

The Shifting Economics of Adviser Technology

That's why Oranj has introduced Oranj, the industry's first free wealth management platform. Oranj is an end-to-end platform that can help advisers reduce costs and offer a differentiated level of service to investors. Let's look at the cost advantages that Oranj offers to financial advisers:

	Current	Oranj
Total AUM	\$100M	\$100M
Advisory Fees	\$1,000,000.00	\$1,000,000.00
Assistant Salary	\$50,000.00	\$50,000.00
Office Space	\$18,000.00	\$18,000.00
Operations Expenses	\$60,000.00	\$60,000.00
Outsourced Compliance	\$4,800.00	\$4,800.00
Legal	\$5,000.00	\$5,000.00
Marketing	\$20,000.00	\$20,000.00
Total Software	\$75,550.00	\$21,950.00
Net Revenue	\$766,650.00	\$820,250.00

The software figures in this table are derived from the average annual costs of a variety of software solutions. Portfolio management, reporting, and rebalancing capabilities were included based on popular providers that charge on average 4 - 6 bps.

	Current	Oranj
CRM	\$1,200.00	\$1,200.00
Portfolio Management Software	\$12,000.00	\$0.00
Portfolio Reporting	\$20,000.00	\$20,000.00
Rebalancing Software	\$12,000.00	\$0.00
Risk Tolerance Software	\$3,000.00	\$0.00
Robo/Digital Advice Software (8 bps)	\$20,000.00	\$0.00
Account Aggregation	\$6,000.00	\$0.00
File Storage	\$600.00	\$0.00
Website	\$750.00	\$750.00
Total Software	\$75,550.00	\$21,950.00

With Oranj's free software model, **advisers can potentially reduce their software costs by nearly 30% per year**, without sacrificing functionality required to run their businesses.

In addition, advisers leveraging this new business model can potentially see significant savings for their clients. Let's take a look how this can impact investors' bottom line:

The figures are based on a few factors. Fund expenses assumes 25 bps. Transaction fees assume an average periodic account rebalance with 4 mutual fund trades, charged at \$25 per trade. TAMP fees are averaged to be 35 bps, with overlay fees at 20 bps. Lastly, advisory fees are assumed to be 100 bps.

	Current	Oranj
Invested Assets	\$100,000,000	\$100,000,000
Fund Expenses	\$250,000	\$250,000
Transactions Fees	\$40,000	\$40,000
TAMP Fees	\$350,000	\$0.00
Overlay Fee	\$200,000	\$0.00
Advisory Fees	\$1,000,000	\$1,000,000
	\$1,840,000	\$1,290,000
Investor Savings:		\$550,000/yr

By eliminating TAMP and overlay fees that other providers add, **investors can potentially see an annual combined savings around \$550,000 per year.** Advisers can use this as another value-add they bring to their clients, and can further differentiate their service as they look to grow their business.

Source: InvestmentNews' "An Adviser's Guide to Understanding Investors' Digital DNA" Study, 2017

Individual investors are actively consuming goods and services digitally, but their adoption of technology in their financial lives lags behind. Advisers have the opportunity to meet the demands of investors today - by leveraging technology to connect with them in ways that are already part of their daily lives.

3.5x

Times investors are more likely to have an Amazon Prime account than a 529 college savings account

66%

VS

14%

Investors using a payment application such as PayPal

Investors who have used an online budgeting tool

52%

VS

28%

Percentage of investors that play games on their phones

Percentage of investors that have used retirement calculators