Tech Planning Timeline for Your Breakaway RIA

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When an advisor decides start to an independent RIA firm, it is time to think about technology. Technology isn't usually top-of-mind for breakaways, but there are a myriad of decisions to make far in advance of turning on the lights in the new firm. To help navigate this transition, here's a short primer on what to consider and when during the three phases of the breakaway lifecycle.

12 Months From Launch Date: Research & Guidance
Approximately 12 months before the intended launch date, breakaways need to think through how they want their firm to function so they can start building their technology platform accordingly. This means attending demonstrations and meeting with technology vendors to understand what is available.

Starting an RIA introduces breakaways to a new world of advisor technology. The sheer volume of choices can be overwhelming for those accustomed to flipping a switch and getting to work. Even breakaway teams typically lack an expert in RIA technology and operations who can help think through what is a need-to-have, nice-to-have and unnecessary.
At this stage, breakaways also choose a custodian (or two), which influences the future RIA's technology. While the custodian's technology consultants can offer high-level insights on some software and applications, advisors should not rely solely on what the custodian says. Their support is needed, but their focus is on integration with their platform.

An independent technology consultant who understands the particulars of starting a RIA can take breakaways through all of the ins and outs of technology planning for a new firm. This impartial third party can facilitate discussions about workflow and timing, helping breakaways think through things like: Does the phone system need to integrate with the CRM system? Do you need an office scanner or a desktop scanner? What about paper flow? What kind of wiring should the new office have?
Once the breakaway crystalizes how they want their workflow to … flow, the consultant can offer guidance on what to buy and when, integration and equipment installation.

Six Months to Go: Building a Virtual Office

Technology decision-making gets underway in earnest about six months from the RIA's official start date. There are limits on what a breakaway can do prior to opening up shop, but this the time for getting as much technology in place as possible to be as fully operational as possible by day one.

It is time to buy things like hardware, copiers and printers. It is time to consider office space

with the right infrastructure and wiring. It is time to select a telephone system and figure out who will purchase and have it installed when the RIA does not officially exist.
It is also time to pick fintech vendors and work out payment agreements. Fortunately, there are plenty of providers that understand the special circumstances of starting an RIA.

This is the time when breakaways need a staging environment for testing workflows, training staffers and accessing email and email archiving, Microsoft Office, printers, Adobe, CRM, data files and the like. Dually registered advisors will need to ensure that email and file storage comply with the requirements of their broker-dealer.

Policies on technology usage, compliance and enforcement should be set before day one, particularly for advisors who intend to hire employees right away. Cybersecurity threats are real, and errors and ignorance can lead to costly breaches. Ultimately, it is the responsibility of the RIA owner to ensure that the firm's systems and client data are protected.

As each piece falls into place, the breakaway's environment migrates from virtual to reality. Breakaways can call upon their technology consultant to facilitate much of this, whether it is working with compliance, or managing technology vendors for access and equipment set up for things like the internet service provider, the phone system and office wiring.

Open For Business: Reality Check

Once the RIA is officially opened, there will be technology hiccups, so advisors should not panic. No amount of virtual practice can fully simulate or predict anyone's first "big game," real-time experience. Adjustments and glitches are normal.

Processes that ran smoothly in the virtual environment may not work as well once the phones start ringing and data start flowing in and out of the firm. Retraining on some systems and applications may be necessary. There will be kinks to work out along the way, so it is wise to wait until things settle down, typically 45 days post-launch, before re-evaluating your system and making major modifications.

A Friendly, Final Word of Advice

Launching any business is a Herculean undertaking, and breakaways do so undercover, alongside a full-time job and life's other priorities. Be sure to partner with consultants and vendors who can keep a flexible schedule — that is, after hours, late nights and on weekends.

As with any startup, there are upfront technology costs that must be paid before the RIA officially opens for business. Breakaways should not make the mistake of choosing cheaper technology initially, intending to upgrade and patchwork in better solutions down the road. Getting this wrong is disastrous for a new firm and costly to fix, so dedicate the resources to getting it right the first time. Your clients and your growing new business will thank you.