

# 2020 Australian Financial Advice Landscape



This is an abridged  
version of the full report  
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**Adviser  
Ratings**

## Adviser sentiment towards financial planning software providers

The term ‘financial planning software’ is fast becoming a misnomer, as a range of providers from 23 different technology segments could arguably claim to be integral to a successful financial advice business. For that reason, we added several more software providers to the 2019 cohort in the Financial Planning Software section of our Financial Advice Landscape benchmarking study. These include players like Fin365, Astute Wheel and Roar Software, which are doing different and promising things, and plugging gaps in existing technology stacks. We also wanted to test attitudes towards the SMSF software providers BGL and Class, although we recognise adviser exposure to these solutions is primarily through partnerships with accounting firms.

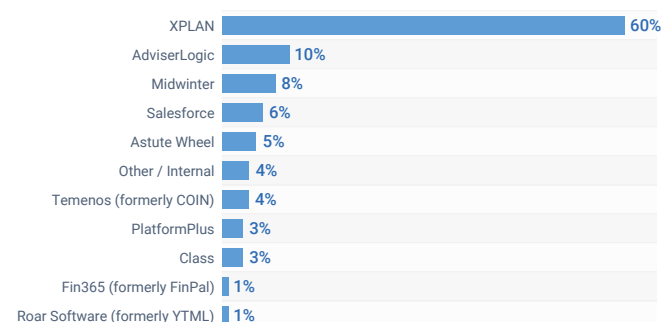
Our choices unsurprisingly created a mixed bag of providers, not always directly comparable. However, our objective was to test adviser sentiment towards a blend of players that, despite being competitors or adjacent solutions, often appear together in the one technology stack. It certainly generated some interesting commentary from the advisers!

Before we dive into the survey results, it is worthwhile to do a quick review of all the corporate activity with the traditional planning software providers over the past 12 months. While 2018-19 was dominated by the Bravura-Midwinter, Morningstar-AdviserLogic and Temenos-COIN hook-ups, 2020 underwhelmed. Apart from the unfortunate collapse of CCUBE and its fire sale to OpenMarkets, Advice Intelligence received some good press but suffered too much from the ‘too early’ tag to make much headway, while Intelliflo continues to tantalise as it builds towards a launch later this year. Meanwhile, licensee-owned solutions Platformplus by Infocus and FORCE by Fiducian seek to distribute their software into the open market but based on adviser feedback from our survey, only one has a decent chance of making progress.

**“In an industry long dominated by Xplan, there is a desire to support challengers and help them grow to provide decent competition and choice.”**

We received 1,386 ratings from advisers on software providers. Once again, Xplan dominated, with an almost identical penetration score (60%) as last year (58%). Second and third place, AdviserLogic and Midwinter, respectively, swapped positions from last year, with Midwinter usage dropping from 11% to 8% of respondents.

**Chart 6.5 - Software providers penetration**



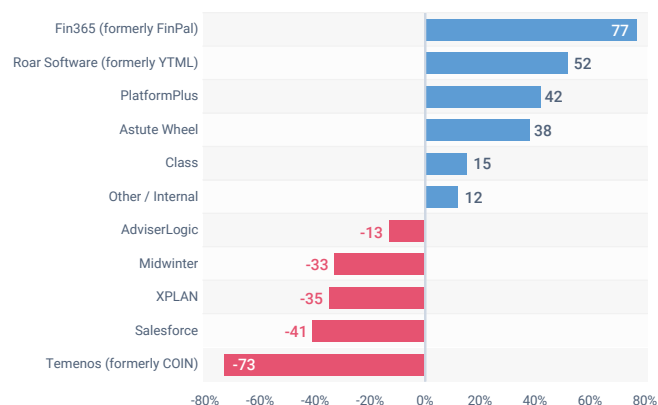
Source: AR Data

The more important graph is Chart 6.6, which presents the Net Promoter Scores (NPS). It is quite an extraordinary set of results, with the players that were relatively new or new to our survey (Class and Platformplus) all receiving strong support, whilst incumbents were harshly penalised. Even AdviserLogic wasn't spared, despite receiving the best score last year and following its acquisition by Morningstar, which was expected to increase its standing within the adviser community.

So how do we interpret these results? Can they be taken at face value? Firstly, in an industry long dominated by Xplan, there is an undercurrent of desire to support challengers and help them grow to provide decent competition and choice. We think this is partially reflected in these sentiment ratings, all else being equal. The verbatim comments anecdotally support the scores, too, with advisers more willing to forgive shortcomings in new players as part of “building” or “evolving” their offerings.

Most of the top scorers were admittedly lightly supported in terms of total votes, although we are comfortable there is sufficient volume and diversity to be representative. Equally, the poorest scorers received the highest volume of votes, to make those outcomes undeniable.

**Chart 6.6 - Software providers net promoter score (NPS)**



Source: AR Data

Some of the themes coming through in the adviser comments include:

- Licensees that support panels of software providers rather than mandating a single vendor generally had happier authorised representatives. This allows the adviser to create best-of-breed module combinations or switch if their choices prove unsatisfactory.
- Conversely, the benefits of combinations such as the Astute Wheel client portal, Fin365 CRM, Xplan research, Midwinter's modelling tool, Class Super, and PlatformPlus SOA generator, may be completely offset by the failure to ensure seamless data connectivity and transference of information through the technology stack – great on paper and terrible in execution. This was accentuated where licensees did not provide the necessary technology support to practices to enable them to take full advantage of the choice.
- Mandating a single software provider was described as the "achilles heel" for a licensee. Understandably, the licensee can promise volume to the vendor and predictably negotiate an excellent discount. While many advisers may not be delighted by the selection, the licensee can still save the day by passing those savings on to advisers and supporting them through flexible implementation.
- The modules/options chosen, and the configuration of the software, can make a material difference to the adviser experience.
- The elephant in the room – Xplan – cannot be ignored. Despite receiving a terrible report card, it is undeniably difficult to dislodge.



Despite so many misgivings about Xplan, the community that has grown up supporting this software due to its complexity has invariably created a defensive moat. So many people and service providers have built their careers around implementing, modifying, training and using this system that they have a vested interest in maintaining the status quo. Unfortunately, this is unwittingly adding to the cost of advice delivery and is one of many areas that must be addressed if advice businesses are to truly streamline and lower cost to serve.