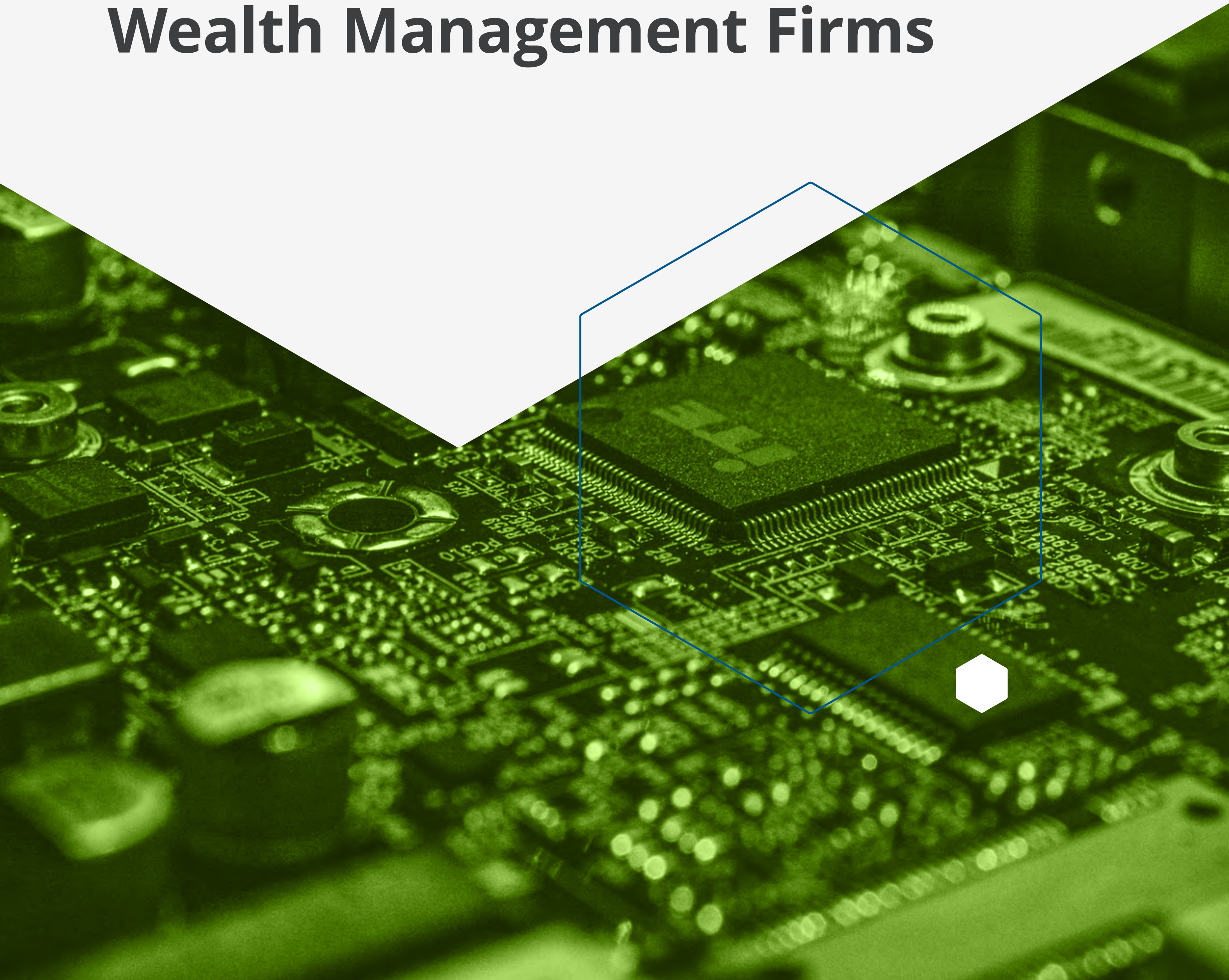
Stop Paying, Start Buying:

A Better Tech Stack Path for Wealth Management Firms



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Digital expectations are increasing for clients and advisors, and compliance is becoming more complex, leaving wealth management firms with a critical decision: should they build technology in-house or buy it from expert vendors?

This high-stakes technology decision has a significant impact throughout the firm on everything from advisor engagement to growth opportunities and profit.

For many firms, the natural reaction is to build a custom product to gain full control. However, industry research shows that buying technology is actually less expensive, more easily scalable, and provides a faster ROI.

In this paper, we'll dive into the strategic, operational and financial reasons why buying is the smarter move for wealth management firms. We'll identify seven reasons buying is often more strategic and cost-effective for firms supported by research and talking points to get leaders on board.

Seven Reasons Smart Firms Choose to Buy

1. Cost Control

The Hidden Costs of Building

Many wealth management firms assume that building technology is less expensive than buying. However, costs can quickly add up when building. Buying and adopting new technology leads to accelerated revenue growth and puts firms in control of the cost.

Buying also has a lower total cost of ownership. Research indicates that approximately 70% of software projects exceed their initial budget, with an average overrun of 27%. That means that even if the initial cost of building technology in-house is lower, it will likely increase significantly throughout the project. Aside from the initial development costs, firms will likely face additional investments for updates, integrations and maintenance. Budget changes can leave firms powerless, while a set price for buying technology allows firms to know exactly what they'll pay and what they'll get.

Plus, firms that buy an existing, expert tech stack can tap into its revenue-generating power faster. According to PwC, 80% of asset and wealth management organizations believe disruptive technologies like AI will drive revenue growth. Firms that adopt subscription-based tech-as-a-service models could see a significant 12% revenue boost by 2028. Firms that build internally may still be updating and adjusting months and years later, while firms that buy can see a profit sooner.

Buying Advantage

Subscription-based pricing offers cost predictability and reduces capital outlay. Vendors also spread development costs across a broad client base, making each feature cheaper for individual firms.

70% OF SOFTWARE PROJECTS EXCEED THEIR INITIAL BUDGET — BY AN AVERAGE OF 27%

BY 2028, FIRMS ADOPTING TECH-AS-A-SERVICE COULD SEE A 12% REVENUE BOOST.

2. Time-to-Market Drives Competitive Advantage

Speed = Advisor & Client Satisfaction

Competition for wealth management clients is steep. Time is literally money as firms seek to gain a competitive advantage and attract more clients. Advisors who are heavy users of technology outperform others in new client and AUM growth rates. That means unveiling a strong technology system faster leads to strong results — and that comes from buying, not building.

According to the Capgemini World Wealth Report, 70% of clients expect fully digital onboarding and anticipate improvements within six to 12 months. To meet those demands, wealth management firms can't delay adopting new technology or risk the learning curve and potential delays that come from building a product internally.

Buying an established product puts it in advisors' (and clients') hands faster, often outpacing the competition. Forrester found that buying accelerates launch speed by 4x compared to internal development. That speed means firms can start scaling and seeing benefits faster.

The benefit of buying an existing product instead of taking time to build also comes through in client satisfaction and advisor engagement. Just like clients want a digital experience, so do advisors. Prioritizing a proven, purchased technology product can help retain current advisors and employees while also attracting new talent, creating long-term benefits and value for the firm.

Buying Advantage
Vendor platforms can be deployed in weeks or months, enabling firms to capture advisor mindshare, retain clients and stay ahead of digital-first competitors.

BUYING ACCELERATES LAUNCH SPEED BY 4X COMPARED TO INTERNAL DEVELOPMENT.

3. Compliance Is Baked In When You Buy

Reduce Risk, Automatically

Regulatory changes now occur far more frequently than they did a decade ago. Staying compliant can be a full-time job, and managing compliance issues is increasingly challenging. When firms build their own tech stack, they often have to adjust as compliance regulations change.

On the other hand, firms using vendor tech report 60% fewer audit exceptions and compliance violations. That's because compliance is built into vendor tools and revised with each technology update. Instead of manually adjusting compliance requirements in the technology, firms can trust vendors to follow the latest compliance standards. Plus, technology vendors can pull resources from the brightest compliance experts and integrate requirements into workflows and interfaces. Built-in compliance features and regular updates from specialized vendors can give firms peace of mind.

Buying Advantage

Vendors invest in compliance modules, SEC/FINRA rule updates and audit reporting — eliminating the need for internal tracking and reducing legal risk.

COMPLIANCE IS BUILT INTO VENDOR TOOLS AND REVISED WITH EACH TECHNOLOGY UPDATE.

FIRMS USING VENDOR TECH REPORT 60% FEWER AUDIT EXCEPTIONS.

4. Scarce Internal Talent Increases Build Risk

Why Bandwidth Is Your Bottleneck

Building internally requires having top IT/software development talent who can dedicate their time to creating and updating custom products. In-house builds require employees who are skilled in the right technology. Unfortunately, that isn't the reality at most wealth management firms. According to PwC, 64% of IT leaders in financial services lack internal expertise in cybersecurity, API development and regtech — cornerstones of modern wealth management technology.

Good talent is hard to come by these days. Thirty percent of asset managers acknowledge a lack of relevant skills and talent, highlighting the challenges of building and maintaining complex technology solutions in-house. Without this expertise in-house, built products are likely to lack robust security and critical integrations. In addition, developer turnover slows down build progress, can lead to missing pieces and significantly ratchets up key-man (or woman) risk.

Buying Advantage
Vendors offer dedicated support teams and product continuity, enabling internal teams to concentrate on high-impact, client-facing innovations.

64% OF IT LEADERS IN FINANCIAL SERVICES LACK INTERNAL EXPERTISE IN CYBERSECURITY, API DEVELOPMENT AND REGTECH.

5. Vendor Innovation Outpaces Internal Teams

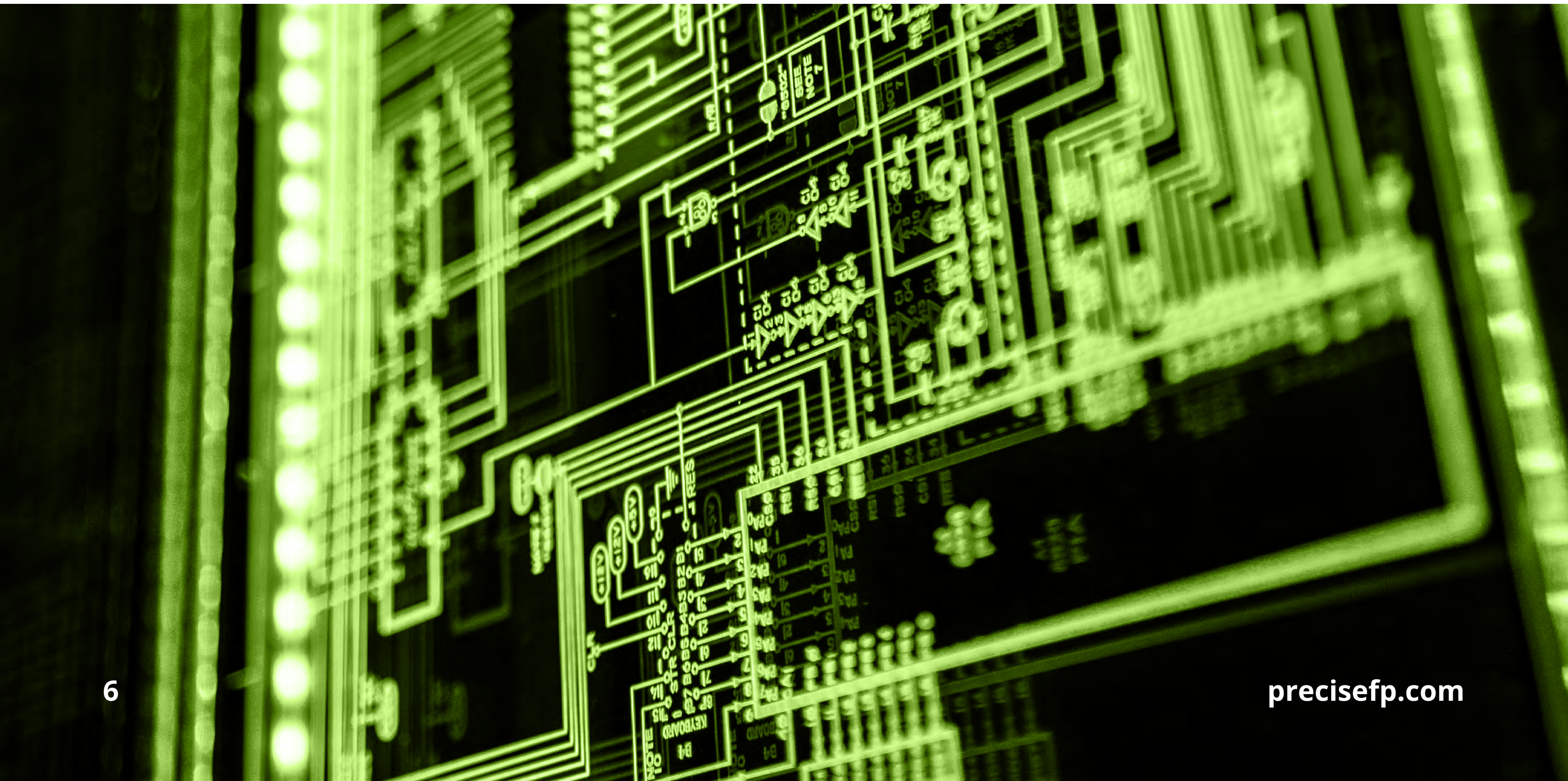
Innovation Without the Overhead

Wealth managers have many responsibilities, most of which center around building and strengthening client relationships and growing the firm. In most cases, they don't have the bandwidth to focus on technology innovation, even though they realize the importance of strong technology. Research from Capgemini found that 82% of wealth managers rely on vendor partnerships to stay innovative and competitive.

Partnering with a software vendor allows firms to tap into their resources and expertise. Top vendors continuously send updates, integrate with industry-standard platforms and adapt to new advisor workflows. That's innovation that many firms simply can't do on their own for their internally built-out platforms. And what can firms do with that innovation? Stay current on technology trends, build efficient processes and have time to work on their own strategic objectives by leveraging their vendor's resources and expertise.

Buying Advantage

By partnering with a vendor, firms gain access to a constantly evolving product roadmap without the need to build every new feature themselves.



6. Focus Internal Resources on Differentiation

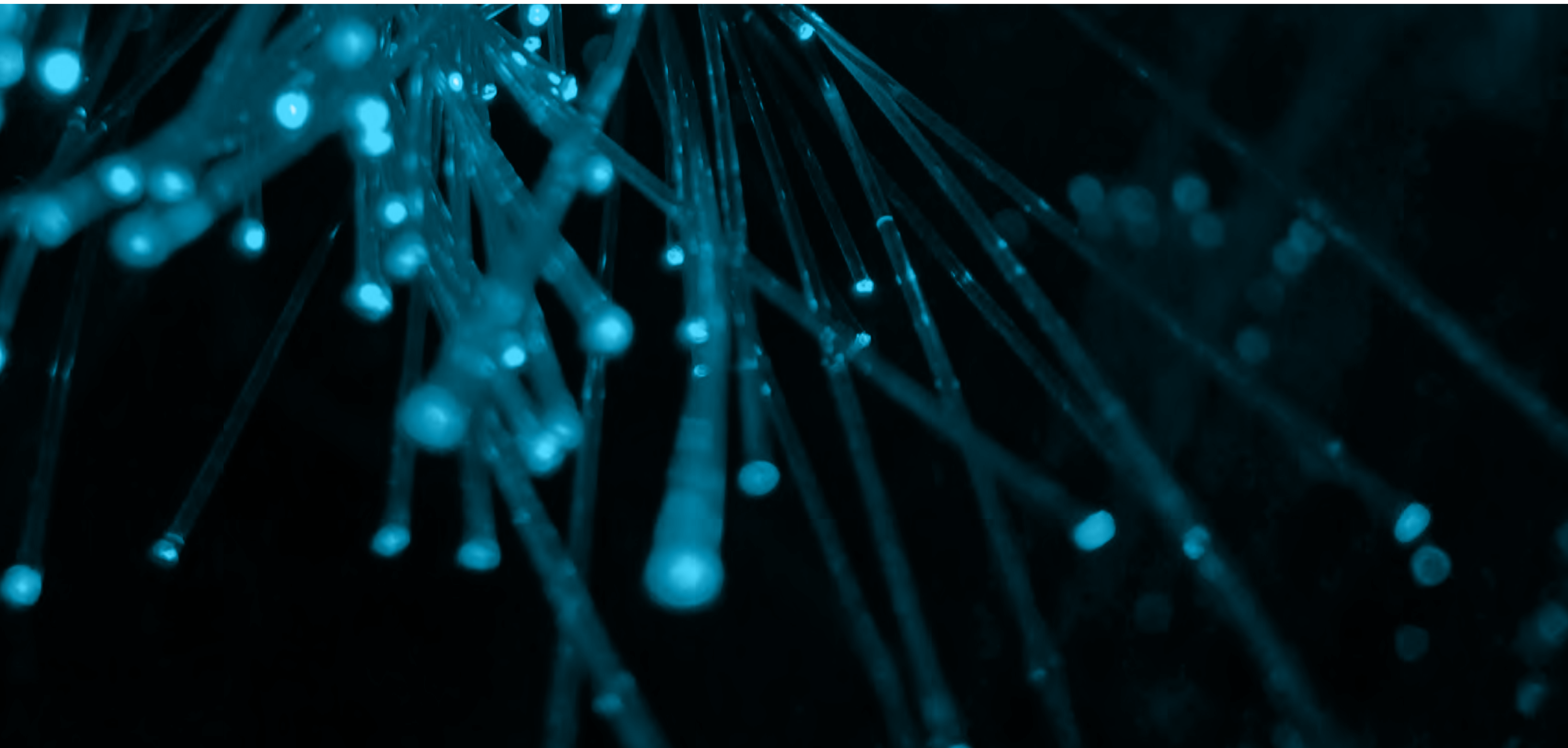
Invest Where It Matters Most

Wealth management firms often face demand for a wide variety of technology tools. Internal builds of large-scale systems often pull resources away from client portals, mobile apps and planning tools — the areas that directly impact retention and growth. The result is half-baked or delayed back-office technology and sub-par client-facing tools because the internal developers are stretched too thin.

The most successful firms focus their internal development on things that differentiate their products and offerings, not on back-office workflows. They customize integrations and build out small technology products while purchasing large-scale systems. By buying wealthtech products, firms have more resources to spend on other strategic partnerships or acquisitions to enhance their technological capabilities.

Buying Advantage

Vendors can solve repeatable operational challenges of back-office systems, leaving internal teams to focus on delivering what sets the firm apart.



7. Security and Risk Management

Your Reputation Depends on Protection

Cyberattacks on wealth management firms are increasing in number, scale and cost. That means clients are becoming more cautious about working with firms that protect their sensitive financial data. Cybersecurity must be foundational to any technology system, and security must be continually tested and updated.

Like compliance, cybersecurity and risk management can be a full-time job for wealth management firms. However, by tapping into the expert resources of vendor technology, firms can trust that their systems will be protected and updated as technology evolves and threats change.

Buying Advantage

Vendor platforms offer stronger, constantly maintained cybersecurity and data protection than most internal builds.

Build vs. Buy Framework

While buying is a strategic choice for most wealth management firms, it isn't a decision to be made lightly.

Here are a few scenarios and considerations for wealth management firms when deciding which approach to take.

When to Buy

- The technology is operational, regulated or already commoditized.
- A customizable (or better yet, configurable) tool is widely available.
- Internal teams lack the bandwidth or skills to build a product on par with vendor options.
- The technology will touch sensitive or highly regulated data.
- The firm needs to adopt or iterate the technology quickly.

When to Build

- The solution directly advances the firm's IP, point of differentiation or competitive advantage.
- A customizable vendor option with the same functionality isn't available.
- The technology is highly specialized or needs to be deeply integrated with the firm's current platforms.*

Side Note

If your existing technology stack, is driving all or most of your purchasing, forward-focused decision... it's likely time you get to the root of the problem.

False Promise: Hidden Costs of Building In-House

When considering the up-front cost of buying, many firms decide instead to experiment with building technology products in-house. But in the time it takes to test building, competing firms could have purchased and implemented proven technology.

Building in-house software and platforms comes with opportunity costs and risks. Aside from the monetary cost, there are many other hidden costs, including the following:

Developer time and burnout.
Continual testing and updates to systems require significant time from internal teams, especially during periods of turnover and change.

Quality assurance and integration testing.
The build phase of a project is relatively short compared to the testing required. Many firms don't fully realize the extent of testing required before a system can be used.

Long-term maintenance.
Building technology isn't a one-time task. It requires regular maintenance, even years later, which can continue to cost the firm time and resources.

Downtime risk.
If technology isn't reliable, it can lead to crashes and downtime that impact productivity and the client experience and potentially put sensitive data at risk.

Delayed revenue realization.
The entire development process is lengthy, and it can be months or years from when a firm decides it needs new technology to when an in-house option is fully ready. In that time, the firm may be missing out on the money that technology could generate.

Talking Points for Leaders

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Even if advisors and back-office staff are on board with buying technology, the hardest sell is often to leaders. Here are some proven points to help leaders see the value of buying over building.

"We don't need to reinvent onboarding — we need to improve speed and reduce audit flags."

Leaders often get caught up in completely revamping technology. Instead, move their focus to the biggest pain points for employees and clients.

"A proven, agile system can get results right away, not a year from now."

One of the biggest benefits of buying is that firms gain access to the technology much sooner without having to build or test new platforms. Framing the opportunity cost and the rapid pace of industry change can help leaders recognize the need for a proven system now.

"We can't afford the risk of compliance issues."

Leaders often focus on the cost of buying technology without realizing the cost of not buying technology. For many firms, the compliance risks and penalties that can arise from unreliable, in-house systems are much more costly than the price of a quality platform.

"Our competitors are buying new technology. We don't want to get left behind by experimenting with risky in-house builds."

Wealth management is incredibly competitive. Successful firms are agile in responding to client needs. Explain to leaders that firms that don't adapt to new technology quickly risk getting left behind. Buying a system allows firms to move faster and keep pace (or lead) the competition.

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Turn to PreciseFP

Manual data entry, disconnected systems and endless client follow-ups are slowing you down and holding your firm back. PreciseFP fixes that. We give you the tools to collect, verify and sync client data before the meeting even happens. Clients love the seamless, professional experience. Your team loves the time saved. And you'll love what it does for growth.

Here's how PreciseFP powers fast accurate onboarding and efficient operations:

- **Prefilled Fact Finders:** Pull data from your CRM and planning tools and send clients forms that are ready to review. No need to start from scratch.
- **Prospect and Lead Capture:** Use branded interactive forms to qualify leads and begin onboarding right away. No waiting. No chasing.
- **True Two-Way Integrations:** Send and receive data across Redtail, Wealthbox, eMoney, Holistiplan, RightCapital, Salesforce and more. 100s of mapped fields with no duplicate entry.
- **Custom Workflows for Growing Firms:** Use PreciseFP to streamline onboarding, data maintenance and meeting prep. Scale without adding headcount.
- **Modern Client Experience:** Ditch static PDFs. Use mobile-friendly branded forms that clients enjoy using and that elevate your firm's image.
- **The Result:** Less back and forth. Cleaner data. A more professional and scalable operation. More time to focus on what matters.

Ready to stop chasing paperwork and start scaling with confidence?

Start your 14-day free trial.

About PreciseFP

PreciseFP empowers financial advisors to engage clients effortlessly, eradicating manual data entry, and enhancing day-to-day operations efficiency so that they can provide top-tier customer service, easily.

From risk tolerance assessment and workflow automation to KYC compliance and client data transfer, this suite of financial advisor tools equips firms with immediate scale so they can evaluate prospective clients swiftly, onboard new clients easily, engage existing clients routinely, and keep customer profiles up to date — across all their tools — with ease.

PreciseFP frees advisors up to focus on the business that matters: their clients, their relationships, and the financial strategies that win. For more information, visit precisefp.com.

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