Letter from the Editor

This month we're preparing for the T3 Conference which, as I write this, is just one week away.

Joel's piece covers the big technology events of 2012 and discusses some of the more compelling sessions you'll find as an attendee of T3.

I contribute a piece this month on mobile devices, specifically, how to select a tablet, and how to upgrade an old laptop to capture the speeds achieved by more modern hardware.

This month, two outside contributors write pieces on social media and compliance technology. Katherine Calvert of Advent Software writes about social media, how to best use it, and what's available. Drew Ahrens of National Regulatory Services writes about the challenges posed by our industry's compliance requirements and how they can be met through specialized technology.


The T3 conference will be held February 11-13, 2013 at the Hilton Miami Downtown, Miami, FL. It's not too late to sign up now. Just go to http://2013t3.eventbrite.com/ and use discount code "2013T3" to receive $50 off the current entry price.

Hope you enjoy this month's issue...  David J. Drucker
A Look Back at 2012 and a Look Ahead to T3 2013 and Beyond

By Joel Bruckenstein

With the close of 2012 still fresh in our minds, and with the 2013 Technology Tools for Today ("T3") Conference just days away, I thought it might be useful to reflect on a few of the major technology developments of 2012, and give readers a preview of what they have to look forward to in the months ahead. For those of you planning to attend T3 in person, this article can serve as a preview of a few sessions. It is by no means complete. Dave and I believe that every single session at T3 is worth attending; if we didn’t, it would not be on the program. Each year, we have more ideas that we do session. Our job is to narrow things down to the best ideas, and it is sometimes a challenging task, but one that we welcome.

First, let’s take a quick review of some 2012 highlights. One of the most surprising, and most interesting stories for me in 2012 was the apparent metamorphosis taking place at Advent Software. When I attended their annual conference for the first time in 2011, I was optimistic due to the Black Diamond deal, but nothing substantial had happened yet to impact the Advent culture. One year later, however, I got the sense that a major cultural change was taking place at the firm. For the first time in a long time, Advent appears to be moving out of their comfort zone, embracing cloud technologies, and making a real effort to make the firm more advisor friendly. Some of their technology roadmap, which they shared with me, seems right on target. We’ll have to see how they execute in 2013, but they seem to be on the right track.

Envestnet continues to increase its footprint in the independent RIA space. With the purchase of Tamarac in 2012, Envestnet has demonstrated its commitment to providing a robust technology platform to independent RIAs. While these mergers take time to gel, Envestnet/Tamarac looks poised to gain ground in the competitive RIA space.

Two leaders in the financial planning software arena made news in 2012, but for different reasons. EISI, the developer of both NaviPlan and Profiles, was purchased by Zywave, a firm that until now primarily served the insurance industry. Late in 2012, the firm released its first new application since the merger: Advisor Briefcase. This product, which I recently reviewed for Financial Advisor magazine, contains a large library of client letters and educational materials. If can be used as a marketing platform, as well as a document storage system. There are a number of competitors that offer similar products, but Zywave has a proven track record with its insurance clients, and a loyal client base of Profiles and NaviPlan users, so I would not count them out.

MoneyGuidePro had another strong year in 2012. They released version three...
of their popular financial planning software. It is, in my opinion, the standard by which financial planning software is measured today. It is intelligent, it is easier to use than the previous version, and it provides advisors with a cost effective method of delivering financial advice. There are other good products out there, but MoneyGuidePro:G3 is clearly the leading choice among advisors at this time; and rightly so. I expect that they will be detailing some additional enhancements to the software during the upcoming T3 Conference.

In our June 2012 issue, I wrote about a custodian on the rise known as TradePMR. This custodian is not nearly as well-known as it should be, perhaps because they are located in Gainesville, FL. Be that as it may, the firm has been growing at a rapid clip, at least in part due to its small, but talented technology group headed by CTO Denis Suppe. I expect them to make a few technology announcements at T3 that will make advisors sit up and take notice.

Speaking of custodians, TD Ameritrade’s VEO Open Access garnered universal praise in 2012. We expect that they too will have announcements forthcoming over the next two weeks at the TD Ameritrade National Conference and at the T3 Conference. Rumor has it that Fidelity and Schwab will also have some technology announcements at T3.

InStream Solutions, the brainchild of Alex Murguia, could be one of those disruptive technologies that shake up the status quo. The application, which is often mischaracterized as financial planning software, allows advisors to monitor a client’s financial position, and it provides proactive alerts that highlight potential opportunities to improve a client’s position, such as eligibility for a mortgage at a substantially lower rate. InStream has reportedly signed up over 1,300 advisors to date, in part because the software is “free” to advisors. InStream plans to make its money by acting as a marketplace for low cost financial products that advisors will presumably recommend to their clients.

InStream recently hired Zohar Swaine to serve as President of the firm. Swaine, until recently, served as a Managing Director at TD Ameritrade Institutional. Swaine is a highly respected executive who is very familiar with the needs of RIAs and B/Ds. The addition of Swaine is a real coup for InStream and it should give them instant credibility with a wider range of potential clients and partners.

2012 was also the year that Silicon Valley seemingly awakened to the market that RIAs traditionally serve. New firms as diverse as Personal Capital and Addepar have set their sights on our marketplace. In the case of Personal Capital, they apparently believe that they can use their technology platform to compete directly with existing RIAs. In the case of Addepar, they believe that they have created software for the family office and high end wealth management firm that is superior to existing competitors. Only time will tell how these new entrants fare, but we will certainly monitor their progress in
Swaine has joined the firm as President. Mr. Swaine comes to inStream after five years at TD Ameritrade in a variety of senior roles, most recently as Managing Director of Institutional Strategy and Products.

“We are extremely excited to have Zohar join the inStream Solutions team,” said Alex Murguia, CEO of inStream Solutions. "Zohar has a deep understanding of the advisor industry, broad financial services knowledge, a great strategic mind and direct experience managing large technology deployments. As we look to dramatically grow the company, Zohar will play a key role in that expansion.”

Salesforce made inroads in the CRM space, advancing integrations with all the major custodians and a number of broker/dealers. For those advisors looking to implement Salesforce as their CRM solution, perhaps the greatest challenge is trying to decide which of the many implementations available to advisors is the best for them. Hopefully, this year’s T3 Conference will provide answers to that tough question.

One fact that has been striking over the years is the relatively slow adoption of document management or enterprise content management among advisors. Although Dave and I have been advocates of these systems for well over a decade, many advisors have been content to store digital documents on their hard drive, without the use of a true document management system.

We think that the landscape is finally ready to change. Advances in document management technologies, custodial integration, and the promise of straight through paperless processing of new account applications and account transfer requests will finally provide the impetus to wider acceptance of DMS and ECM within our industry. NetDocuments will be at T3 promoting their new integration with Schwab. XTRAC, a Fidelity company, will be on hand demonstrating their capabilities. We also expect some major announcements from Laserfiche, an industry leader and one of the earliest proponents of the paperless office for advisors.

Looking forward, we believe that this will be the year when digital signatures and straight through processing hit their stride. T3 will offer a session to bring advisors up to speed on the state of digital signatures within the financial services industry. LaserApp, a firm that provides the digital applications that make digital signatures possible, will also be on hand to discuss the benefits of their new cloud application, LaserApp Anywhere.

We are happy to announce that almost all of the 14 authors who contributed content to our new book Technology Tools for Today’s High Margin Practice will be on hand at T3 this year to answer your questions and autograph copies of the book, so please bring yours to Miami.

In my opinion, one of the most underappreciated developments of 2013 is the release of Windows 8 and MS Office 2013. Although Windows 8 was initially released in late 2012, many advisors are still not familiar with it. We believe that Windows 8 offers many advantages over previous versions of Windows that advisors will come to appreciate. We will devote a session to Windows 8 during the T3 conference. Just days before the conference begins, Microsoft will release the Surface Pro tablet capable of running existing Windows apps. We think this will prove to be the perfect tablet for advisors. We hope to have a few Surface Pro tablets on hand, and we plan to demonstrate a number of other Windows 8 devices as well.
As we all know, the changes in technology are altering the way we deliver advice to our clients. We are happy to have Derek Bruton, a Director at LPL, present on the future of advice delivery in the custodial space and the evolution of integrated technology solutions.

We, like many advisors, have anxiously been awaiting the release of Junxure Cloud. Advisors attending the T3 Conference will have an opportunity to preview this exciting new product first hand. We'll also be offering a session of file sharing technologies, retiree health care planning, and the first session that we know of in the industry addressing estate planning for digital assets.

There will be numerous sessions that can help advisors select the right technologies, select the appropriate custodian, improve their processes, address disaster recovery needs, work with mobile devices, and improve security.

We hope that all of our readers can attend the T3 Conference, but we know that’s impossible. For those of you who cannot attend, Dave and I will try to provide some of the conference highlights in future issues. We’ve also invited a number of other prominent technology journalists to attend in the hope that they too will share what they’ve learned with their respective audiences.

Technological innovations are arriving at an ever increasing pace. This rapidly evolving environment offers loads of opportunities for advisors willing to take advantage of them, but it also presents risks. Our goal is to help you harness new technologies while avoiding the potential pitfalls. The T3 Conference plays a major role in our efforts, and we are very proud of the program lineup this year. We hope to see you there.

We’ll be discussing the future of the financial advisory profession and how technology is and will be reshaping the way we all do business.

• Discover New Technologies  
• Gain New Efficiencies  
• Be More Profitable
In the News
By David Drucker

In addition to the reading we all do regularly to maintain our professional credentials, I find it worthwhile checking out the various technology publications that aren’t geared to a specific occupation, but to all readers. One of my favorite publications because it serves our readership -- mobile professionals -- is Laptop magazine. Presented below is news from Laptop over the last six months or so that you will find worthwhile if you’re in the market for a tablet or thinking about modernizing an old laptop.

Selecting a Tablet

Advisors have a wide field of tablets to choose from these days. There are, of course, iPads – in their various configurations -- as well as new Windows devices (like the Surface RT reviewed by Joel in a recent issue) and an array of Android and other devices, some costing less than $200. What are the key variables to consider when purchasing a tablet?

Size

The most popular sizes of tablets are seven and 10 inches, so what are they each best for? Generally, seven-inch tablets are better for consuming content, while larger tablets lend themselves more to productivity.

Operating System

The three primary operating systems are Apple’s iOS, Android and Windows’ 8. Each has its advantages. Apple’s iOS is easy to learn and boasts 275,000 apps in its app store. Android is great for consuming content. And Windows tablets will run two apps at the same time – something Apple and Android devices can’t do.

Use

How you intend to use your tablet is also key. As mentioned earlier, smaller and lower-cost tablets are great for games, Web surfing and content consumption. Examples include Kindle Fire HD, Nook HD, Nexus 7 and iPad mini.

Students and mobile professionals might benefit from a tablet with a pen. Examples include the Android-powered Galaxy Note 10.1 and the ThinkPad Tablet 2 running Windows 8.

If productivity is important, consider a premium tablet like the iPad with its fast A6X chip or a Windows RT tablet such as the Surface or ASUS Vivo Tablet which come with Office 2013 preloaded.
Price

For $200 - $300, you can get a surprising amount of functionality. Tablets like the Kindle Fire HD and Nexus 7 come with 16GB of memory, sharp 7-inch HD screens, fast dual-core processors and front-facing cameras.

For $300+ you add functionality such as bigger displays and even faster processors. The iPad with Retina display, Galaxy Note 10.1 and Microsoft Surface all start at $499. Or consider the Google Nexus 10 starting at $399 for 32GB of memory.

But maybe you've already got a tablet and you're more interested in acquiring a more modern laptop than yours which is three years old now. Wait... maybe you can continue to use that old laptop with a few remedial steps.

Supercharging Your Old Laptop

It can be surprisingly inexpensive to employ a couple of sub-$100 upgrades that will keep your old laptop computer running a few more years. Here are a few improvements to consider.

Upgrade to SSD

Initially, solid state (SSD) drives were just available in ultrabooks but, eventually, the drives themselves became available when configuring a new laptop or upgrading laptops originally equipped with traditional (mechanical) hard drives. Today you can get a 128GB drive for under $100 or a 256GB drive for as little as $150. Of course, higher-capacity drives are also available at higher prices.

In speed tests, older laptops running standard 7,200 rpm hard drives were tested and subsequently fitted with SSD drives and re-tested. Depending upon the function, SSD-equipped computers were two to four times faster following the upgrade from 7,200-rpm drives.

Add More RAM

The more RAM your laptop has, the less time it spends writing to your hard drive (or SSD). Most laptops come with 4GB of DDR3 memory these days, but another 8GB can be added, in most cases, for $40 or less.

Personally, I found that the installation of the Mountain Lion OS slowed down my iMac significantly and, after much research, determined that a memory upgrade would solve the problem. On top of the resident 4GB of memory, I was able to order another 16GB for only about $85, and the additional memory overcame the slowness of Mountain Lion very nicely.

Other Supercharging Techniques

Consider using an external monitor, external battery and/or 802.11n Wi-Fi.

An external monitor can supercharge your laptop’s performance not by
increasing your speed, but by increasing your screen’s real estate and therefore decreasing the amount of back-and-forth navigating you must do to be productive. The 802.11n Wi-Fi is significantly speedier than its 802.11g predecessor and can be upgraded by way of USB “dongle” available from companies like Rosewill (www.rosewill.com) for $50 or less. An external battery can fit the supercharge mandate by boosting the average laptop’s five-hour battery life by at least a couple of hours, and weighs under one pound. External batteries, depending upon your OS and hardware manufacturer can cost as little as $70 or as much as $170.

So whether you’re buying a tablet or upgrading an old laptop, we hope you find these tidbits from Laptop helpful in your quest.

Total Rebalance Expert Receives U.S. Patent

San Diego, CA – January 8, 2012. Total Rebalance Expert (TRX) announced today the attainment of US Patent 8,321,320, granted November 27, 2012 for “Portfolio Management Analysis System and Method.” This patent for the “Analysis Expert” functionality in TRX protects the design, methodology and technology for identifying rebalancing opportunities on one screen across an entire client base at the account, household and asset class levels.

“Advisors have been telling us all along that our approach to providing the needed technology to automate the portfolio rebalancing process was unique and innovative,” said Cheryll Lurtz, TRX co-founder and CIO. “Now with this patent, advisors using TRX can uniquely benefit from that intellectual capital that was generated from the experiences in tax-efficient rebalancing developed in advisory practices.”

The Analysis Expert feature in TRX enables advisors to view their entire client base on one screen and then sort for which accounts or households are out of guidelines and need rebalancing.

DD

David J. Drucker (Author), Joel P. Bruckenstein (Author)

List Price: $60.00
Price: $37.80 & this item ships for FREE with Super Saver Shipping.
You Save: $22.20 (37%)
Pre-order Price Guarantee.

This title has not yet been released.

You may pre-order it now and we will deliver it to you when it arrives. Ships from and sold by Amazon.com. Gift-wrap available.
Why (& How) Advisors Should Be Using Social Media

By Katherine Calvert, Vice President of Marketing, Advent Software

As an advisor already dealing with an alphabet soup of regulations and compliance issues, you may be asking yourself: can social media be applied to my business and is it really worth the effort to utilize these tools? More importantly—how can I leverage its power to help grow my business without wasting valuable time?

Social media’s potential value to investment managers is significant and continues to grow. It provides a remarkably intimate and direct—not to mention inexpensive—way to connect with clients helping to build relationships, trust and share both your point of view and important news. It should be considered a very valuable strategic marketing resource.

That being said, with obstacles like an increase in regulations and internal company compliance policies, financial advisors arguably have more barriers to adoption than professionals in other industries. Despite these challenges, advisors of all sizes are finding ways to effectively work within the parameters of compliance.

There are a tremendous range of benefits to social media, but there is no “one size fits all” solution. It should be adopted in strategic, tailored ways to support your business strategy and goals. I’d like to highlight three potential benefits of social media that I believe are essential for investment managers—fostering client relationships, conducting research (on both clients and competitors) and leveraging search engine optimization (SEO).

Fostering Client Relationships -- Relationships are at the heart of social media success. Engagement is truly what sets social media apart from more traditional business-to-client communications and social media has been proved to have a powerful amplifying effect — provided it is used correctly. Firms need to show that they are where their client base is — networking online. And remember, your target audience is already using social media...

Basically, you’ll want to focus on sharing content that is valuable and relevant to your audience. Here are three main guidelines to remember:

Be authentic: People know when you are being authentic—and when you’re not.

Have something to say: You’ll build their trust. If you waste their time, they may not come back. Also, keep in mind that it is better to connect a bit less often with valuable information and interesting comments rather than to share...
RegEd Expands Social Media Archiving with Content Library

Raleigh, NC (1/15/13)– RegEd, the leader of compliance technology in the financial services industry, announced today two major features, the social media content library and multiple-lexicons, as part of their Social Media Archiving and Surveillance solution, powered by Arkovi. These features continue a series of major releases on RegEd’s social media archiving, compliance and monitoring platform. With these new capabilities, RegEd continues to lead the way in building innovative solutions to meet the evolving needs of the financial services industry.

“For any organization, a quick and easy way to distribute brand content is critical”, said Blane Warrene, Senior Vice President, Customer Communications at RegEd. “These new features provide our clients with the tools to share content that is consistent, high-quality and compliance ready.”

Social media content libraries are critical for financial services firms because they reduce the risk and moderate the workload for compliance teams by providing pre-approved content that only needs to be reviewed and approved once. Firm marketing teams are given peace of mind that brand messages will be consistent and that advisors can create a substantial and ongoing social media presence.

Information without a purpose all of the time.

Respect your readers: Using good judgment is paramount. Know what’s appropriate for your audience.

People prefer to do business with those they know and like. In short — solid relationships will lead to more business opportunities.

Target your Research – When it comes to someone needing what you are offering, you want to be in the forefront of their mind. Whether you want to target specific client demographics (such as ultra-high-net-worth individuals or retirees) or monitor trends in the marketplace, social media provides a solution to do so. Start by determining where your clients spend their time online. LinkedIn is probably the most advisor-friendly of the social media options in our industry but don’t overlook Facebook (daily time spent here blows away the competition), Pinterest, and Twitter (hard to beat for asserting thought leadership and for immediacy). As far as YouTube is concerned, keep in mind that you want attention from current and potential clients, not the SEC, so make sure to have your legal counsel approve it first.

It also doesn’t hurt to look at your competitors’ social media accounts that employ social media tools. Established, larger companies likely have a devoted staff responsible for managing the entire social media landscape.

Finally, don’t forget the trend towards mobile technology. Recent research has found that whether by smartphone or tablet, mobile usage continues to skyrocket. So don’t assume your clients are chained to their desk.

Leverage SEO -- By implementing a social media marketing program without optimizing content you’ll be leaving money on the table. Today, a good SEO strategy is incomplete without a solid social media component. Search engine optimization (SEO) helps websites rank highly on search engine returns in response to consumer keyword searches. High rankings virtually guarantee. High percentage of responses, while poor rankings will consign websites to dismal return rates on generic searches.

Useful social content—blogs, videos, images—that cannot be discovered via search are a lost opportunity to reach an audience that is looking for something. As a roadmap for success, consider the following before getting started: define your objective, find your audience and determine how you’ll measure success.

Also, don’t limit your SEO activity to LinkedIn and Facebook. Twitter, YouTube and Pinterest (the fastest-growing social media site of all time), continue to grow in importance not only in search engine algorithms but also in audience reach. Here are some ideas for how advisors could use the different sites mentioned above:

LinkedIn: Networking with industry professionals as well as with current and potential clients.
Facebook: Promoting company events and speaking engagements.

Twitter: Quick news, thought leadership and product updates from high level executives.

YouTube: Share keynote speeches, panel discussions and presentations from events.

Pinterest: Posting charts, diagrams, events, lists, services, and videos.

We also just published a social media white paper specifically for investment managers: Social Media in Investment Management – Think Before you Tweet. It provides an overview of the main sites, outlines steps to take in developing a social media policy, and addresses the many compliance issues we all face. Here at Advent, our annual user’s conference hosted an engaging panel discussion that included esteemed colleagues in investment management who shared their expertise. As early adopters, they outlined why it’s essential to get active and stay involved in social media to promote your business and engage with clients on an informal basis.

Remember, it’s important to stay active and to post interesting content regularly. Don’t be a “token” explorer — making a half-hearted attempt won’t get it done. Take some time to investigate, research and find out whether social media is a good fit for your business model. I suspect you’ll be pleasantly surprised at what you discover.

***

Katherine Calvert is the Vice President of Marketing for Advent Software, Inc. Katherine oversees Advent’s marketing programs in the Americas and Asia Pacific, where her responsibilities include product marketing, corporate branding, public relations, lead generation, events, web and social media strategies.

Advent Software, Inc., a global firm, has provided trusted solutions to the world’s financial professionals since 1983. Advent’s proven solutions can increase operational efficiency, reduce risk, and eliminate the boundaries between systems, information and people so you can focus on what you do best. With more than 4,500 client firms in over 60 countries, Advent has established itself as a leading provider of mission-critical solutions to meet the demands of investment management operations around the world. Advent is the only financial services software company to be awarded the Service Capability and Performance certification for being a world-class support and services organization. For more information on Advent products visit http://www.advent.com/about/resources/demos/pr.

NetDocuments Announces Free Upgrade to the Cloud

LEHI, Utah (January 23, 2013) – NetDocuments, a leading cloud-computing content management and collaboration service, today announced a free “Upgrade to the Cloud” promotional offer for organizations of 20 to 2,000 users currently using iManage, Worldox or OpenText for enterprise document management.

Available to all on-premise licensees who upgrade by June 30, 2013, the free implementation package includes data migration, account configuration and administrative training.

“The recent switch offers from Worldox and OpenText didn’t acknowledge the shortcomings of simply swapping one on-premise, server-based system for another,” said Leonard Johnson, NetDocuments vice president of marketing and product management. “While our on-premise competitors claim to alleviate iManage customer struggles, we give organizations the opportunity to leave behind the costly, hardware-intensive systems and upgrade to our cloud-based service. By deploying to the cloud, organizations not only eliminate hardware, but benefit from increased disaster recovery, security, mobility, improved collaboration and infinite scalability.”

For more information, visit: www.netdocuments.com/switch.

DD
Conference Sightings

During the next 12 months, Dave and Joel will be speaking at these conferences:

Technology Tools for Today, February 2013, location TBD, (Dave & Joel)
TradePMR Synergy 2013, April 29-May 1, 2013, Scottsdale, AZ (Joel)

A Little Friendly Advertising

by Joel P. Bruckenstein

Seldom do I tout my “outside” ventures, but I’ve been able to help many advisors with my consulting services, so want you to know about them in the event I can help you, too.

IT Consulting

You and your firm can hire me to improve your office efficiency and leverage your investment in technology. I will evaluate your current systems and processes, and then recommend appropriate alternatives.

I work with firms of all sizes, including major broker dealers, insurance companies and software developers. I also work with boutique RIA firms and solo practitioners.

I often helps firms evaluate and implement technology tools. In addition, I consult on workflow management and outsourcing. I am available to consult on financial planning software, portfolio management software, solutions, document management, software integration, custodial platforms other advisor related products as well.

Consulting fees range from $250-$400 per hour, depending on the nature and complexity of the project, with a deposit of $500, representing my minimum fee per engagement. For further information about this, or any of our other services, please email joel.bruckenstein@gmail.com.

Is This Your Copy of T3??

If not, we’d like to welcome you to the T3 Community. In order to be a member, just use the order form on the back of this newsletter to get your own subscription. Please be aware that it is a violation of Federal copyright law to reproduce all or part of this publication or its contents by xerography, facsimile, scanning or any other means. The Copyright Act imposes liability of up to $100,000 per issue for infringement. Information concerning illicit duplication of this issue will be gratefully accepted. Legal reprints of this and other T3 features are available upon request.
Advantages of a Technology-Based Compliance Program

By Drew A. Ahrens, Senior Consultant, National Regulatory Services

As compliance consultant for NRS, my peers and I often visit investment advisers for on-site compliance reviews or assist firms with mitigation tasks following a recent regulatory examination. In our collective experience, we find that investment advisers, especially smaller ones, struggle to allocate enough time to the administration of their compliance program. Some of the most common findings in SEC or State deficiency letters include not following through with the most basic compliance tasks. The common mistakes I see in conducting mock exams include the lack of complete and cohesive recordkeeping or best intentioned procedures that may have been kept up for a while but have dropped off over time.

Unfortunately, regulators are sensitive to each and every detail stated in your compliance policies and procedures. Policies, for example, which state that on a weekly, monthly, quarterly or annual basis, the firm will review, test or monitor a certain aspect of your compliance program. Often the advisers make a sincere effort to conduct the required tasks but lack the follow through due to time and/or resource constraints. The quality of your compliance program, though, depends on regular performance and documentation of all required tasks and testing, monitoring and reviewing all aspects of your policies and procedures. Regulators have become increasingly intolerant of advisers who take an apathetic view towards their compliance program and are quick to issue serious deficiency letters when they find it.

The reality that faces many investment advisers is, however, that resources are limited and focused on serving clients and building the business – not necessarily on compliance. So how can an adviser pull this nebulous universe into a functional and useful process while working within the real limits of human and monetary resources? It’s a problem that has plagued our industry for years. If you’re lucky enough to have a large enough compliance staff you might be able to piece together your own manual system. If you have the technical resources, perhaps an in-house technology solution can be built and deployed. More often than not, though, neither of these are available, but all is not lost.

When designing your compliance program, NRS recommends that you take a pragmatic and holistic approach. Keep the end-game in mind as you draft your policies and procedures. No matter how good they are, if you can’t or won’t be able to put them into practice, document their implementation or test
their effectiveness, and then you’d be better off with a simpler policy. Remember that, although the SEC regularly focuses on certain hot issues, your adherence to core compliance requirements is always a strong indicator of how well your compliance program is working. For example, if a regulator is on-site and finds a lack of documentation, inability to provide requested documents quickly, or a system that is sloppy or difficult to maneuver, it will certainly raise red flags and potentially lead to more questions and a more extensive examination. Your goal is to build confidence in your firm’s compliance culture and commitment. A compliance program that has a loose process for tracking and documenting the completion of required tasks will only work against you.

Another key element of your compliance program to consider is your annual review. The benchmark for the annual review is to determine the adequacy and effectiveness of the firm’s policies and procedures. I have often found that an adviser’s annual review was at best lacking a true assessment of the advisors compliance program. When building your compliance program you should also incorporate the firm’s approach to assessing and addressing compliance-related risks, code of ethics provisions and implementation, disclosure and the firm’s overall system of compliance monitoring and testing.

Technology has become one of the best tools used to maintain a sound compliance program. It’s not going to replace a seasoned compliance professional nor is it meant to, but its role should be to maintain a standard set by you, while being cost effective and saving your time to do more intellectual tasks.

You should implement technology not only to archive information or provide basic storage functions, but also to improve your ability to provide timely information crucial to your compliance program. It should provide a starting place or foundation for development of policies and procedures without reinventing the wheel. Finally, it should provide you with an audit trail that will give you credit for the work you have accomplished.

You should be able to easily access your compliance tools to assist you with information, attestations, compliance calendar tasks and educational information that can provide you with an updated library of pertinent information which can help you work through those tough issues that are sure to arise on a regular basis. Development of your compliance program is obviously not a one size fits all solution. You will need the flexibility to address your firm's specific business model, the ability to adapt to internal changes as well as those constant changes in the regulatory world.

Your technology choice should perform simple tasks and improve your overall ability to manage your compliance program in a proactive verses reactive manner. It should provide you with the tools necessary to maintain the high standards of your firm, provide essential reporting to regulators and executive management while easing the demands on your time and budget. It will certainly put your best face forward with regulators as they dissect your
There are several cost-effective solutions available in the market today that provide some or all of this capability. NRS has developed a comprehensive tool that encompasses these requirements called NRS ComplianceGuardian™. ComplianceGuardian is a web-based dashboard of modules you can use to maintain the essentials for your compliance program. It provides things such as a model document library that you can customize to your own firm, a calendar to remind you of all those important tasks you need to perform on a regular basis, access to educational information and expert advice, and most importantly does it in an efficient and cost effective way. In addition to a Policies and Procedures management and maintenance tool regularly updated by NRS Consultants, ComplianceGuardian includes an annual review module linked to the policies and procedures, which allows you to document the tests and findings that complete an Annual Review Report.

In summary, the advice I most commonly provide to my clients is that a simple and easy to implement compliance program combined with an affordable, off-the-shelf compliance solution is the best way to manage your overall compliance demands and will provide you with the solace that when you're next visited by regulators you have your bases covered.
“T3 Technology Tools For Today” Newsletter
INDIVIDUAL SUBSCRIPTION ORDER FORM

PLEASE TYPE OR PRINT CLEARLY

*Required Fields
*Subscriber Name: ________________________________ *Date ____________

For Corporate subscriptions please complete our Corporate Subscription order form

*Phone: ____________ *Email Address: _______________________

Back Issues -

$ 20.00/each x ___ $ __________

Please list month and year of back issue(s) ________________________________

Monthly - Auto-Renewal Subscription

$ 19.95/month $ __________

**Four month minimum applies. By selecting this option you are allowing VON to charge your credit card on the 1st of each month for $19.95. * Subscriptions that are cancelled within the four month minimum will be charged a cancellation fee per our cancellation policy however there are NO REFUNDS once your credit card has been charged for the month. No discounts apply to this offer.

12 month subscription - Save $39.45/year

$ 199.95/year $ __________

No Refund once credit has been charged.

12 month Auto-Renewal Subscription*- Save up to $69.45/year $ 169.95/year $ __________

* This is a two-year minimum. By selecting this option you are allowing VON to charge your credit card annually for $169.95/year. A savings of $69.45/year off our monthly subscription price. If you cancel within the two year minimum will we will charge your credit card a $39.95 cancellation fee. There are NO REFUNDS once your credit card has been charged for the year. No other discounts apply to this offer.

To cancel or make changes to your subscription go to Subscriber Information at:
www.technologytoolsfortoday.com

Payment by check: Please return a copy of this order form along with a check made out to:
Virtual Office News, LLC., 1915 Avenida Alturas NE, Albuquerque, NM 87110

Payment by Credit Card: Fax form and credit card info to: 1-866-571-4610

I agree to the above terms and authorize Virtual Office News, LLC to charge the above subscription fee to the following credit card: _____ Visa _____ MasterCard _____ Discover _____ American Express

Card Number: __________________________ Exp date________ Security Code ______

Name as it appears on card (please print clearly): __________________________________________

Address associated with this card: _________________________________________________________

City/State/Zip: ________________________________________________________________

Signature: ________________________________________________________________