Audio file

[Session 3 Harsh Govil moderator.m4a]

Transcript

Tiger Maharana

So the way we are seeing today is there's a lot of adoption in the AI space as accelerators. So basically enabling advisors, enabling across the firm, across multiple departments to speed up their work, be it note-taking, be it action items, be it presentations, be it OCR, document analytics, we're using a lot of it there. I think that's the first phase of the journey. I think the biggest value is being able to go beyond accelerators to the next step, which is assistance, and then to agents. Assistance is where you start using AI as something which can really take the next step for you. And agents is where the AI becomes your agency to do the work for you. That's where we want to go towards.

Rob Pettman

So being a technology provider in the AI space, the ROI piece is massive, right? So if you're going to build something and try to offer it commercially, you have to be able to demonstrate commercial value. Because if not, nobody's going to want to pay for your services. And so typically across the range of solutions that we have, we find an anchor client who has a specific problem that they're passionate about. We have worked with them to go about solving for that. It's something that we think actually adds broader commercial value in the marketplace. And we sort of build upon that momentum with other firms that are in the same position and have the same pain point. And so, I have a range of examples. We have a lot of different solutions, but just to give you guys a little bit of color, most recently, there's several RAAs, aggregators that are growing. And One of their common pain points is specifically around inorganic growth and how they try to tackle bringing on more advisors, more offices simultaneously. They have operations staff that can take two to three months to do it. It's not just about onboarding accounts. It's also about data onboarding. And we've created an agentic solution for these firms that essentially reduces it to about two to three weeks. that can enable sort of 50% cut of teams and or parallel processing simultaneously to get faster to billing, more accuracy, better experience, better reconciling of different platform fees and so forth. That'll be one. I'll just give you one other, because we go a bunch. But in the context of organic growth, there's a lot of firms too who are struggling to have a repeatable and systematic process around that. we have an anchor client who was struggling with how to achieve this in a controllable way. We ultimately gave them the ability to derive intelligence on existing investors for financial advisors, surfacing scores, and specifically focusing on the expansion of the relationship and wallet share, and then helping them understand which clients were more likely to consolidate assets with them versus those who were not. And ultimately, the first anchor client raising about $2 billion in net new assets in the first year in working through that solution.

Trevor Chuna

Yeah, maybe just to add a little bit to what Tiger was talking about. I mean, it's really been an evolution for us. So as we've thought about ROI, it's been historically focused on just the experience. How do we make the experience for the advisor better, make their lives easier, make them enjoy their jobs better, or work with the client better, reduce friction in what we do, but actually taking that into actual efficiency and growth It's kind of the first part of the calculation, working with the areas of the business saying, here are the opportunities we see, meaning tech coming to the business or the business coming to the tech saying, here are things we might want to tackle, process oriented, thinking about the life cycle of a client, suspect, prospect, onboarding, and then ongoing client service. And then focusing in on what are the most frequent and expensive activities we have in the organization. It's really been around prospecting because you're paying highly paid advisors going out and finding new business. And then client maintenance. So it's all around that client review process. It's engaging with the client via reach outs, scheduling that meeting, holding that meeting, and then follow up from that meeting. So that's been the focus areas of what we've had. And so it's easy in a way to derive some frameworks around pay-fors. So here's the cost of the technology, here's the cost of the team to build it, and here's what we think we're going to get out of it. And we kind of generally look at things as a one-year. one-year payback. There's opportunities for us to go further on that and actually drive more to the accountability aspect of it. So I'll just take one example of an accelerator. So note-takers were talked about a little bit earlier. We use a tool called Zeppelin. It's very much built toward our financial services space. And so it saves a significant amount of time per meeting per advisor. And that becomes fairly easy to quantify. We quantified it at the beginning, said, yeah, we'll pay for it. Now we actually have data behind it that says, hey, based off of early usage, We've effectively saved 5 advisors, probably at 150 grand to 200 grand a piece. Yeah, we've clearly paid for it, but that's just a number. The next part is actual accountability. So it's going to the advisor management and saying, remember that hiring plan you had for next year? Remember you said you needed 10 new advisors? You're actually only getting 5 because we just added five from an efficiency standpoint. But in the advisor world, that doesn't always resonate. They care more about, I don't want to get rid of five advisors. I want to reinvest advisor time to now going and giving more advice or spending more time in relationship with the client. So it's a continued evolution that we continue to navigate.

Harsh Govil

I think we'll talk more about reinvesting time and what that can yield from professional products. The other framing aspect I wanted to get your take on is We talked about gray hairs this morning. I think there are fewer gray hairs on this panel. How does that translate to both in terms of client segmentation? So obviously we know the majority of the stats around where the wealth sits, where the wealth is going, the age of advisors. How does that dynamic play into the discussion that we're having here?

Trevor Chuna

Yeah, I'm thinking about the advisor themselves. I'm trying to think if there's a, I think what you're referencing is, there a difference between how advisors maybe use or want to use the clients themselves? You know, I'd like to say that age has something to do with it. I'll be honest with you. There's a lot of young advisors who just aren't even interested in using certain pieces of technology. A note-taker is a great one. For whatever reason, some of them don't want that sitting in the meeting, and I can't explain why. I can say that as a former advisor and thinking about the relationships I have with advisors and how they maybe think about their value proposition, I think in some ways they're fearful is probably strong, but we talked earlier about replacing people. And I think the dynamic of AI into the future is going to change the way people perceive what their personal value is and what they're bringing to the organization. there's examples in my past where we have acquired a firm. There's certain things that certain people do, and they define their value through that. I've always, as an advisor, you know, generated the financial plan. I did the inputs, I presented it to the client, I ran the report, and then I had the next meeting. And that's what I did over and over and over again. Well, you joined Sequoia, we have a centralized planning team. You don't need to do that anymore. And so they go, well, okay. Like, where do I add value? Well, it's not plugging in data. It's being the discerner of information and providing the wisdom and having a full understanding of a complex financial and emotional situation to give final guidance on what that client should ultimately do. And so I think in many ways, it's just a rethinking of how you're valued. And your aid doesn't matter in that regard.

Harsh Govil

Whose job is that to help those advisors with reimagining it?

Trevor Chuna

I don't think it's technology.

Rob Pettman

No, I would layer in because there is a, it's incumbent upon the enterprise, the management to help with that. And there are business drivers, by the way, that support this. I mean, you're always going to have the fact, the adoption curve, no matter what we're talking about, right? But, when you think about business drivers, certainly for a lot of these firms, the aspect of, implementing AI within the sort of in-house operational procedures, to then improve the overall sort of margins or revenue per employee, adds an AI story, which thus increases multiple for the business. And through adding an AI front end that allows advisors to manage portfolios differently or solve for different problems, that also adds a feel of an AI forward type company, which goes about reinforcing that story. And so oftentimes we see firms gravitating towards that overall adoption through the lens of just the business driver and creating more value for the enterprise itself, and then cascading that down through leadership in the importance of its adoption.

Harsh Govil

Maybe we can expound on that a little bit more, Rob, just to help us, both from a fund manager perspective and from a wealth manager perspective, what is the lay of the land? Who's adopting AI? Where are they adopting it? And I know Tiffin has a tremendous amount of solutioning in the space.

Rob Pettman

Yeah, sure. So I'll tackle some asset management. Asset management, you find, I typically find the adoption of LLM type scenarios for product discovery and ultimately trying to solve for some of the wholesaling problems of, you know, the whole saying wholesale is going to carry so many products in the bag. So trying to resource that to expand the number of solutions that they can offer to advisors out in the field and create more value there. So I see a lot of experimentation on that front. With our interactions with, and this is the same across asset managers, alternative firms, and insurance firms, we help them with distribution intelligence. So many of them actually acquire these data packs from wealth firms or from other places. And they don't use them very effectively to help them really understand who to target. So we essentially take that information, present it in a more usable way that reduces time for the wholesaler, and then apply AI machine learning on top of it. so that they can have better targeting for the right opportunities with the right products to ultimately engage with advisors in a much better way and not waste their time and help create better outcomes for investors. On the wealth side, the REA world is moving at a very rapid pace when it comes to being open and adopting AI. And that is an advantage for that channel because just through doing that, they're becoming a lot more efficient. And this is out of necessity because they don't have the scale and the resources that the other larger enterprises do, right? So their competitive advantage is going to be speed and the ability to try to level up in capability. Once you, as you start progressing towards the larger firms, you know, it can be, I see a lot of, you know, the sort of machine learning supervised AI type part. So I was talking about intelligence. That one being an easier hurdle to get through because it's not Gen. AI, and Gen. AI is just another wrinkle in the sort of AI approval committee that just is harder for firms to adopt. And then most of them are sort of in the nascent note taker type category and are plugging into any sort of horizontal apps they might have through Microsoft or other places.

Harsh Govil

So it's fair to say that on the asset manager side, it's really how do we get the data from the various funds, products in a structured fashion? And how do we pair that then with the wealth managers and their client data and then kind of close the loop from prospecting all the way to product selection?

Rob Pettman

Yeah, absolutely. And that problem, there's problems on both sides of the fence, but this is really about obviously sales and the growth of sales, but then also tackling the overall cost of distribution itself and just being a lot more precise with the most expensive resources they have in the firm.

Harsh Govil

But then, I guess, Trevor, to you, It's clear that human advisors are a critical part of the equation. That's because they are the relationship owners. They have the mojo as you described it. So walk us through, you have a whole bunch of this data. If it's not here already, it will be. How do we get advisors to retain that mojo and engender all of these new data-driven insights and products?

Trevor Chuna

So you're basically talking about adoption?

Harsh Govil

I mean, everything comes down to adoption, but it's adoption, but it's also a question around workflows and then client engagement, because it's also about client education, ultimately.

Trevor Chuna

Yeah, I mean, I think to ultimately involve the advisor, they have to be in the loop of everything. You've got to put the tool where they live on a daily basis, and it's got to be supportive of what they're already doing. What they're least interested in is having that tool communicate directly with that client without their involvement. I think there's regulatory and compliance reasons why we don't want that to happen anyway, but for an advisor to get a comfort level of what those tools are doing, we have to be transparent about what it is. There's education on where is it pulling from, how is it effectively determining what it's giving you guidance around, and then being intuitive in how you take what it's given you and pushing it back out to the client, again with them being the face of it, versus interacting directly with the client themselves.

Harsh Govil

So are we saying in a way that everyone will start to have the same superpowers as it relates to engagement, data, products, but what is then that edge? Is it then the emotional intelligence What is the delta?

Trevor Chuna

Yeah, I think it's 100% the emotional intelligence.

Harsh Govil

And I guess it's still early, but how do we see some of the AI development supporting emotional intelligence development, right? It's like any muscle I assume hopefully can be trained.

Trevor Chuna

Yeah, I mean, how does it support the emotional intelligence? I think it gives you time to have it and communicate it with that client.

Rob Pettman

Well, I might add too though, so yes, but there's other pieces just in the time element where as you start looking through what is involved in advisors communicating with an investor when they have their regular meetings or when the markets are topsy-turvy and what have you, oftentimes, I've been an advisor before too, and I can tell you that when that call happens, you kind of say, oh shoot, then you go into your system and then you look at the portfolio, whether on hold, and then you try to come up with a story in that instance as to what's happening, and then you try to hope that story is a good story when you deliberate in that moment. That's not the best way to go about it. That's why I'm not an advisor anymore, I think. But ultimately, AI has this ability now to go about giving you the bullet points as to what is actually happening within the portfolio and a summary of both the sort of quantitative aspects, performance attribution, and then overall narrative as to how you're positioned and outlook for the future. And more firms are structuring things this way. We're doing that with our portfolio allocation tools to sort of render this sort of commentary aspect, but then also thinking through that behavioral lens of also giving signals around, you know, stay invested, right? Hope for the future sorts of things alongside of that. And that's just a resource advisors can choose or not choose to deploy in conversations with investors.

Harsh Govil

Makes a lot of sense. Maybe taking a step back, Tiger, you've worked across more general tech before making the jump to a special world of wealth. What are some observations around what you're seeing in the landscape today? But without retreading ground from this morning, what can vendors do? Because we don't have that many vendors here, but we invest, we support, we ultimately buy from vendors. What can they do to better accommodate the wealth landscape that they aren't doing today?

Tiger Maharana

I think there are two opportunities. One is the incremental opportunity, where you take the next incremental better step, like adding a meeting note taker, adding a presentation tool. That's a plug and play information. That's more a productized solution rather than a vendor-based solution. But the vendor can play a role is, I think this industry has an opportunity to leapfrog from where they are today, systems and processes, to the completely AI-first lens. And that's where a vendor can drive the change for these organizations. You can come in and say, hey, what if, I mean, if you kind of go back and see, most of the processes today are a replica of the paper-based transaction world. What if there was no paper? And what if we started with AI? How would the process look like? And that's the role a vendor can play. You can come to the table and talk about that and ideate and brainstorm and build a solution. and prototype it and position it for us. I think that's an opportunity there.

Harsh Govil

Go ahead.

Audience Question

Arsh, I have a question for Rob at Tiffin. Presuming that the, and I've seen a demo of Tiffin and I advise everyone to look at it because it's pretty amazing. But say that the Tiffins of the world become a major gatekeeper in the space, much like LPL where you used to work. What, and let's go forward three years. What does an asset manager need to do to succeed on that platform? To succeed in this new world.

Rob Pettman

Yeah, well, there's a lot in that question. So first off, having been at a wealth firm, I will tell you, my responsibility in running wealth management was also overlooking at financial technology as well. And part of the reason for that was strategic, because we saw in some cases some of this technology as a competitive threat, not actually a help. And so, for example, solutions coming onto your platform and creating, you know, tamp versions or UMAs and monetizing on top of your infrastructure, taking away from other programs, right, that you're internally building, if you're not smart about how you're integrating, that's some of the things you've got to be aware of. And so just with that lens, one of the things that we've done at Tiffin, the reason why I'm a part of there, is also just being cognizant of those competitive elements and wanting to make sure that from a sort of platform perspective, that our mission is to help create better outcomes for more investors. And it's not to compete with wealth firms or intersect in that the sort of overall sort of taking basis points out of the system as an example where we shouldn't be. And likewise with asset managers too, it's complementary. I think for asset managers succeeding in the future, to directly answer your question, there is a moment in time where the overall go-to-market efforts of asset managers are going to have to evolve. Right now we just keep staring at the same problem and not doing anything different about it. And more firms are leaning into how they get more precise with their forces and how they're getting better shelf space within these wealth managers. But this is going to change over time. And ultimately, how you think about product placement and how that surfaces in front of the advisor is going to change over time. And so to the extent that the platforms like ours or other ones exist out there that are there collaborating with wealth firms where there is a portfolio management assistant that is there, and they can go get a second opinion from an asset manager or a product sort of shelf or suggestions are enabled within that. It's just another form of distribution through a digital-type channel that is nascent right now but is most likely to grow in the future.

Harsh Govil

I think that's a perfect segue. Is it helpful to think about alternatives as a frame of reference here for how can we help asset managers with their digital journeys? Because Apollo is a major LP investor. The previous panel mentioned them. They want to double their AUM, which is 100 billion to 1.6 trillion. That's not going to happen without broadening the LP base to individuals. And we need technology to do that.

Rob Pettman

Yeah, that's right. So, and by the way, I mean, Apollo and Aries are clients of ours when it comes to the distribution intelligence component. So a lot of these firms are just sort of stepping up their game when it comes to calling on wealth in general. And they're wanting to not just replicate what was done in the past, but try to do something more in the future and level up in capabilities for how they do it. So that part's the trend. But outside of that, I'll just give you some pain points I had when I was on the wealth side. We used to be criticized all the time of not having high net worth products. And so I would get offended. I would go to Blackstone, and I would get the most exclusive private equity fund, promised that there would be a whole bunch of money, and then end up with a $500,000 ticket across 14,000 advisors and be embarrassed. And ultimately, it's because a lot of these cases, it's not even a product sales game at all. It's actually a product awareness game, and advisors can't hear you. because a lot of times the systems aren't set up to create the level of awareness of what is available and how do I use it and why is this relevant to me. And so we're endeavoring, we have a solution, we are now just launching in the marketplace for private markets that essentially allows an advisor to see what is approved through their firm, but then ultimately share what their client portfolio is, get a recommendation as to what an alt position should be inside of that, and then go through a product discovery journey as to what product they should select on top of it. And then alongside, we're thinking through how they sort of create the compliance trade rationale and other pieces. But I think that's what coming for just helping the implementation of alts across both drawdown and interval funds and the like.

Harsh Govil

Please go ahead.

Audience Question

Just a quick question. What is the marketization of smaller specialized managers, best in class, versus the larger ones, where there could be slippage or just because you know the name? you may think the returns are going to be equivalent. Like is it getting better for smaller managers or is there still pushback from FAs and firms that you need to be in Aries, for example, fund number 85 or 100 versus someone else who's doing a really good job in a similar market?

Rob Pettman

Yeah, that's a good question. And the trend that I'm seeing, it used to be that firms would not approve very many products at all. And so the name of the game for success for alt managers was just product placement. Because if I'm one of 10, the sales are going to come, and I'm actually doing really well. Now I talk to some of these firms, and they're saying, well, it used to be that product placement in these firms was really challenging, and now they've started to add a whole heck of a lot more products to the platform, and now I'm not one of 10, I'm one of 50 or 100, and now I actually have to wholesale this thing because nobody can find my product. So I think the good news is that some of those requirements are loosening with firms. It depends on the firm, by the way. So in the wirehouse channel, they're always going to be more stringent than some of the other channels. But as you see some of the other channels trying to level up and offer sort of more diversification and choice and try to appeal even more to the REA market that has more of an open architecture feel, That's ultimately where they start being a little bit more accepting of smaller strategies, provided you meet their AUM sort of threshold and criteria from a diligence perspective.

Harsh Govil

Maybe, Trevor, can you share more from an advisor perspective and the psychology as it relates to product selection, the tooling, and the evolution, especially as you move from an advisor seat to a technology seat?

Trevor Chuna

From a product selection like investments specifically? I mean, All I can share is my perspective, which is light on the investments and heavy on the planning, right? That's the goal that we have for our advisors. We don't want them selecting investments. We want our research team doing all of that work. Would it be helpful? I mean, we have strategies that we can surface for them, but this product selection within those strategies is not done by our advisors. Our goal would be to have, based off of their planning goals and their needs, surface those things for them.

Harsh Govil

Anyone from the audience around how they deal with the product selection piece, whether it's centralized or if it's decentralized to the individual advisors? Any insights or comments from the audience? Drury has a point of view.

Audience participant

They're quite a bit different. I said like Rockefeller and Cresset is an example of how they think about things and what they're attempting to do. They're trying to drive sort of that investment process from their organization and sort of institutionalize it for the client. But they start in a very different place, right? Rock and Co just bolts on a bunch of financial advisors that are all kings of their own ships. And it's very difficult to get them to sort of line up and fall into place that way. I think you're saying we're observing a lot, that a lot of the smaller more boutique firms that are starting up, these breakaway folks are much more inclined to be working with smaller managers and different folks out. They don't want the same product that's at Wells Fargo, UBS, Morgan Stanley, everyone else on the street.

Rob Pettman

Can I just, and along those things, can I just, one of the adoption challenges, I think it actually ties into your portfolio as well. So one of the problems with these products is that, you know, as an advisor, you put it into your portfolio It doesn't talk to your traditional trading and rebalancing systems. It is a royal pain in the **** to actually own these products because it can oftentimes create a whole host of manual processes that you've got to think around all the time. And so in order to create a sort of better world for implementation of these things, there has to be sort of better technology to recognize the collective workflows for how these are being managed. And I know it's early. I mean, within InvestCloud, and I think some other places, there's now an emergence of what they call alternative investment sleeves that essentially, within a UMA context, wall off for alts, allow them to be in the portfolio, and allow the rest of the securities to trade around it, thus solving for that sort of friction pain point that costs, you know, really gets in the way of a lot of people looking at these products.

Harsh Govil

I think, yeah, infrastructure is in development. I think it is a necessary, but not sufficient condition for this adoption curve. Please.

Audience Question

So kind of building off the, if I'm a boutique alternative manager and I can find my way to get on to a platform, I don't have distribution at the moment for the wealth market. I'm starting from scratch. What should distribution look like? And how much technology can you really legitimately add on day one that's going to be helpful to you?

Rob Pettman

I'll give my opinion, and this is going to be incredibly biased just because I have a solution around it, but I'm going to try anyway. So look, first off, I mean, distribution is going to be necessary whether you choose to partner with a firm to go do that or build your own. Ideally, everybody would love to build their own. If you can go about doing that, you should just do it in the right way versus doing it halfway. And so you have to purchase data. That is going, you have to factor that into the cost of your growth model. Because although if you can't purchase data, you don't know who to call on. And trying to be cheap about it was not going to yield you the results that you need. So factor in those data costs and you got to do something with it. And you've got to make sure that your sales force has the ability to understand what they're looking at and go focus on the right targets. There are some baseline data packages that you can buy to just sort of set yourself up to go about doing that that's not entirely going to break the bank. You're not going to love the price, but at least it's going to get you to where you need to be. And then you want to apply this to the piece on there to make sure that you're getting full value for what it is that you're paying for. If you can't do that, frankly, I would outsource. But I would outsource to a partner who's already doing this versus one that just says they have salespeople.

Harsh Govil

Maybe also just making sure we have the wealth focus as well. Is there enough of a portfolio construction demand side logic beyond the supply side, right, too? Because at the supply side, we can solve, I think there's relatively straightforward solutions. But how do we, what is the right framework for an individual to hold which alt, how much of a given alt, et cetera?

Rob Pettman

I mean, so this is a growing area for which alt you should hold. And look, when I ran LPL's research organization, I tried, I tried to create recommended asset allocation models with alternatives. And so in order to do that, I needed data. And I didn't have any. So I called the asset managers and I said, hey, how do you do it? And they said, well, we use our own proprietary models. Well, great, can I have that data? Sorry, we can't share it with you. That was a problem, right? So I couldn't actually develop it. So now there are, the data is becoming more freely available such that you can go source that from a host of different places out in the marketplace. And that's ultimately going to help to inform what a recommended allocation would look like from a research organization. So I think we've made strides within that just to come to baseline allocation. And then ultimately it's about what you've surfaced within your approval list and how you either want to recommend an all product, which I think a lot of wealth firms are still reluctant to do, versus just having a menu and saying, here's an allocation, and now you go pick the one that you think works best.

Harsh Govil

Agreed. Maybe turning back to Trevor, Tiger, where should we buy, build, partner in this world across different dimensions? I think you talked about accelerators, you talked about agents, you talked about firm-specific data. So help us think through that.

Tiger Maharana

There is a mixed bag of all the things. So there are places where you can do a plug and play tool that's available in the marketplace. You should do a plug and play tool. But there are places where you want to build your own local IP, then you have to build it yourself. You can use a vendor to do it for like a local large language model, which is completely based on your RAG system with your data chunking, do it yourself. And there is a somewhere in between two. There are places where There is a part which is built, operate, transfer model, where you bring in a vendor, do it for you, and then by that time you build your talent base within the organization and then take it over from them. It's another model.

Trevor Chuna

Yeah, the only thing that comes to mind in terms of what we want to own proprietary-wise is really kind of that secret sauce of, I'm thinking about growth. lead generation. We have multiple distribution channels. We have our custodial networks. We have our CPA networks and so on. And we have different personas associated with those networks. And how do we pair that with the advisors and what types of clients do those advisors serve well? Why do they serve them well? Like what is that algorithm that we have to optimize that matching to help support our growth? We want to own that. We don't want others to own that. And then just generating unique experiences, right? As we add to our service offering, it's not just investment management. It's investment management, it's planning, it's tax services, it's estate planning. You know, we want to buy those tools, but we've got to pull them together in one unique experience. And then it's the layer behind that, which Tiger's team is ultimately driving, which is how do you pull that together into one solution that then guides the advisor as part of delivering that service? When is it right to introduce our tax services?

When is it right to introduce our estate planning services or introduce certain strategic investment models and so on? That's the stuff that we ultimately want to own.

Harsh Govil

Is your tax and other services in-house or the partners that you work with?

Trevor Chuna

Both. We would prefer they be all in-house, but the reality is that's not necessarily the case.

Harsh Govil

I think maybe a question for you to expand on that. We're seeing a lot of innovation, at least on the tax side. both the more general personal financial managers, but also other tools for B2B that can take the U.S. tax code and spit out your returns. Are you also driving some of that innovation on the partner ecosystem?

Tiger Maharana

Yes, we are. Yes and no. I'll tell you why. Because the moment you bring in tax to the wealth advisory space, there are regulatory limitations. It's what you can do and cannot do. There has to be a virtual wall between advisor and attack. So we are working through that, but we want to go to the market with integrated services, which cuts across this whole spectrum of things.

Harsh Govil

I think the one area that, at least from an investment perspective, we've seen a ton of innovation has been around wealth and estate planning, or estate planning specifically. Do you use external solutions for that, or is that still done largely in-house?

Trevor Chuna

Ron, I'm sorry, it was estate planning.

Harsh Govil

Estate planning, yeah.

Trevor Chuna

So we do leverage solutions. I guess back in the day, we had relationships with estate attorneys or actually acquired firms that had estate attorneys on staff that would actually do doc prep itself. It's really not necessary anymore. I mean, we honestly use wealth.com that does all of our estate doc prep. It can read the documents itself, summarize them. That gives us great data to push into our systems to drive all of our other planning guidance on behalf of the advisor for their clients. So yeah, we use it for doc prep and analysis.

Harsh Govil

One of the broader AI challenges is ultimately data. I think everyone's used the word data as a pretty fundamental point. But is it a data lake? Is it, so how do you, for example, bridge those insights you talked about from your CPAs or your lead Gen. sources with, for example, new financial products that are coming out from asset manager. So what does that Central Intelligence look like? Because I think there isn't really a tool today that does it. Diffin does some of it. But do you want to have that connective tissue in-house?

Trevor Chuna

I'll actually pump that over to Tiger. I think we've started off what we think was great, and maybe now looking back is a little more remedial, which is why we brought Tiger in to rethink, and maybe you can share your perspective.

Tiger Maharana

Yeah, so where we're going with this is we're building a data lake. It's a second try at building a data lake. And the idea is not just building a data lake for the sake of building a data lake. At end of the day, it has to feed into a large language model, which has to give those Sequoia-specific information to the advisors. Now, the way I kind of divide the world, there is internet-based data, which ChatGPT Copilot are extremely good at. We cannot replace that. There is Sequoia-based large language model, which we have to build ourselves. No one built for us. And then there is AI agentic automation, right? The real power is bringing that orchestration engine, the smartness behind it, which kind of orchestrates between these three avenues and gives the best value to the advisor. And that's where we're going towards.

Rob Pettman

Can I add to that? And I think it's a smart strategy. I'll just tell you what I see because it's not a firm that we talked to that does not currently have a data initiative going on right now. And what's amazing, especially the larger firms, by the way, this isn't new. They've been working on it for the past 10 years and they haven't made any progress, right? And if you look at what's, this is more of a large firm problem that is happening at the small firms. We'll talk about the small ones in a second. This is a bad analogy, but I'm going to use it anyway. Most times what I see is that they try to cut, if the problem's a cake, they're trying to cut it horizontally. at the bottom. And they slice through infrastructure and pipes and plumbing, and they do it with a chief data officer and infrastructure people. And these people don't build applications. They have no connectivity to the business. And ultimately, nobody wants to eat a horizontally sliced piece of cake, and it ends up not being used. And so Where our firms are succeeding is cutting it horizontally, where they actually start with the business outcome, they cut through the applications into the data layer and then into the infrastructure, and then they take another slice and keep adding onto it. I think the sort of comment you made around orchestration layer is incredibly relevant. You know, and you can make an argument either way. I mean, we have REA clients that we work with today that had a data initiative. We started doing some magentic workflow for them. then they realized that agents with an orchestration layer could just sit on top of their ecosystem, and they didn't need to do the data project. And we would just facilitate the outcomes that way. And so, I mean, depending on the firm use case, you can approach it either way. There's other commercial benefits to that, but those are the ways to cut the cake.

Tiger Maharana

That's a good energy. I'll just add one point to it. I think the one interesting challenge we're facing in this space is sometimes the business case comes from the business. The business requirement document comes from business. I think IT and tech and data can play a much bigger role in leading the business in this transformation rather than following the BRD document given by business to find solutions. And that's where the biggest value would come out.

Trevor Chuna

I think it's the art of the possible. Sometimes they just don't know until you show them.

Harsh Govil

That's perfect. I had change management as my last question, which I think that they discovered. So besides having a piece of that cake, any questions to wrap up from the audience? Have we solved all of your distribution and AI challenges? Any last words, closing words from you guys? Otherwise we can wrap up.

Tiger Maharana

No, all I'll say is LLM is evolving super fast. We do smart enough to identify which LLM to use where. It is more intelligence around how to cater to multiple business requirements with multiple tools rather than finding one solution for everything.

Rob Pettman

And I'll use another bad analogy. When you think about the collective growth of everyone here in, everyone here in business is in the business of growth, and that is the end objective. And if you're in the business of growth, you have to take risk, right? And we talk to investors When investors complain about not getting the S&P 500 return when they own 100% fixed income, you're like, well, you didn't take any risk. That's why you didn't get the return. Similarly, in business, you're going to have to take some risk when you think about growth when it comes to adopting AI. And so a lot of firms are having a hard time reconciling with that, but there has to be leadership at the top to really spearhead moving forward. And then the other piece that's tied along with that is if I was going to compete with some of the biggest firms out there, I would use speed as my competitive advantage. I would create a culture around speed and solving for that growth problem, because they're going to move a lot slower than you are, and that's going to help get you to that sort of collective resource capability that may be a differentiator and accelerate your growth.

Harsh Govil

Last word, Trevor.

Trevor Chuna

So everyone's talking here, like, what's on my mind? It's difficult, right? At the end of the day, it's difficult, but in maybe non-traditional ways in that there's so much coming from maybe their retail spot. I mean, the advisors are coming to us saying, we want this, we want this. But it's kind of like a grandma approach. Like they want like larger language models to do like super searches for them or prep emails. And it's like, well, that's all good. We can pacify you with accelerators and meaningful accelerators that maybe have, you know, near-term business benefits. But that's only so that we can hold them off long enough while we build something bigger. Things that actually handle process automation beyond what we can do today, while at the same time bringing them along. There's such a level of education, because while AI is great, it's also stupid in so many ways, and that is the advisor of the future. It's not whether or not they can calculate numbers or do great investment research. It's can they guide the AI well enough to help them focus on the right things, which is emotional intelligence and time with their advisor.

Harsh Govil

Wonderful. Thank you, Trevor. Thank you all. I appreciate the time.