

RIA DEALMAKERS SHOULD FOLLOW FINTECH MONEY TO SUCCESS

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The fintech boom is leaving no corner of the registered investment adviser arena untouched.

One indication of fintech's widespread impact was the launch this year of an investment banking platform by Manhattan Beach, California-based **Echelon Partners**, a well-known RIA mergers and acquisitions firm, focusing on what it calls the "wealth technology" sector.

"The way companies decide to utilize [robo advisers] into their broader technology platform will be critical to their future success," says Echelon Partners Chief Executive **Dan Seivert**. "As a result, we anticipate that traditional firms will be focused on acquiring these capabilities and we are actively building out our investment banking capabilities to support their strategies."

In addition to automated digital investment and advice services, Seivert sees new "disruptive" companies challenging established incumbents in areas such as account aggregation, portfolio analysis, rebalancing, reporting, trading and user interfaces.

The disrupters will cause incumbents to re-evaluate their competitive, financing, M&A and product, strategies, creating demand for fintech-related investing banking services, he says.

'VERY POSITIVE' DEVELOPMENT

The development is "very positive for the industry," says Chadwick Blythe, vice president of sales at Advicent in Milwaukee, a financial services technology solutions provider.

"It adds validity and more stability and will result in more sophisticated products," he says. "Everyone from tech vendors to advisers and end users should benefit."

Indeed, advisers are enjoying more product choices and higher tech quality than ever as a result of increased fintech activity, industry executives say.

'VIRTUOUS CYCLE' FOR ADVISERS

Investment in technology has created a "virtuous cycle" of success for advisers, Seivert says.

"The more RIAs succeed, the more technology investment follows, creating more innovation, tools and resources they can adopt to be more competitive in the marketplace," he says. "The net result for RIAs is that their technology solutions will help advisers automate processes, have better interoperability between systems, and create scale, all at a lower price."

DIFFERENT ECOSYSTEM

"It's not a niche anymore," says Rob Foregger, co-founder of NextCapital in Chicago, an enterprise digital advice company. "It's a different ecosystem, very complex with a lot of verticals."

Nonetheless, opportunities for new players still exist because the pressure to be tech-savvy is so great, Foregger says.

"If you're a financial services company and you're not thinking of yourself as a financial tech company, then you're probably in a declining business model," he says.

WEALTH TECH OPPORTUNITES

For his part, Seivert, whose company hosts the annual “Deals and Deal Makers” M&A conference, is convinced that what he calls “wealthtech” -- the name he is also using to brand his new division -- will result in abundant investment banking opportunities.

Accordingly, he has added three investment bankers to staff up the platform: Lucas Barash-David, Adam Johnson and Michael Wunderli, who have backgrounds at Fisher Investment, Goldman Sachs and Lehman Brothers Holdings, respectively.

“Fintech is to technology as wealthtech is to fintech,” Seivert says.

As a subset of fintech, wealthtech sectors such as operations, CRM and accounting and reporting will require specific expertise that firms like his can provide to facilitate financing and strategies, he says.

“One of the biggest questions firms will face is whether they should exist as sole solution providers or become Microsoft Office,” Seivert says.
