



Measuring the ROI of your Digital Advisor Program

Learn how your digital investment impacts the bottom line

Consumer behavior in financial services has changed dramatically over the last decade. The vast amount of information available on the internet has shifted power to consumers; empowering them to conduct personalized research and make decisions without input from intermediaries. As a result, people are becoming increasingly more selective about their financial services providers. Furthermore, brand-based advertising and the traditional marketing funnel have less influence on the decision-making of a prospect or client. This democratization of information allows buyers to leverage multiple sources of information before making decisions. These market trends and changes in behavior continue to put pressure on financial services firms to undertake dramatic restructuring efforts toward a more customer-centric digital experience. Transforming these digital experiences will enable firms to compete for a larger share of their total addressable markets.

Unfortunately, digital transformation is a costly and labor-intensive journey. These efforts often last years with results that are hard to articulate and ultimately fail to illustrate success. Many digitization efforts start strong with the technology purchase and initiation of a field enablement program. After about two years, these programs struggle due to uncertainty around the program's efficacy and the overall return on investment (ROI) of the program. In order to sustain the growth of these initiatives, we strongly recommend that firms identify ROI goals at the beginning of any technology investment and establish clear metrics and KPIs to measure at each stage of its journey.

At Hearsay, we have constructed a ROI measurement framework with 10 distinct value areas where digital enablement technology benefits financial companies. Our framework is based on our extensive experience with more than 150 financial services and 150,000 advisors spanning wealth management, life insurance, P&C insurance, mortgage, and asset management. We have defined the value of a digital transformation effort into two distinct buckets described below – value to the enterprise and value to the advisor.

VALUE TO THE ENTERPRISE

Technology-based initiatives can provide significant enterprise benefits to an organization through efficiency and cost savings. Digital transformation ROI derives from five key categories that executives should consider below:

Compliance Mitigation

Given the complex regulatory environment that financial services firms operate in, digital technology programs can provide significant cost savings if they measurably impact risk reduction associated with a digital channel.

Enterprise Efficiency

Third-party vertical software solutions provide economies of scale and high adaptability to market changes and shifting trends. This allows enterprise investors to stay ahead of the innovation curve. These efficiencies can provide significant savings to a firm over the lifetime of the technology.

Brand Evangelization

Enablement technology provides value by streamlining the ability for an advisor and enterprise to amplify its brand presence. These digital marketing solutions assist advisors and enterprises to establish a brand presence which ultimately influences consumers and drives revenue opportunities.

Data Optimized for Upsell/Cross-sell

To understand consumer behavior, each step in the Consumer Decision Journey must be identified and analyzed.¹ Therefore, having an end-to-end technology solution that consolidates and provides uniform data across these steps will increase the accuracy of these analyses. In the longer term, this approach will provide insights that influence sales.

Advisor Retention and Recruiting

A strong digital enablement program can be used to attract millennials and digitally inclined advisors into the workforce, while also increasing the retention of existing advisors. This results in improved lifetime value per advisor for an organization.

¹ <http://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-consumer-decision-journey>

VALUE TO THE ADVISOR

Since field transformation technology is ultimately used by financial professionals, the ROI generated by advisor-influenced actions must also be evaluated. We have classified five key areas of value to the advisor.

New Business

Advisors can use digital marketing technology to actively prospect and source new clients, thereby driving significant value when evaluating digital sales attribution.

Advisor Upsell and Cross-Sell

Advisors are able to increase their engagement with clients through digital channels which helps facilitate upselling and cross-selling products and services.

Customer Acquisition and Maintenance

Acquiring and maintaining a customer relationship involves significant investment on the part of the advisor. Digital technologies can streamline this process and lower costs related to the acquisition and maintenance of a client relationship.

Customer Retention and Churn

Digital marketing programs can be used by advisors to enhance customer loyalty. This process can increase customer retention and prevent potential asset or policy churn.

Advisor Efficiency

Today's advisor has a tremendous amount of tasks to accomplish on a daily basis. Digital enablement technology seeks to reduce time spent on redundant or repeated tasks and to optimize the advisor's time to drive higher value activities.

MEASUREMENT AND BEYOND

Marketers in Financial Services should assess their current program against these 10 value areas, and determine the strategic goals of their program. From there, organizations must establish a KPI framework and undertake consistent data collection efforts to prepare for a quantitative value analysis. It's important to note that even if firm goals center on a single value proposition for a digital program, the true return on a digital investment is often multi-dimensional and should measure multiple components of value.

At Hearsay, we have worked with many organizations to build and refine quantitative ROI measurement methodologies for each of the value areas discussed above. We suggest that firms who wish to conduct a quantitative analysis:

- 1. Identify core financial targets.**
- 2. Identify value areas of investment that align with the core financial target.**
- 3. Construct a relevant KPI framework.**
- 4. Establish necessary data tracking, storage and analytical models to assess progress to goal.**
- 5. Conclude with a financial correlation analysis.**

If a financial services organization would like strategic guidance in structuring an ROI framework, Hearsay provides an Advisor Digital ROI Assessment. Hearsay's offering is a tailored ROI consulting package meant to assist each organization through conducting a comprehensive review into the value Hearsay's Advisor Cloud solutions provide. Our subject matter experts will work directly with internal teams at each firm to identify the areas that are a priority for the company and provide assistance in the following areas: defining data requirements, defining the KPI framework, building correlation models, and constructing in-platform experiments to demonstrate causation.

For more information on Hearsay's advisor digital enablement ROI framework, please contact the Hearsay Customer Success team at customersuccess@hearsaysocialcorp.com.



Hearsay Systems offers leading Advisor Cloud solutions for financial services, empowering advisors to efficiently and compliantly use social media, websites, text and email to engage with customers, build stronger relationships and grow their business. Its prescriptive technology processes and prioritizes data from across digital channels and data systems, providing actionable suggestions for advisors on how they should engage with customers next. Built for the enterprise, Hearsay connects these advisor-client interactions and data to corporate CRM systems and digital marketing programs, and provides efficient compliance supervision and review workflows – all on a secure, enterprise-ready platform.