



Subscription Planning

Research Findings

Janie Ralston

October 2, 2019



Project Background

The team wanted to learn more about advisors' experience and position regarding fee-based subscription services. The goal of our research is to better understand advisors' needs and uncover how we can fulfill an opportunity to provide firms with a single solution for advice-based fees and subscription fees.

The research team spoke with four advisors who currently use some form of a subscription billing model. The advisors work within a variety of firm sizes with an average AUM of 149 million. The team asked each advisor a set of questions about their firm, technology use, billing practices including payment frequency and subscription tiers.

Research Method

- Conducted 30-45 minute remote interviews with 4 firms (5 advisors).
- 1 moderator and 2 notetakers as well as SME present.
- Followed interview guide that included 20 questions.
- Topics included:
 - Firm information
 - Services offered
 - Billing workflow
 - Fee structure
- Participants recruited from current eMoney users including those in the internal research pool and steering committee.

Participant Profile



Offers holistic planning and wealth management services



Average AUM of 149 million



Serves 50+ households



Typically works in a smaller office or branch with >19 staff



Emphasized need for secure and simple billing

Research Findings



Current Billing Model



Offers comprehensive planning for individuals \$1200, families \$2400, AUM fee \$250. Also offers an hourly rate of \$250 with 3 hour minimum with the caveat this is for advice only, not planning.



Offers one time financial plans for \$2500. Annual AUM fee is \$750, plus basis points depending on AUM.



Offers comprehensive planning and wealth management on a fee scale from \$1000 to \$6000 (annual), based on AUM and charged quarterly.



Offers fee based services and is considering a subscription model.

Workflow and Technology

Firm	Website Sign-Up	Electronic Contract	Payment Method	Accounting Software	Portfolio Management Tools
No. 1	No	Yes, Fillable Adobe PDF	ACH, Credit/Debit	QuickBooks	Riskalyze, Schwab, Morningstar
No. 2	No	Yes, DocuSign	PayPal	None, tracking in CRM	Orien, eMoney
No. 3	No	Yes, DocuSign	PaySimple	QuickBooks	Morningstar, Riskalyze, TD Ameritrade, iReadout, eMoney (not FP)
No. 4	No	Some paper, some DocuSign	Paper check or home office handles CC	Unsure	Black Diamond and Fidelity

All Advisors Agreed

- A flat planning fee gets clients in the door, but stickiness is an issue.
- Planning only clients can serve as a feeder to migrate into AUM clients.
- Attracts a wider audience (one advisor saw this as a negative) including younger, less wealthy clients.
- Flat fees, even those paid quarterly, offer simplicity and transparency for clients.
- Need for tiered model; one size does not fit all clients.
- Adds complexity for advisors, need to define services and billing tiers.



Most Advisors Agreed

- AUM clients are less likely to move accounts because it is a hassle.
- Flat fee, subscription fee or hourly fee must also come with an explanation of services included (and excluded).
- Flat fees good for younger, less established clients. In turn, good for less established advisors to learn business and crank out plans.
- Flat fees also good for those with retirement accounts managed by an employer (401k, 403b, pension, etc.).
- Concerned about keeping professional appearance and not being compared to a gym or other typical reoccurring payments.

Advisors were Divided

- Subscription planning isn't a scalable business model. One advisor can only create and manage so many plans.
- Concerns about the ethics of a subscription model because 2 clients pay the same, but both will have very different needs and receive different services.
- Prefers the term retainer to subscription.
- Clients can't afford it and churn after 1 plan.
- Clients don't see value and churn after 1 year.
- Hard to change some clients' mindsets regarding \$ amount vs a % even if a flat fee is cheaper. Out of sight, out of mind.

Recommendations





Opportunities



- Subscription Billing Tool
 - Subscription billing tool add on for foundational planning
 - Provide advisors with recommendations for service tiers and pricing
- Communication
 - Increase stickiness of younger or less established clients with defined benefits and touch points throughout the year
 - Payment reminders, autopay announcements, and alerts
- Retainer Billing Tool
 - Billing tool to break down and track large payments over the year ex. quarterly or monthly

Advisor Needs



Flexibility

One size does not fit all. Clients have a vast array of needs and the service model and fee schedule must reflect these needs.



Simplicity

Accepting, tracking, and changing payments needs to be easy and integrate with the advisors accounting tool and potentially their CRM.



Transparency

Advisors need to be able to clearly define which services are available at each fee tier. The client gets what they pay for and the advisor can scale for both high and low touch clients.

Thank you! – UXR Team

