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BUILDING TRUST WITH TECH

*What next-gen tablet technology
and 'client-facing DNA' mean
for Trust Company of America—
and advisors everywhere*

Frank Maiorano, CEO



BY JOHN SULLIVAN
PHOTOGRAPHY BY
JOHN JOHNSTON

BUILDING TRUST WITH TECH

Frank Maiorano's vision for clearing and custodial firm Trust Company of America includes a cutting-edge push into tablet technology »

DAVID AND GOLIATH. FLY ON AN ELEPHANT. Pick your cliché, but what Trust Company of America in Centennial, Colo., might lack in size is clearly accounted for in innovation. The clearing and custodial firm is taking on Schwab, TD Ameritrade and other large contemporaries in the space, in part with a strong push into new technology. Said technology is a “game-changer,” if you will, a word often used in the advisor space, but rarely realized—until now.

Not that it’s all they’ve got going on, as president and CEO Frank Maiorano is quick to point out, but rather part of a larger growth initiative that Maiorano was tasked with upon taking over in early 2010. Nonetheless, the technology is a significant piece; one that *IA* columnist Bob Clark, upon seeing it, said will “forever change the way wealth management is performed.”

“The prior CEO was very inwardly focused,” Maiorano says. “He was a CPA, and he left me a spectacularly run firm from a financial standpoint. But we were missing the client-facing element. We are now spending a tremendous amount of time in front of clients and prospects and it’s all by design.”

Maiorano was a natural for the job, a high-energy individual with “client-facing DNA” and a wealth of experience in the RIA space. Among his notable achievements prior to taking the Trust helm is building the RIA and Institutional Consulting Services Group at Nuveen Investments. And, of course, he knows what to do (and what to avoid) from his 12 years with Schwab.

Where he’s leading the company respects the past and the foresight of his predecessors, but he has a keen eye for the future and all the advantages technology brings.

A JUNKIE IN THE FAMILY

One of his first orders of business was to fill certain senior management positions with individuals in line with this client-facing vision. Bob Oros joined Trust Company of America in 2010 and serves as vice president of national sales. Jennifer Neelson joined the same year as chief marketing officer. Dennis Noto, a self-confessed Apple junkie and for-

mer technology executive with ADP, was brought on board for the all-important technology piece, and he serves as the company’s chief information officer. Chief Financial Officer David Runberg was one of four management retentions from before Maiorano’s tenure began. Having just been named CFO of the Year by a local Colorado business publication, it’s easy to see why.



FRANK MAIORANO
President and Chief
Executive Officer

It's a tight-knit team, which is the way Maiorano wants it, so much so that a brothers-and-sisters, family dynamic is mentioned more than once: open and supportive, but honest.

"I have never had a more connected relationship than I have here," Neilson says. "With [Oros] especially, and I think that speaks to the alignment of our vision and our strategy. It's beyond symbiotic and it's been a lot of fun."

A niche player in the RIA custody space, the firm has traditionally acted as a turnkey asset management program (TAMP), which continues today. Part of the vision Maiorano has for the RIAs they work with is to bring them along in the TAMP space as well.

"Many successful RIAs are evolving their practice either fully or partially to be more TAMP-like," he says.

Moving from traditional advisors to embrace more wealth managers is also a part of his growth strategy, which he calls "widening the sweet spot."

"It started out as more of a boutique group of active advisors," Maiorano adds. "It's now growing with more traditional wealth managers, and we do a significant amount of business and will continue to do it in the TAMP space because of the scale, technology and the unified managed account platform that we bring to the marketplace."

THE WHITE BOARD

Like many first meetings with new CEOs, Maiorano's involved a white board and scented markers, where he diagramed his vision moving forward—and technology's role in it. Twenty months on and the diagram is still there, a company totem mounted on a wall in his office behind small wooden doors.

When Maiorano gets talking, he uses words one might expect: grow, thrive, sustainability, relevancy. Then he throws a curve—"nimbly," which comes from a discussion of the advantages of the firm's relatively small size.

"Is nimbly even a word?" he asks self-consciously. "I think other firms can't move a ship as nimbly as we can, because we're a mid-sized firm and can quickly move the dial."

For example, he recounts that when they informed the RIAs and advisors with whom Trust works that they were going to enhance their technology, he also asked them where the company

should start: with end-user experience or that of the advisor?

"Our clients all said the end-user experience, of which I'm very proud," Maiorano says. "You would think intuitively that the advisors would say, 'No, I want you to rebuild my engine to be more effective.' But they said 'No, make sure the client experience is in there first.' We didn't have a defined order of how it had to be done, and could react to their input."

He was "blown away" at the functionality of the legacy technology, but needed to "modernize the user experience and functionality."

Enter Dennis Noto, whom Maiorano says completely bought into the vision and made it happen.

"He does a tremendous amount of homework and research," Maiorano says. "We're not trying to be an Apple shop, but he is an Apple fan. The fact that the technology



ROBERT OROS

Vice President, National
Sales Manager

we're releasing doesn't have to have a user's manual, needs only three screens to achieve any needed function and the client experience looks exactly like the experience the advisor sees—this type of innovation is just not being done today.”

THE MEANING OF LIBERTY

Maiorano's not a tech geek, rather a face-to-face sales guy with the gift-of-gab and clear enthusiasm for what he does. So like a good salesman, he describes the company's new (some would say groundbreaking) technology in a manner that's easily relatable.

“My father-in-law is 80 years old, and how does he read a book? He uses a Kindle,” he begins. “When you go to his house, where does he spend his time? He's on the computer fiddling around. He's doing the same thing that

you and I are doing as working professionals. A lot of the assets are with people age 40 to age 80, so we need to make sure that mobility is something the end client has and the advisor uses.”

He asks the listener to “imagine a world where you're sitting in a coffee shop viewing your comprehensive investment performance on a tablet, and that's the world that we live in.”

Like we said, a good sales guy.

Yes, it's tablet technology, but turbocharged and part of the company's Liberty program; one that involves updates to existing platforms with completely new (and truth be told, pretty cool) offerings layered in.

“We wanted to do something that really allowed the advisor to have mobility, and to allow the advisor's clients to have mobility,” Noto says. “We also wanted it to be available on all of the devices that are on the market today.”

Not wanting to “write for every device,” Noto was tasked with finding a way to have commonality of touch gestures on all the devices available today, but also maximizing usability when on the Internet.

“Our objective was not just the iPad; not just the Android devices or the Blackberries,” he says. “The services offered by Trust Company of America for the advisors and for the clients need to be anywhere, anytime and in real time. That is the main goal.”

It's the user experience that Apple (again) brought to the tablet device that Noto seeks to in many ways replicate; an intuitive experience with no user manual required.

“When I sit down and talk to advisors and owners of companies, it's not, ‘What do you have in advisor functionality?'; rather it's, ‘The No. 1 thing that I care about is how you represent my brand. How are you going to empower me in presenting that brand to the clients, and what is it that you are going to show them?’”

What they show them is private-labeled, customized applications for all four major tablet devices, as well as desktop and laptop computers. Here's the kicker; there is no loss of functionality between devices. What can be done on a laptop or desktop can be done on the four tablet devices and vice-versa. The screen designs and functionality are ubiquitous. If the advisor has an iPad and the client has a Hewlett-Packard desktop, no matter; they can converse, trade and strategize as if they were on the same device.



JENNIFER NEALSON
Chief Marketing Officer

“When we talk about putting an app in the App Store or in the Android marketplace for our advisors, we literally mean it,” Noto says. “It’s their logo icon, their name and all of the specifics about their business that will be in there. I had a gentleman in California who had paintings on his website. We captured the paintings and used them to brand his demo application. He was floored. Another prospect said, ‘I’ve been with Schwab for 15 years. This is a game-changer. I’ve never seen this before.’”

The Liberty platform (freedom, empowerment, movement; you get the idea) is currently part of TC Access, the company’s client-facing technology. Once Liberty is officially launched in October, TC Access will no longer exist. Noto and his team will then turn their attention to a similar launch for TC Advisor, their advisor-facing technology.

“Once next year comes around, I’ll be able to say that every Trust Company of America function is in this new user experience,” Noto says. “It’s mobile and tablet-oriented and optimized for whenever and wherever you want to conduct business.”

THE ADVISOR PERSPECTIVE

The technology horse race is well-documented in the independent space, whether at the custodian, broker-dealer, advisor or client level. For that reason, Oros is careful about how he and his regional vice presidents explain it to prospects.

“It’s not what we lead with,” Oros says. “We’re trying to solve business problems; we’re not trying to just deliver neat technology. When you lead with technology, you tend to end up talking to the wrong people at the firm. We lead with scalability and the cost advantages. But then we get into the ‘how.’ At that point, the technology becomes front and center.”

This is especially true when dealing with what Oros calls the “growth conundrum,” which occurs when a firm is growing, but their fixed costs are growing at an equal pace. The technology Trust offers helps to widen those margins through a significant impact to the advisor’s profit and loss statement.

“We shopped Fidelity, Schwab, TD Ameritrade and Pershing,” says advisor Karl Frank, president of A&I Financial Services. “When I first made the decision to go with Trust Company of America, it was largely for cost. Ticket charges and fees add up.”



DENNIS NOTO
Chief Information Officer

Once Frank familiarized himself with the firm, however, it was technology that stood out.

“Their software was vastly superior for the way in which we negotiate,” Frank says. “The fact that you can rebalance an infinite number of accounts with the push of a button; it’s something we had never seen before, that ease of use aspect.”

Frank notes he’s made upgrade suggestions on a number of occasions, and was surprised to see them come to fruition on the platform.

“We’re not their biggest client, by any means, but they make us feel as if we are,” Frank adds.

Not all of Frank’s client assets are with Trust Company of America, something of which Maiorano is well aware and doesn’t mind, and it translates to the use of technology as well.

“It would be a mistake to say that Trust advisors use



100% of our technology,” Maiorano says. “Many do, but others might want to diversify their assets as part of their business plan. We continue to support imports, uploads and downloads to a portfolio center that includes Advent, Black Diamond and Orion, just to name a few. We share billions of dollars of assets with some of our peers in the industry. So as we talk about Liberty, it’s a name, but it’s more than a name. With our advisors, if they want to do 50% of the business with us and 50% elsewhere, we completely embrace that.”

At the end of the day, Noto and Maiorano say the firm differentiates itself from TD Ameritrade, Fidelity and Schwab by what they don’t do. They don’t compete with their advisors for retail business and they’re not selling Trust Company of America as a brand.

“We’re selling the advisor’s brand,” Noto says. “I’ve had the opportunity to look at the competition; Veo, for instance, and Fidelity has a tablet application. They’re offering three or four functions. I coined the phrase, ‘The competition moves a couple of functions; Trust moves whole systems.’”

Concludes Maiorano: “If you fit in our niche, want a relationship with principles of the firm and you embrace technology, that’s what we’ve always been and continue to be.”

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Editor in Chief **John Sullivan** can be reached at jsullivan@sbmedia.com.