

Discover a new perspective on approaching aggregation challenges



# Aggregation: Do You Really Need a Portfolio Accounting System?

Take a fresh look at your Account Aggregation Architecture

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WealthTech Alliance's white paper on Account Aggregation provides a different approach for advisors considering alternative ways to deepen their relationships with clients. InvestEdge provided insight to WealthTech Alliance, regarding how to help an independent RIA achieve integration of multiple custodian systems while maintaining data integrity and quality. We believe the white paper provides solutions to complex business issues and have provided this summary of the key points from the white paper to demonstrate the value that a 'Data Unification System' offers for account aggregation.

### Summary

Account Aggregation has become a very widely-used service. Approximately half of all Advisors, and 86% of "Top-Performing Innovator" Advisors report that they provide it to their clients<sup>1</sup>. Traditionally, most aggregation solutions pass through a portfolio accounting system. However, is this an optimal approach to aggregation in all situations? Is a portfolio accounting system even necessary as a component of your solution? Surprisingly, in many cases today, the answer is **No**.

The question is: Do you need a traditional accounting system to produce the reporting that you want? The answer depends on your specific requirements. However, InvestEdge's offering provides a simpler alternative aggregation architecture. As custodians improve data availability and quality, it becomes possible to implement an architecture that bypasses the accounting system in favor of an emphasis on award-winning reporting capabilities, that clients desire.


By simplifying your aggregation architecture, you can reduce points of failure and errors, lower reconciliation costs, and make data available sooner, all without sacrificing quality.

Wealth Managers and Financial Advisors need access to complete, timely and accurate data about their clients' entire financial picture, including the assets and transactions in accounts outside of the Advisor's direct purview. Obtaining, validating, enhancing and presenting that data is the key to becoming the 'Alpha Advisor' and providing world-class client reporting.

InvestEdge pioneered the model of an "overlay" system or Data Unification System working above a core accounting system to provide an integrated range of value-added functionality. InvestEdge's best-in-class, award-winning solutions reduce the number of interfaces needed between our solutions and any underlying accounting system.

<sup>1</sup>Source: InvestmentNews "2013 Adviser Technology Study"

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According to Brian Burns, President and COO of InvestEdge, "Advisors have a basic requirement to 'Know Your Customer', and getting access to all the client's investments is what aggregation solutions are for. Making that information valuable and actionable to the client is how Advisors can effectively compete, and distinguish themselves in the eyes of their client. We wanted to provide a streamlined and efficient way to do that, whether a firm needs or uses a portfolio accounting system or not, and we did."

## Architectural Simplification

Often a key objective of informed IT executives is reducing the number of disparate systems, and the interfaces between them, that are involved in supporting a complex business environment.

The three major benefits that you can achieve by simplifying your aggregation architecture through a Data Unification System approach are:

### Higher Client Satisfaction through Improved Quality

Removing areas of manual intervention, data translation, and interfaces reduces the opportunity for error at each "point of failure." Fewer errors help to improve client satisfaction.

### More Confident Decision-Making with Earlier Data Availability

The simpler the architecture, the faster the throughput. Specifically, substituting streamlined automated data validation for accounting system reconciliation makes aggregated data available much sooner to those who need it.

### Higher Profitability through Lower Costs

Fewer architectural components cost less to maintain. Reductions in volume-based charges on a core accounting system can also contribute to lowering your Total Cost of Ownership.

Streamlining your architecture has one further benefit which is less measurable, but no less important. That benefit is improving your agility. With a simplified architecture there are fewer parts to consider when adding new capabilities, making a desired change to existing ones or responding to some unforeseen challenge when it arises.

## Cultivate Deeper, Long-Lasting Relationships

With InvestEdge, Advisors can provide their clients with the unparalleled experience of translating data into insight. For your clients, that insight, supported with a personalized view of their true financial picture, will drive confident decision-making, from which everyone profits. If you would like further information about InvestEdge's Data Aggregation solutions, visit [www.investedge.com/what-we-do/data-aggregation/](http://www.investedge.com/what-we-do/data-aggregation/).

*The full version of the white paper "**Aggregation: Do You Really Need a Portfolio Accounting System?**" was researched and written by WealthTech Alliance. WealthTech Alliance is a network of experienced management, technology and operations consultants to the Wealth Management, Investment Operations and Private Banking industries.*

[Click here to get a copy of the full white paper.](#)

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