

What's next in tech for RIAs in 2021?

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We made it to 2021, so what's next? It's clear that some of the operational and technology shifts that RIAs made in 2020 are here to stay, and more changes may be on their way.

At the beginning of the Covid-19 pandemic, many of you seamlessly adapted to a (largely) remote work model with barely a hiccup. Now it's 2021, and you're continuing with remote work at some level and plan on serving clients and managing your businesses this way for the foreseeable future. Thanks to technology, an interim workplace solution has become the preferred permanent one for you and for many of your clients.

Understanding that remote work is more normalized than ever for RIAs and your clients, firm owners should consider the following actions in 2021:

Revisit your remote policies. This one should be fairly evident, but it bears repeating. In this era of remote work, mobile devices are becoming a default choice for getting work done. And why not? The idea of being able to use that device – say it's your phone – for email or communication, or to grab a file quickly and send it off to a client, is extremely appealing.

Still, RIAs must stay in compliance with regulatory guidance on technology and cybersecurity management. So we can't simply ignore the increased security issues come with mobile devices – they are broken into more easily, which increases your firm's susceptibility of being hacked.

So if you haven't done so already, do a quick audit of how your remote work policies are being implemented. You need to make sure that your providers really are enforcing that policy.

To better ensure data protection and security, RIAs can also consider buying firm-owned and managed mobile devices for staff to use, but this isn't always the best solution and it's certainly not the most convenient for staff. The other option is to secure personal devices. Microsoft and a few others have done a good job of partitioning off devices so that an employer can manage the applications and the data associated with the business, and the individual can use their personal device without feeling like Big Brother is looking over their shoulder.

Integrate the fintech and tech stacks. This was a hot topic for advisors in 2020, as they worked to keep their operations and data secure while going remote, and we expect more of the same for 2021. RIAs need a single place – a point of truth, let's call it – from which all their information flows to the fintech stack and between applications. This type of deep

integration also enables firms to simplify identity management, that is, end user and end client identification and authentication, through the fintech stack. Or say you want to move from one CRM to another. That's typically a big project, but we're seeing tools on the horizon that rely on a single point of truth and deep integration to help simplify this as well.

So, we're excited about the prospects offered by integration. We think it gives RIAs the opportunity to streamline operations and improve workflows without necessarily needing to expand head count.

Increase your tech stack spend. Take a deep breath and let's walk through this. We typically see RIAs allocate one percent of their annual gross revenues to their technology spend. This budget is mostly allocated to the firm's fintech stack – that is, your core advisor tools and applications – but anywhere from 20 to 25 percent of this budget goes to the tech stack. The tech stack is the backbone technology that supports the [fintech stack](#), as we've talked about elsewhere.

To truly meet and sustain the new demands of the remote work environment, we're telling RIAs to plan for a five to 10 percent increase in spending on the tech stack. This is for spending on PCs, laptops, internet and technology, basically anything that you need to make your remote work environment work.

There's plenty for RIAs to be excited about in 2021 – I know we're excited about another great year. As we saw last year, the power of a flexible and secure technology platform is realized and becomes a competitive advantage when the risks of disruption to daily operations are at their highest.

I look forward to talking with you more throughout the year about improving your competitive advantage through technology. But if you can't wait, be sure to check out our inaugural [Cyber-Chats podcast](#), where I talk about what to expect in tech in 2021.

Until next time...

Wes