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Just a few short years ago, CRM software companies were largely myopic.

That's to say that they were singularly focused on their applications and paid little attention to CRM's role in interacting with advisors' other software applications. This was due largely to outmoded thinking that Client Relationship Management software was unique from all those other applications and didn't share the same business requirements. The good news, as you probably already know, is that CRM vendors and other software application developers have begun to play well with each other… all of which is to your benefit as an advisor.

Looking at today's full-service advisor offering an array of financial products and services in the toughest regulatory environment the industry has ever seen, we find that CRM has become indispensable. CRM has established itself as a cornerstone to a successfully operating financial services practice. Simply put — it provides a proven tool for an advisor to stay on top of the many changing facets of their clientele.

But don't stop there in defining CRM's role in your practice. The notion of redundantly entering data into each application is as dated as composing letters on an electric typewriter. Besides being a downright onerous task, it ignores the inherent value of cross-pollinating software applications with data housed elsewhere. The real value of data lies, not so much in the fact that you possess it, but rather in what you do with it.

Traditionalists used to refer to CRM as the data warehouse, a place for storing data for use in marketing campaigns, contact management, compliance

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tracking and customer service. Contemporary thinking suggests that it is more of a data *clearing house* — a way station, a place where data is "homogenized" for use within the CRM application as well as being repurposed for use in other applications.

Most advisors recognize the benefits of operating with a 'technology workstation' that brings together the various software applications (e.g. CRM, account aggregation, financial planning, portfolio analytics, forms completion, etc.) that are essential for running an efficient, profitable and compliant practice. In fact, many are already using some or all of these components on a day-to-day basis.

Noted industry technology expert and consultant, Joel Bruckenstein, very astutely pointed out in his September 2007 article entitled "Smarter Software" that there are two main routes for an advisor when selecting software for their practice: Single Vendor or Best in Category. For those of you who missed this insightful piece, the Single Vendor approach contemplates your selecting one software vendor to provide *all* of the aforementioned integrated components, whereas the Best in Category approach advocates using multiple software vendors with best-in-class applications.

The first route is attractive to many advisors for its sheer simplicity, but it often comes at a price in the form of diminished functionality and that uncomfortable feeling that goes along with "putting all of your eggs in one basket." The latter route, which is preferred by most advisors, comes with its own set of challenges, foremost of which is compatibility — or to put it otherwise, "Do these applications talk to each other?"

When you consider the function of each of the software applications you use in your practice, it becomes obvious that a central component or 'hub' is needed to bring all these functionalities together. And so, the question becomes, "Which of these applications will do the best job of bringing together the other applications?"

Account aggregation, financial planning, portfolio analytics and forms completion software are all limited in scope in that they serve very specialized albeit vital roles in your practice. Each has some integration capabilities, which is a big plus. All, however, have limited data storage capacity that comes in the form of a bias towards the types of information they store.

This leads us to CRM. CRM is best suited to act as the data hub and integration platform for your own advisor workstation. CRM is the centralized repository for *all* of the information vital to your practice. Unlike the other software tools, CRM has no bias towards the type of client information you want to store. That information can be quantitative (e.g., investment holdings, insurance policy data, liabilities, etc.) or qualitative (e.g., employment history, health, marital status, preferred method of communication, religion, goals, dependents, etc.). Aside from its marketing value, tracking qualitative information can help you offer more intimate or 'concierge' levels of service to your clients.

Finding a solid CRM system dedicated to financial services sounds easy enough. Just Google "financial services CRM" and you'll be presented with a mere 4,850,000 results. It should be no problem sifting thru those choices in your spare time over say… the next decade!

On a more serious note, here are some of the better known CRM products in financial services:

ACT! & ACT! for Advisors
SmartOffice
Bill Good Guerilla Marketing System
Wealthspring
Pareto
InsureSocket
SugarCRM
AgencyWorks
Advisors Assistant
Goldmine
Skywire
RedTail
Junxure-i
G2X
FDP Contact Partner
ProTracker
GBS
i-Relay
Advisortools.net
Salesforce.com
Microsoft CRM
SAS CRM
Onyx
Pivotal
Salesboom.com
Galeforce
SalesLogix
Broker's Ally
Upswing
Nationbuilder

And let's not forget that old stand-by: MS Outlook. Believe it or not, an industry study done several years ago revealed that over 70% of independent advisors were still utilizing Outlook as their CRM solution. I think you'll agree that with all the other more evolved choices you have for CRM, using Outlook to run you're your practice is akin to hunting bear with a slingshot. Outlook is woefully inadequate for addressing the CRM needs in a thriving advisory practice. But what about all of the other choices cited above?

Most advisors start their review of CRM by looking carefully at systems' various features and functionality. This can be a daunting task so oftentimes they consult industry reviews of CRM applications. While this can narrow down the field a bit for you, you must still invest some of your time viewing demonstrations and experimenting with trial versions. Considering the time and resources you must devote to building your database, selecting the right CRM is like finding a spouse — screw up and you'll be paying for your mistake for some time to come! Divorcing your old CRM in favor of a new one is no less painful and costly than a marital split. I suggest coming up with your own list of features and functionality grouped into three categories: 1) must haves; 2) nice to haves; and 3) don't need its. Now rank the CRMs you review within those categories.

Naturally, you'll want to make sure that the application has what you need for

supporting your daily routine today. Make sure you also consider the future direction of your practice and the CRM's ability to support your practice as it evolves. You'll take great comfort in knowing that the application you select today has additional features and functionality that may not have applicability to your practice today, but are at your fingertips if you need them down the road.

"Horizontal" CRM vendors (those that aren't limited to financial services, like ACT!, Goldmine and SalesForce) tend to fall short on financial services-specific functionality though many have very attractive workflow features. "Vertical" CRM vendors (those that specialize in financial services, like SmartOffice, Redtail and Junxure) offer robust functionality geared to the insurance and investment advisor. Keep in mind that all that added functionality usually comes with both a higher price tag and a steeper learning curve.

Once you've "thinned the herd," you'll next want to look very closely at integration capabilities if you want to maximize the return on your IT investment. Ask the CRM software vendor for a written list of the other software applications that theirs integrates with "out-of-the-box." Then check that list against the various software applications you use in your practice already for account aggregation, financial planning, portfolio analytics, forms completion, e-mail, word processing, etc. Consider CRM applications that provide both automated data feeds that help populate the CRM to lessen the burden of manual data entry (e.g., Albridge, Investigo, By All Accounts, Schwab, etc.) and those that accept information from the CRM (e.g., NaviPlan, Profiles, MoneyGuidePro, eMoney, Morningstar, LaserApp, QUIK!, etc.). Make sure they are pre-integrated versus relying on vendor promises. Also try to get a sense of the CRM vendor's integration philosophy. Many will only integrate if someone is willing to pick up the tab on development costs whereas others have embraced the logic that pre-integrations drive sales in the independent advisor community. Here again, be sure to "test drive" the integrations when you play with a trial version.

Other important elements to look for include: Web-based (pay attention to hosting quality and redundancy) versus desktop (don't forget to factor in "hidden" IT costs for networking, maintenance and daily back-up to maintain compliance); single sign-on capability; customizable dashboards for monitoring key aspects of your practice; client access; PDA access and compatibility; and reporting capabilities for both you and your clients. Training and support also rank high on the list — many vendors charge extra for this so make sure they have what you'll need upfront. It's a pretty safe assumption that the more robust the application, the more of both of these you'll need.

In summary, I'd like to say that beauty will always be in the eye of the beholder. Be cautious in your review of CRM solutions as none offer a 'magic bullet' for capturing *all* of a client's business. I firmly believe that CRM doesn't add up to much without its most fundamental ingredient — Relationships. Absent the well-honed skills of a seasoned advisor who understands the art of relationship building, CRM can still fall short of one's expectations.

About the Author: As Director of Broker/Dealer Sales & Industry Marketing for E-Z Data, Inc. (developer of *SmartOffice for Financial Advisors*), Alan manages E-Z Data's fast growing Broker/Dealer services division. Immediately prior to joining the company in 2006, he was Vice President of Sales for Unger Software and National Brokerage Sales Director for Financial Profiles. Alan can be reached at 888-718-9789 or via e-mail: alang@ez-data.com.