatt lobby bar, multiple networking events and client receptions put on by the over 400 exhibitors. The closing night "Block Party" was held at the Pointe Orlando next door, where conference organizers took over multiple restaurants and bars, with live music. Justin Wisz, founder of Vestorly, took center stage by hosting the after party at the elegant Capital Grille nearby.

To learn more about what went on at the 2016 Pershing INSITE conference, check out the many tweets on the #PershingINSITE hashtag on Twitter.

