

Q&A with Nick Mancini, Founder and CEO of Advisor Clarity providing Independent Investment Advisory Firms with Business Intelligence and Data Driven Insights



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CEOCFO: *Mr. Mancini, what is the idea behind AdvisorClarity?*

Mr. Mancini: Broadly speaking, our idea is to elevate the ability for independent investment advisory firms to grow, compete, and succeed. We provide independent investment advisors with a single source of truth across a wide range of applications from sales and business development to operations, to compliance as well as from a valuation standpoint. We are a fully outsourced, comprehensive data management and data analytics company for independent advisors.

CEOCFO: *Would you tell us about your solutions?*

Mr. Mancini: We enable investment advisors to understand their business at a deeper and more accurate level. Being a small business, most do not have dedicated IT staff, let alone dedicated data analysts on staff. They are sitting on a mound of really important data across all the different systems that they use, but they don't have the resources in house to take advantage of that information. We assist them with the data connections, pulling the data from the different systems that they use, the data normalization, taking that data and organizing it into information, making sense of what is in those systems. Once the data has been normalized and organized, we then present it in the form of a dashboard with reports and widgets that provide their single source of truth from all the data that sits in their systems.

CEOCFO: *Are potential clients looking for a better way or even aware that there is one?*

Mr. Mancini: We're seeing a lot of interest from the new crop of advisory firm leaders who are well educated and qualified but they don't have the muscle memory and experience to sufficiently operate the business or make decisions with the same level of confidence. They do not know for example how the firm survived the market downturn in 2008. As new leaders, they need data and insights to help them make decisions for the future and that is where AdvisorClarity shines. With founders or leaders who've been in their role for 10 or 20 years, there is more education discussion about what we do because they're comfortable with the tools they have. We try to help these leaders understand how they can save a significant amount of time, resources, and pain on their path to continued success. We also show them how our platform will help them groom or attract the best talent when it comes time for them to hand over their reigns.

CEOCFO: *Why not just start with one comprehensive system and move everything into it instead of putting separate pieces together?*

Mr. Mancini: As the name of the market we're targeting suggests, independent financial advisors are independently owned and operated and most prefer to maintain their independence. They want to use certain systems for various reasons maybe because they like the particular way that a financial planning system goes through the processes. They do

not want to give up on that functionality in order to use another system that might be fully integrated but not have the depth of functionality that they need to run their business. We found that advisors do want the best of both. They want integration across the critical business systems that they use from different providers, but they also do not want to give up on the depth of functionality. Our system allows them to continue to take advantage or leverage that depth of functionality while at the same time achieving the integration across those disparate systems.

CEOCFO: *How do you help a client understand what they can accomplish?*

Mr. Mancini: A lot of it comes out through the discussions that we have, uncovering what they are looking at today in terms of internal reporting, showing them some of the examples that we have put together in our demonstration environment for things like profitability, compliance risks, client demographics etc. We ask questions about their current internal reports and try to challenge their norm. How much can you really influence a metric that is only measured annually? For example, most firms will look at their profitability on an annual or semi-annual basis. This is because most firms track expenses separate from the system that calculates fees and it takes a ton of manual effort to relate the two. We have the ability to show profitability on a daily basis if they wanted to see it that often, not only what their firm level profitability is but all the way down to the client level and anything in-between. That starts to open their eyes to the possibilities of our system and what it can do for them. We also try to uncover how many leading indicators they track vs lagging indicators. Most get really excited about seeing and monitoring their own leading indicators and what that means for their ability to influence results and get to better outcomes.

“We are a one stop shop for business intelligence, built specifically for investment advisors.”- Nick Mancini

CEOCFO: *How are you reaching out?*

Mr. Mancini: We are largely referral based at this stage. We are doing a bit of marketing at events and industry conferences and social media channels LinkedIn and Twitter.

CEOCFO: *You were at the T3 conference recently. What was the reaction?*

Mr. Mancini: There was a lot of positive feedback. We had a lot of feedback that this is a great idea, this is what the industry needs and I had a lot of great partner discussions as well. As you can imagine, there are many other vendors there and there was a lot of interest in building those data connections amongst our company and theirs.

CEOCFO: *How do you make visualizations easy to understand?*

Mr. Mancini: This is something we've spent a lot of time on, the front-end experience. It can be slightly different for a person based on their preferences. It is really through feedback. We can make simple adjustments in the tool itself, so if someone wants to see a particular metric or KPI visualized as a line chart instead of a bar chart, the tool provides for that type of customization. We also make it very easy to adjust what is displayed with filters built right into the dashboard.

CEOCFO: *What have you learned as you have developed the product? What has changed from your initial thinking or presentation?*

Mr. Mancini: Initially we thought the primary driver of the tool or the audience would be leaders and those in a leadership role, to help them make decisions about staffing, about investments in the business etc. What we didn't anticipate was the need for better insights from a compliance and supervision perspective. Our tool very naturally allows compliance professionals to understand and supervise the business from a compliance and regulatory oversight perspective. We also learned very early that even though our tool reports on whatever the firm has in their system, a lot of firms don't have the best discipline or consistency with the data in their systems. That's a nice way of saying the "garbage in, garbage out" principal applied. So, part of our onboarding process is a series of data audits where we help a firm clean up the quality of the data in their systems.

CEOCFO: *What is your strategy for the next six months to a year?*

Mr. Mancini: The strategy is to get as much exposure, have as many conversations as possible, while at the same time executing on the idea of delivering value to each and every client that decides that they want to move forward with us.

CEOCFO: *Might you work with a particular office? Do you see in the future working with offices of larger firms that may have several hundred offices?*

Mr. Mancini: There are two licensee models that we see primarily. The first one and the one that we started with initially is with Registered Investment Advisors. In the broker/dealer world, we're pursuing opportunities with both independent broker/dealer as an entity to supervise or to manage their business, and also as a tool that would be available to the reps

that choose to affiliate with them. It is both enterprise and more traditional individual opportunities. One of our early adopters has several hundred offices across the country.

CEOCFO: Do you need to be on top of the compliance requirements or will your clients tell you what they are looking to measure and you can help them make sure they do that?

Mr. Mancini: In our industry, everyone needs to be mindful of compliance. Right now, as you can imagine being a startup, resources are limited. We are largely taking cues on what to deliver and build based on what our clients are asking us for, whether that is compliance or other metrics. In the future, there are plans to add additional services, providing proactive compliance consulting, for lack of a better term or saying if you are in role x you should be looking at these metrics. There are plans for that to be part of the offering and we're building that foundation now.

CEOCFO: Are you seeking investors, partners or funding?

Mr. Mancini: We are always open to discussions where it makes sense for a strategic investment. I can't imagine having access to too much capital. We are ok for now but are open to those discussions as well.

CEOCFO: Why was this is the time to develop Advisor Clarity?

Mr. Mancini: Broadly speaking, measuring and analyzing data so you can make better decisions based on data rather than gut feel is key to any successful business. The concept is imbedded in any good business book. Google is a great example of a business that has exploded largely due to their culture of measuring data and letting those impartial factors influence their decisions. The independent advisor business is maturing. Historically, decisions were made with gut feel and experience mixed with a little data. While that might have worked before, it's not going to cut it in the future.

CEOCFO: Why use Advisor Clarity?

Mr. Mancini: Well, if a firm isn't serious about running their business as a business, we're not a good fit. On the other hand, if a leader feels like they're running their business in the dark, is unsure if their decisions are driving successful outcomes, or is frustrated that their firm isn't staying accountable to goals, we should talk. We work well with firms that don't have the staff expertise or the resources in-house to acquire, analyze, manage and gain insights from all the data they are sitting on. We're also great for managers who want to ensure their staff is productive or the compliance professional who needs an additional tool set to oversee regulatory compliance or an operations manager who wants to be able to elevate data accuracy. We are a one stop shop for business intelligence, built specifically for investment advisors.

