

HELPING AUSTRALIAN PLANNING FIRMS DO WHAT THEY DO BEST, PROVIDING FINANCIAL ADVICE, AND REDUCING COSTS BY OUTSOURCING THE “BORING STUFF” TO LOW-COST CENTRES OF EXCELLENCE OFFSHORE, WHERE THE WORK IS NOT CONSIDERED BORING AT ALL.



REVOLUTIONISING

# Offshore OUTSOURCING

MARK FISHER / founder and managing director / Intiger Asset Management

Mark Fisher has spent a good part of his career enabling some of the world's largest financial institutions to outsource back-office and processing functions to so-called low-cost centres of excellence (LCCEs).

Now Fisher is applying his experience on a smaller scale, by turning his skills to helping financial planning practices and licensees outsource paraplanning and other functions to low-cost centres, and in the process, transforming the economics of financial planning as a business.

He says an increasing number of planning firms

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are recognising the benefits of outsourcing as a way to cut costs and increase productivity without compromising the quality of the completed work.

Fisher, the founder and managing director of Intiger Asset Management, says the business will contractually guarantee to reduce its clients' back-office and paraplanning costs by up to 40 per cent. In a world of margin squeezes and low growth, it's the sort of saving that represents a step-change in the financial health of a practice.

In addition, the business claims to be able to produce a statement of advice (SoA) in a couple

of days – not the weeks (or months) it can otherwise take.

Fisher says a typical financial planning practice spends far too much time and cost on back-office processes and functions. Ideally, it should be set up “90 per cent front-office staff generating income; 10 per cent back-office and paraplaning, non-income generating”.

Fisher says getting to this sort of structure represents “a seismic shift for every practice [and] an aggressive move back to significant profit”.

“We are not interested in playing at the edges and reducing costs 10 per cent, 15 per cent,” he says. “We can deliver well beyond that. That is how all practices across Australia must be working and we are helping them make that happen now.”

#### LCCE WORKERS ‘EXCEPTIONALLY SMART’

Fisher’s previous projects were typically large and logistically complex.

“We did it in a myriad of different ways,” he says. “But the most effective way was to pick up 20 or 30,000 jobs from a high-cost western location, like the US or Canada, and pick those roles up and replicate the production, IT infrastructure, compliance, headcount and the processing skillset in LCCE locations offshore.”

Some of those centres are in somewhat unexpected places – including Mongolia and Tunisia – and are supported by governments investing heavily in state-of-the-art infrastructure.

“The money the [Mongolian] government has invested into these new BPO [business process outsourcing] or processing cities just outside of Ulan Bator is enormous,” Fisher says.

“New roads, new housing, new internet infrastructure, telecommunications – it’s all brand new, and amazing to see.

“It’s a sensible time zone. The cost is fundamentally lower than Australia. The teams will quite happily work in back-to-back triple eight-hour shifts, so you’re running 24 hours a day.”

He says workforces in LCCEs are “exceptionally quantitatively smart, and if you get your recruitment right, you can really find some genuinely exceptionally smart people who will do the kind of work that is done for financial planners here, that is considered boring, and it will be the most important career step they’ve ever made”.

“They will treat it more seriously than a surgeon,” he says.

“The teams get heavily emotionally invested. What we consider boring or dull is, to them, an opportunity to change their life.”

#### TOTAL CONTROL

A significant mental hurdle to outsourcing is a fear of losing control. There are also concerns

over data security and the privacy of client information.

Fisher says the mental barrier to outsourcing – especially overseas – is understandable.

“We’re engaging and chatting now with about half a dozen licensees, and engagement with them is more [along the lines of] let’s work together over a period of time, six months, so that you can understand how this works,” he says. “We work together to build a solution that you’re comfortable with. We will do it together and you can leverage everything we know and everything we’ve done so that you’re comfortable with it.”

Fisher says, in terms of technology, “the risk is if the data of a client or a customer is transferred offshore, where it can be saved or stored or replicated”.

“In the old days you used to find that that was a significant risk, because staff used to go to work with their phones and take pictures of screens,” he says.

“They used to be able to stick USB sticks into the side of the PCs and download everything.

“The industry has evolved so much now that when we work for a client, a practice, we log in – as if we’re one of their staff – into their customer relationship management [CRM] system, remotely and securely.

“That client can pull the plug on our access at any time, for any reason. They can also see you every time you go in. Every time, they see it live – 100 per cent live control – what you’ve done, what you’re doing.

“It’s physically impossible for us to retain, store or save any record of any information we see, because we are legally not allowed to have printers, scanners, copiers, cameras, mobile phones, USB sticks, floppy disks.

“It’s impossible to copy anything. Staff are body searched before they go into the office by 24/7 security guards and scanners.

“We have security offshore that would be excessive in Australia.”

#### NOT A CALL CENTRE

Fisher says a key component of any outsourcing arrangement is the relationship that exists between the client and the team responsible for looking after that client. In addition to providing training to staff in the offshore locations, Fisher says “we also bring the offshore staff into Australia, at our cost, to spend time with their practices”.

“Each practice has their own team that works for them, and the relationships are very strong and long term,” he says.

“It’s not a call centre. There is no mass processing. For example, the offshore team that work for Patrick [Canion] at ipac WA are the same every day, they will be with them for many years





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PATRICK CANION / chief executive officer / ipac WA

Fisher says that's a really important part of a good outsourcing relationship.

"When you take a practice that has been running for X number of years and you send their work offshore, you have to change how the practice works slightly," he says.

"If the processes are disorganised and out of control in Australia, they're not going to be by the time they get offshore, because we invest the time and money to improve every process for them so it's exceptional and optimised offshore.

"We clean a practice's process to ensure they are highly efficient as part of the process of setting them up offshore. It's a huge value to the practises and licensees but for us ... this is just a normal, sensible way to produce the best outcome for the practice long-term."

#### CLIENTS WHO 'GET IT'

Fisher says outsourcing works for practices that recognise the genuine long-term benefits and the opportunity to re-engineer their businesses, rather than those necessarily responding to a short-term margin squeeze or revenue shortfall.

"We really want licensees and practices who want to do it, and not because we've given them a nice pitch, but because they really get it," he says.

"You see very quickly the difference between those who genuinely get it and want to do it and those who thought it was a good idea at the time of the pitch."

Fisher says the primary relationship with the client and responsibility for delivering advice never leaves the financial planning firm and its authorised representatives. He says his outsourcing team members "will never be authorised reps and I don't want them giving advice".

"It is not in the Australian consumer's best interest, or the industry's," he says.

"The advice has got to come from the Australian advisor who knows their client. The time-consuming, lower value-add processing and documentation should be delivered faster, cheaper and to a higher quality offshore.

"Advisers and practice owners have fantastic people and advisory skills and experience. They have built careers and business on the back of these skills. Most do not enjoy boring back office processing, documentation, paperwork, paraplanning and administration – that's not what they want to do." ■

and it delivers the stability a practice needs.

Over a short period, the offshore teams understand the practice, its staff, culture, ethics, values and processing, and represent that offshore."

Canion, chief executive officer of ipac WA, will join the board of Intiger as a non-executive director, subject to the company successfully completing a capital raising. The company will further strengthen its ties with the financial planning industry with the proposed appointment of former chief executive officer of the Financial Planning Association, Mark Rantall, as non-executive chair – also subject to the successful capital raising. (Since ipac WA is a customer of Intiger, it is proposed that Canion will be removed from negotiations between the businesses for the supply of future services.)

Canion says the impact of outsourcing the firm's paraplanning has not necessarily been in a reduction to the firm's overall expenses, but a reallocation of costs.

"Our expense line is about the same, because we've redeployed and hired new people," he says.

"I've hired a brand new Certified Financial Planner, a new business adviser, and I've spent more on marketing. Our new business is significantly higher this year compared to last."

Canion says the business now focuses

more on the areas where it believes it genuinely adds value.

"We still do the stuff that is directly related to implementing investments, so that really high care stuff, we do," he says.

#### SOME 'PAIN' INVOLVED

Canion says firms intending to enter outsourcing arrangements need to go into it fully aware of the initial costs and potential pain to the business. In many cases, processes will need to be modified so the practice can work effectively with its paraplanning team.

"The first six months is pain and you actually incur additional costs...because you're changing work habits," Canion says.

"It's [an additional] cost because you're duplicating functions for a period of time.

"We had full six months before we actually went, right, we've trained them all up and we've got used to them and everything is running smoothly, now we can stop doing some of these processes."

ipac WA has been something of a guinea pig as Integer refines its offer and processes.

"We gave Mark and his team a lot of input on developing their processes," Canion says.

"Equally, the level of accuracy and specificity that they needed to do a good job for us helped us really improve as well."