

Nucleus census 2021

Key findings from Nucleus users

Explore the census – start reading

Giving you a platform to debate

- 01 The impact of lockdown
- 02 Your business
- 03 Your clients
- 04 Your platform usage
- 05 Your investment solutions
- 06 Your third-party usage
- 07 Your future

Hello and a warm welcome to our 2021 Census covering what has clearly been a memorable year (not always for the best reasons).

If this is your first look at the Nucleus census, I’m delighted to welcome you. The 2021 census will help provide an impression of the types of advisory businesses using the Nucleus platform, and their thoughts about some of the key themes across our industry now and in the future. Perhaps you’ll see some similarities. If you’re a regular reader, a warm welcome back to you too. The census will allow you benchmark the progress of your firm against others in the community of Nucleus users. We think this is valuable insight and something that’s been enhanced as part of this year’s analysis, with some results now available at regional level.

Roll back to March 2020, I don’t believe many thought we’d still be in this position more than a year after the original lockdown. Everyone has their own story about this time, where working from a spare room or kitchen has become the norm, many struggled to juggle work and home life commitments, and meetings with family and friends took place online. With lockdown starting to ease (for hopefully the final time) and elements of normal life starting to return, things are starting to look a little more positive.

The results of this year’s census reflect the progressive, client-centric and tech-savvy nature of the Nucleus community. Changes to your businesses (some enforced, some by choice) saw new ways of working introduced which are set to remain in the future, and which look to have improved the overall client experience. Firms realised quickly that staying closely connected with clients across these worrying times would be appreciated and continue to build on the trusted relationship between planner and client. The results showed average active client numbers swelled, the proportion of your time spent with clients and prospects increased, and turnover levels improved for over half of firms, all during a global pandemic.

Times like these can lead to thoughts about the future, with more business owners realising a need to consider succession. The interests of your colleagues and clients plays a huge role in this decision with the lure of large consolidators or product providers lessening. The trend of seeking a sale to a likeminded advice firm continues reflecting a potentially more difficult exit, but certainly a more satisfying one. The concern and challenge around how to scale your businesses efficiently remains. Perhaps the more digital way of working has opened doors to opportunities you’ve dreamed of introducing, but never found the time or opportunity to research and implement.

I’d love to hear your thoughts about the analysis and findings. If you have any feedback, please drop me or any of the team a message.

Thanks again for your ongoing support.



Darren Lowry
Head of sales, Nucleus

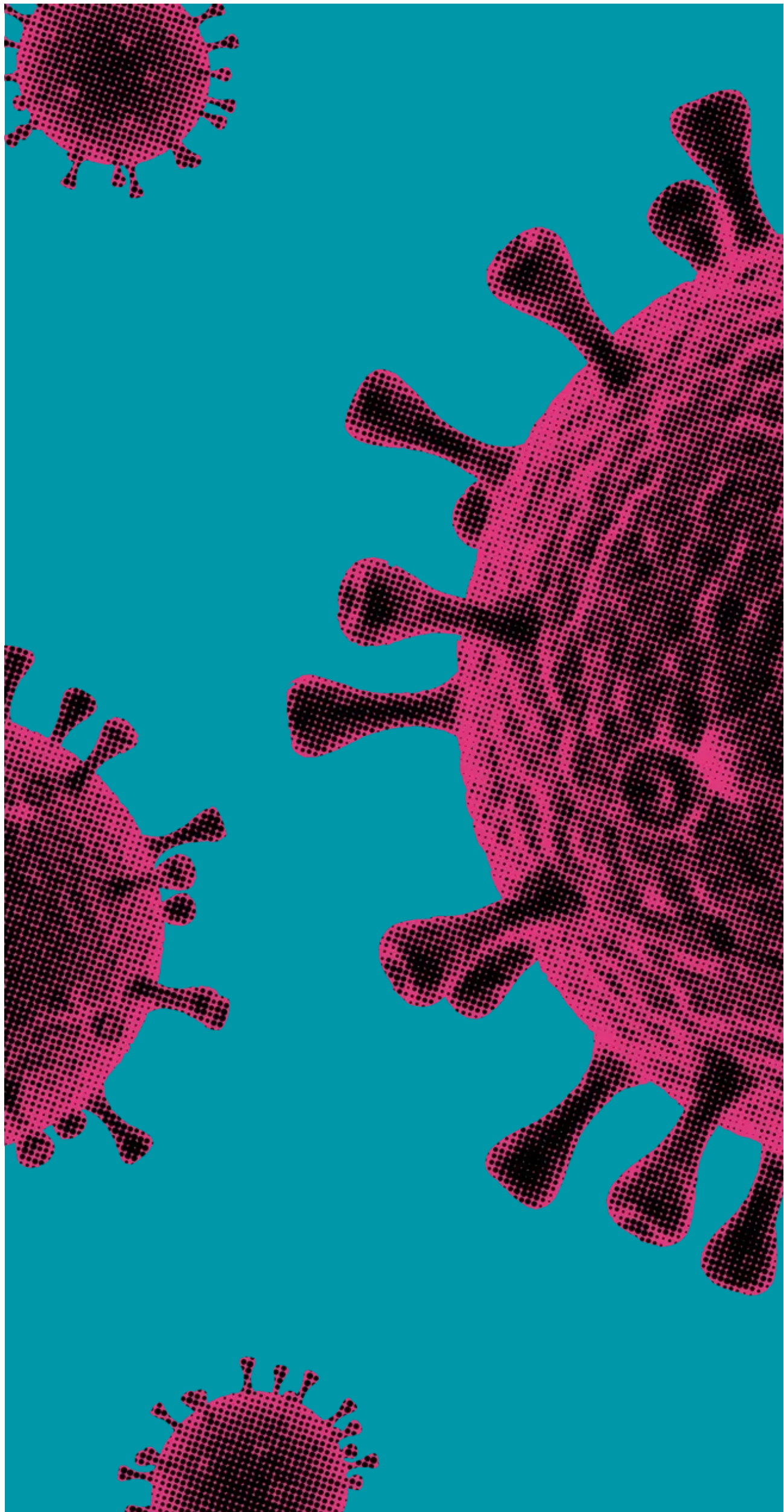
Start exploring the 2021 census

The impact of lockdown

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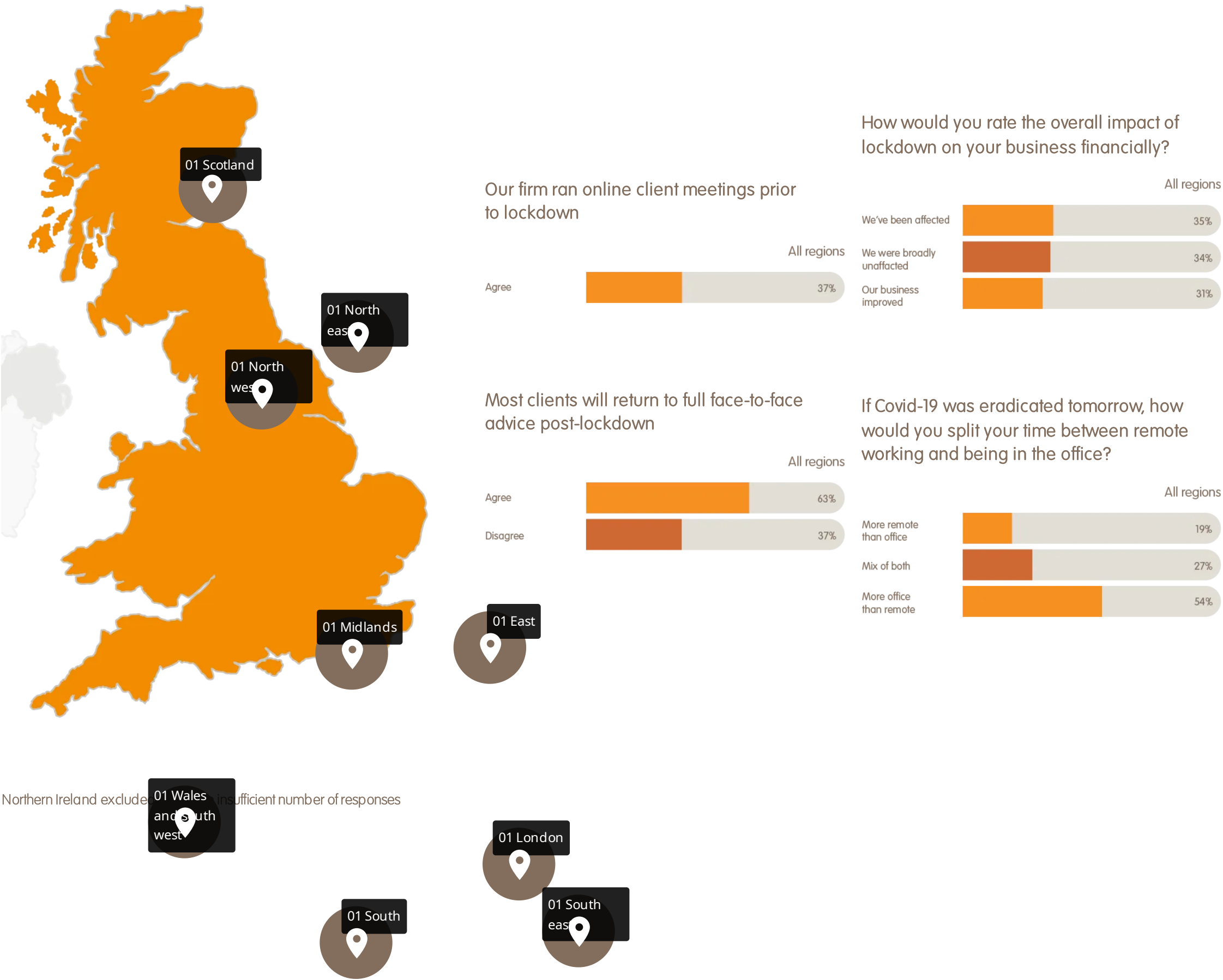


01

The impact of lockdown on your business

The impact of the pandemic will be felt for many years to come. It's affected us in ways we may yet be unable to understand. From a business perspective, the census showed there were three main areas impacting your business both positively and negatively: employees, financials and clients.

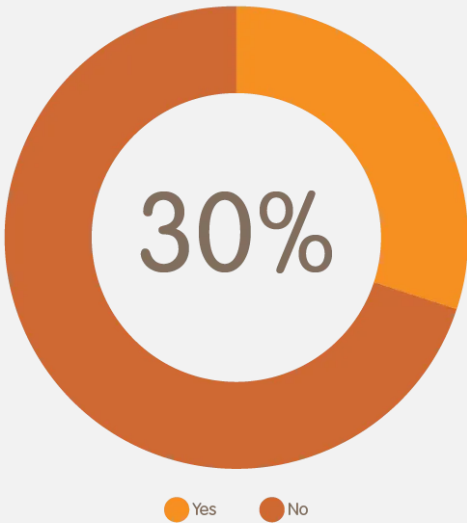
Select a region on the map to see results at regional level.



Pre-lockdown

Prior to lockdown, a significant proportion of Nucleus users were already exploring alternatives to face-to-face advice and conducted online client meetings. This rocketed as lockdown restrictions were introduced, but for many the move to online working would've been an easier transition (although not on the scale seen).

Our firm ran online client meetings prior to lockdown...



During lockdown

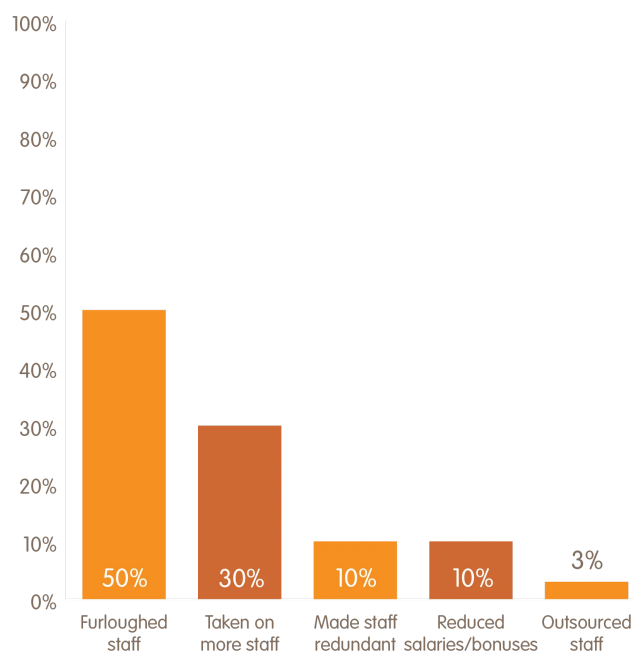
Lockdown of course meant offices were closed. Despite lessening of restrictions over the summer and the subsequent return to lockdown after Christmas, eight out of ten users say all or nearly all employees have worked remotely since March 2020.

Since March 2020, roughly what proportion of your staff still in employment have worked remotely?



Staff factors

Has your business taken any of the following measures during lockdown?

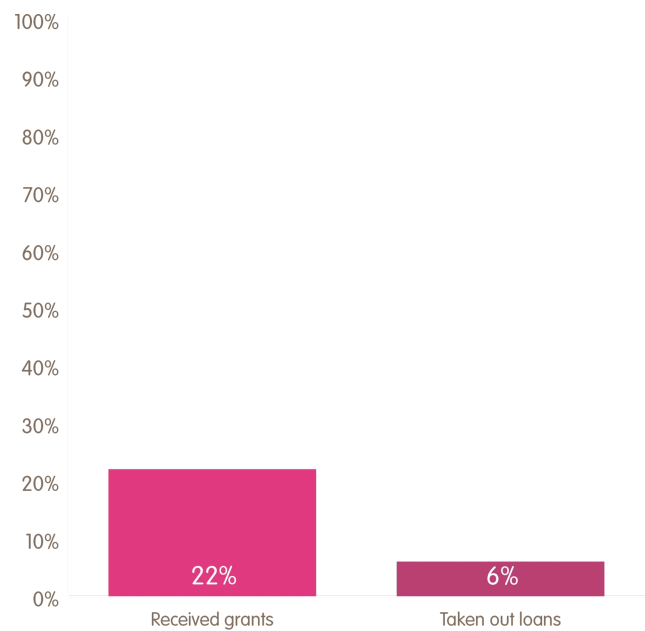


The financial impact of lockdown had clear implications with firms turning to government help to ensure survival. 50% of responders work with firms that furloughed staff, 10% saw staff redundancies and 10% saw a reduction in salary or bonuses. Clearly any reduction in staff is a last resort, is upsetting for those within the business and can disrupt the natural flow of working (albeit nothing was natural over lockdown). This isn't a decision anyone would've taken lightly.

Some firms (30%) took the opportunity to bring in more staff, and some turned to outsourced solutions (compliance or paraplanning) to help keep things moving for clients.

Financial factors

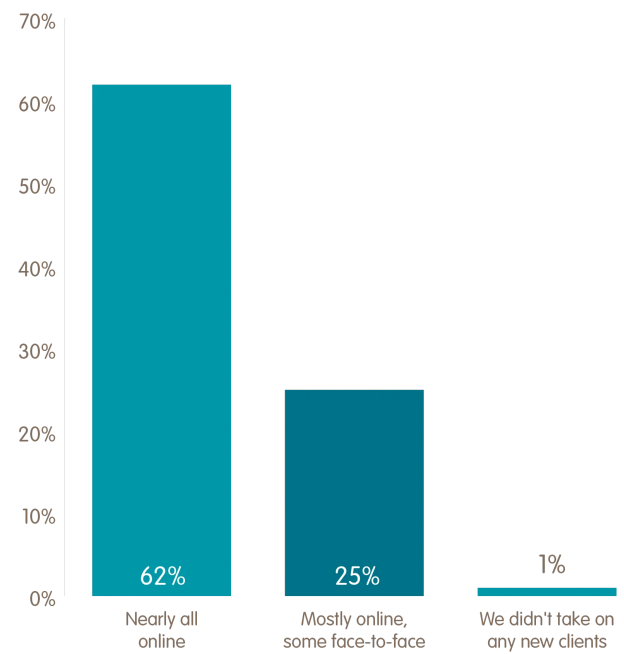
Has your business taken any of the following measures during lockdown?



There's a big divide relating to the financial position many firms found themselves in, with around a third believing lockdown had a negative financial impact on their business. Only a small proportion of firms turned to government assistance (out-with furlough) or took out loans. Around two-thirds believe their business has been unaffected or has improved over lockdown, potentially as they embraced (and retained) a new way of working.

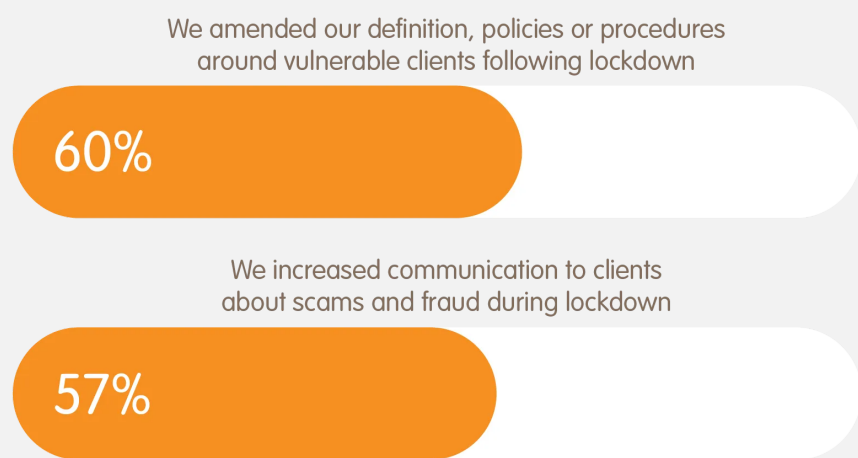
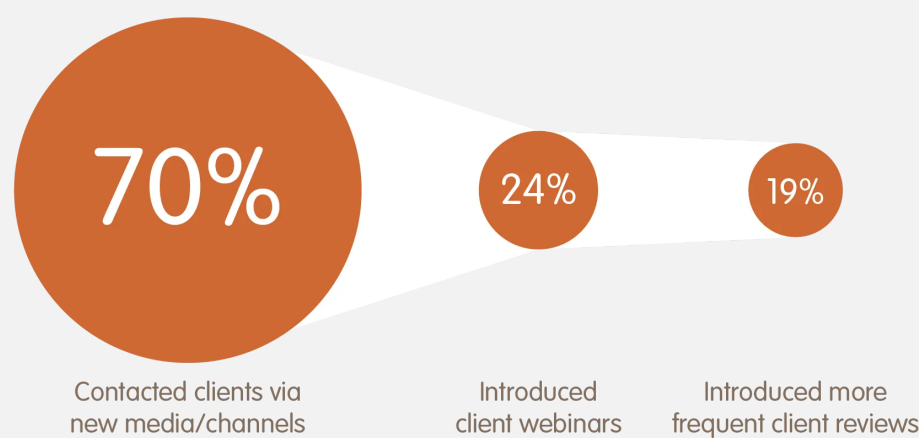
Client factors

By what channel was new client acquisition done across lockdown?



Of course, face-to-face interaction with clients or prospects was near impossible across much of the year. Unsurprisingly, the majority (87%) of new client acquisition was done online or mostly online. A quick look at comments in any of the trade press will confirm there are split camps about the merits of both approaches, with many believing the trusted relationship between adviser and client can only be achieved through a face-to-face approach. But there's no doubt for some, the digital adviser model is the way ahead with no detriment to the client experience. This may be the type of approach they've dreamed of introducing, but never found the time or opportunity to research and implement.

What client measures has your business taken during lockdown?



Improved client experience

Many have embraced client webinars and alternative contact channels to ensure more frequent contact with clients.

Staying more closely connected with clients is likely to be particularly appreciated across these worrying times. And this increases trust. During early 2020, when many direct investors were trying to trade (and time) the market, around three quarters of Nucleus users said their clients made no change to their portfolios, demonstrating the value and benefit of an advised relationship.

Vulnerable clients

Lockdown meant an increased focus on vulnerable clients, with FCA research showing a significant increase in clients who could be classed as vulnerable.

The increased focus on digital engagement meant scams became more frequent and sophisticated, so it's great to see nearly six out of ten firms increased communication to clients over this period. The FCA has committed to protecting vulnerable clients and rightly believe the financial consequences of Covid-19 will be around for years. They are clear firms should be doing more to prevent harm from scams, so this feels like a step in the right direction from many.

Beyond lockdown

Working patterns

Working patterns don't look to be returning to 'normal' anytime soon. The desired approach looks to be a mix of remote and office-based working, with the average score being 6.12 out of 10 (0 being fully remote and 10 being a full return to the office).

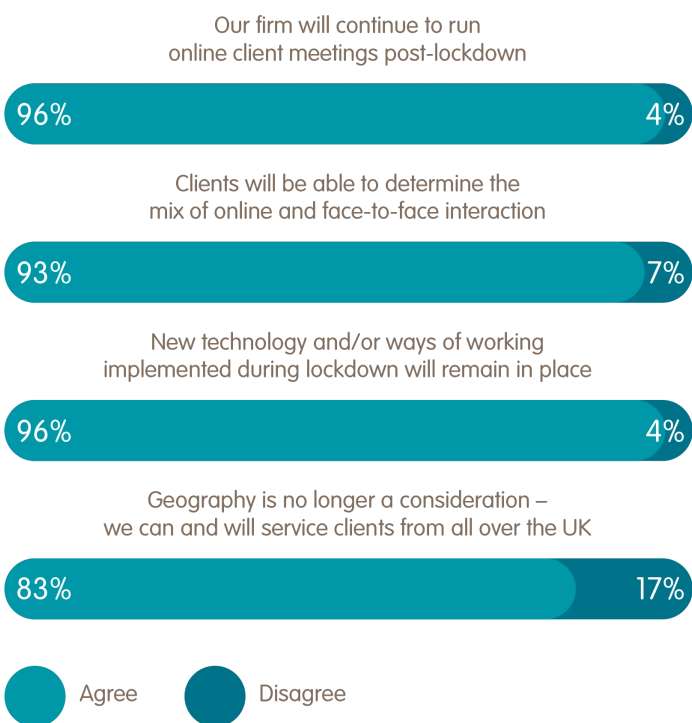
However more than half (53%) wish to return to a more office-based working pattern. After a year+ of potentially solitary working from home, it's easy to understand why.

A permanent change?

96% of responses state new technology and/or ways of working will remain in place, so the new way of working is here to stay.

That's not to say there isn't a place for face-to-face meetings – in reality, a lot of this will be driven by client demand (93% say clients will determine the mix of online vs face-to-face engagement).

Another interesting development from lockdown surrounds location. Eight out of ten responses showed geography is no longer a consideration and their firm will service clients from all over the UK. This approach may allow firms to widen their target market of clients but would be heavily reliant on the continuation of virtual client engagement.



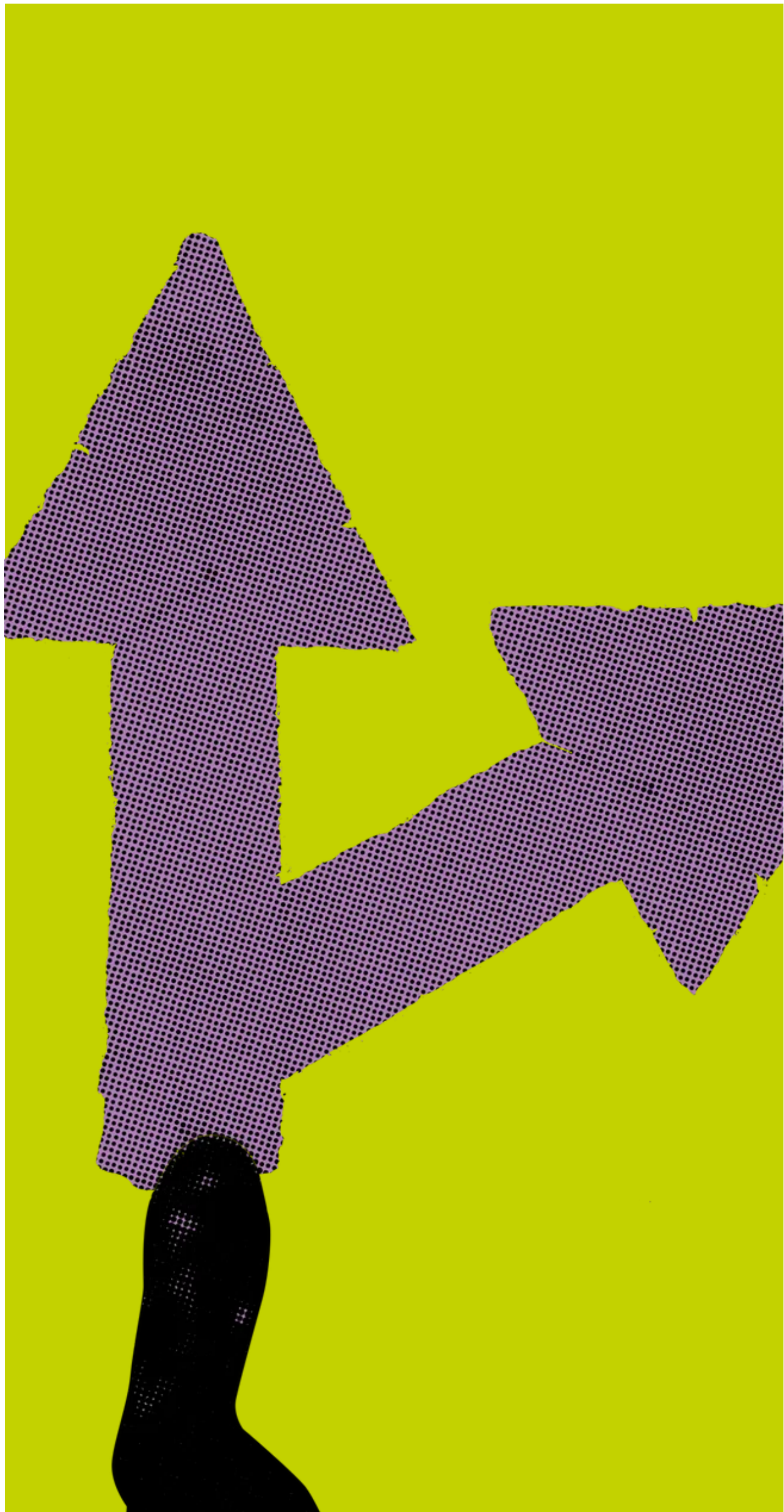
Next... chapter two

Your business

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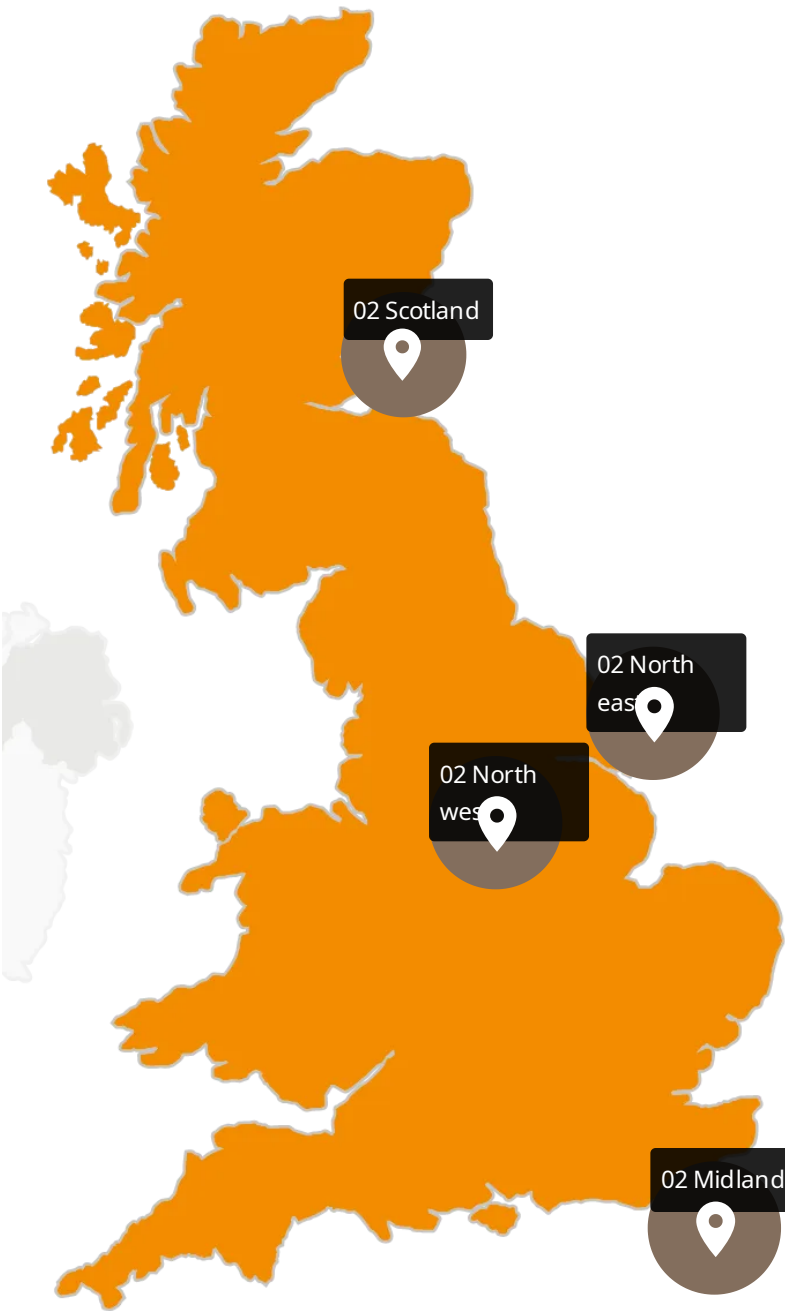
02

Your business

Firms using Nucleus are typically smaller but look to be going from strength to strength financially, with over half experiencing an increase in turnover across 2020.

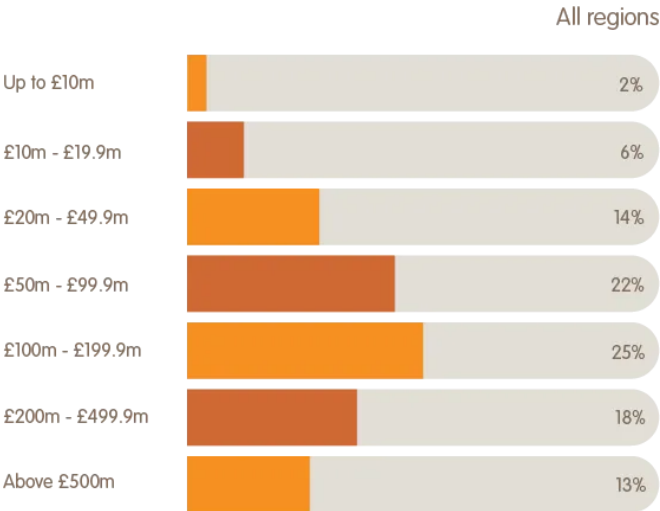
The future success of your business may be helped through demonstrating there's a career path for the younger members of your team. However, ongoing issues around PI insurance and regulatory fees persist.

Select a region on the map to see results at regional level.

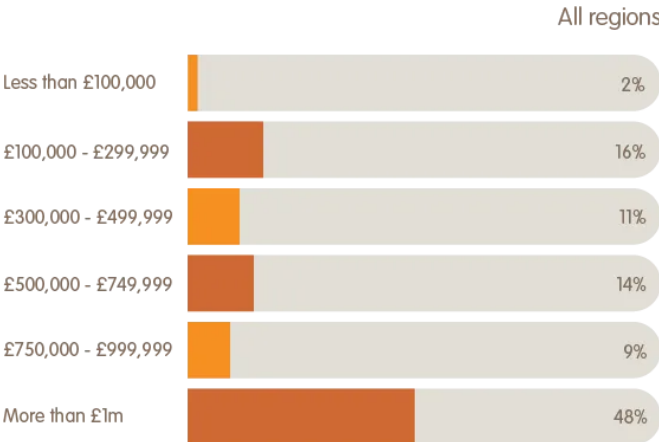


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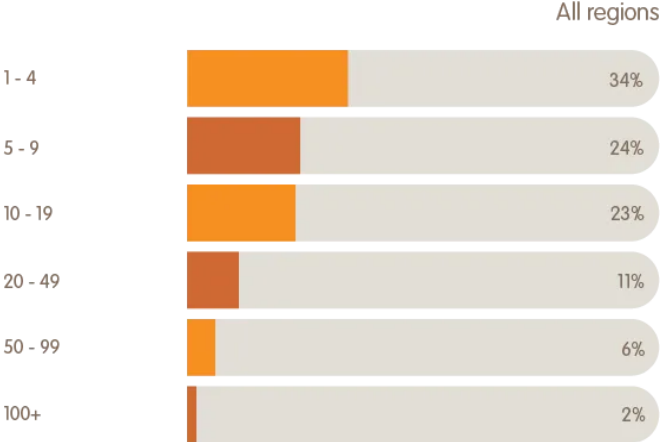
Assets under management



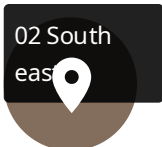
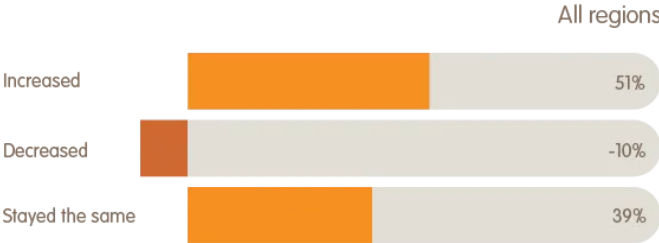
Turnover



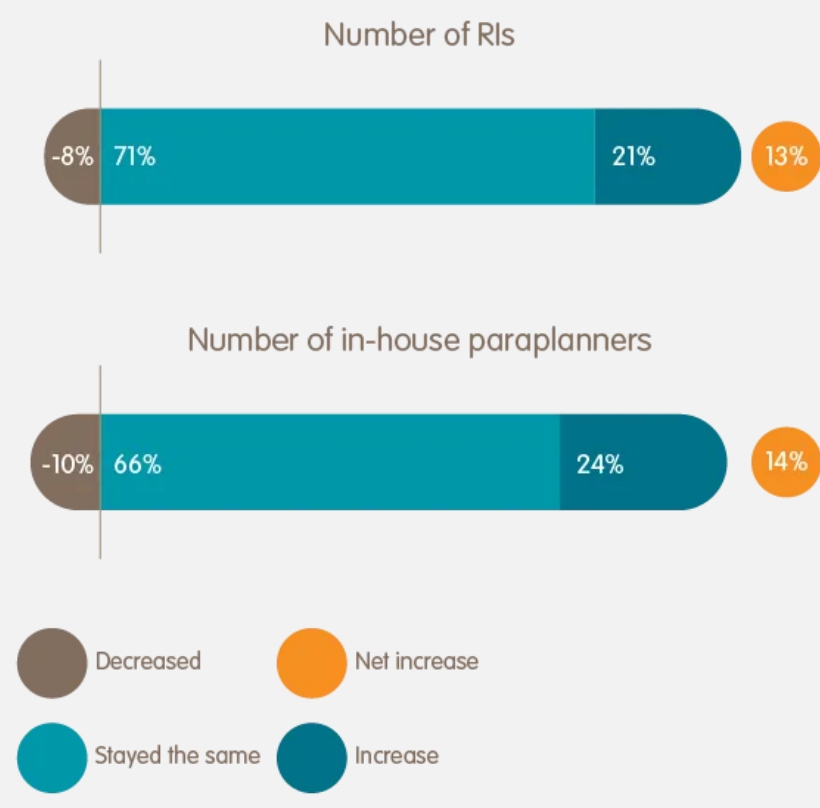
Number of employees



Will this be an increase, decrease, or roughly the same turnover as last year?



Did the number of employees increase, decrease or remain the same across 2020?



Your people

Advisory businesses using Nucleus are typically smaller businesses, with over 80% having fewer than 20 employees.

But your businesses are growing. We asked how the number of employees within each role changed over 2020 and, on average, you told us there was a net increase in all directly employed roles, particularly RIs and in-house paraplanners.

Show them the way

So where did the increase in numbers come from? Like any business, it's a complicated pattern.

The open market was the most common source, with two-thirds of firms recruiting staff this way. Some was driven through the promotion of internal staff (a third of firms did this) and then recruiting further down the business which can help demonstrate a career path for staff. This is a great strategy to help with the future of the business, particularly as two-thirds of responders employ at least one person under the age of 30. Demonstrating a career path exists (if staff want this), can help staff loyalty, and clearly a low turnover of staff increases knowledge of your business and furthers client understanding and continuity.

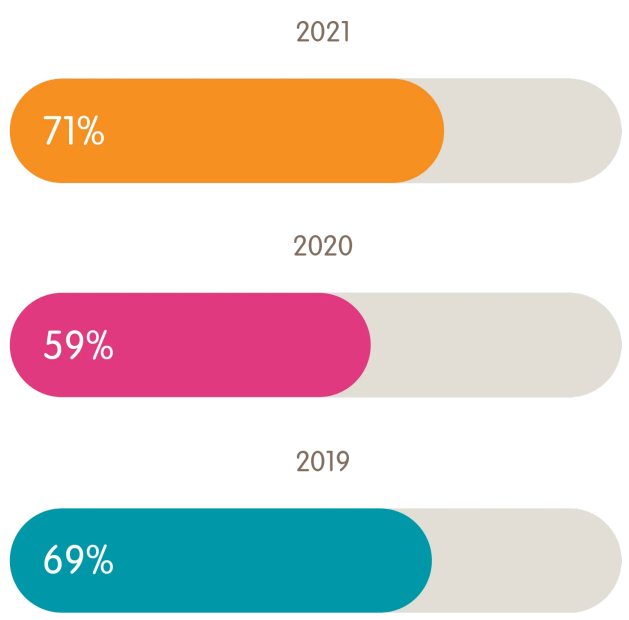
Financials

Turnover

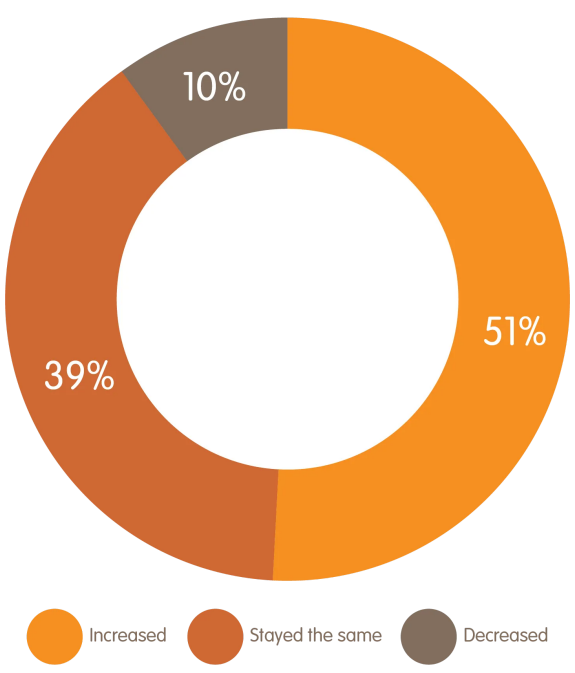
Despite the difficulty faced by many businesses over 2020, over half reported an increase in revenue vs 2019.

This is highlighted by an overall increase in firms turning over £500,000+, which seven out of ten firms do. Some noted this had "recovered greatly in the last quarter" demonstrating a strong bounce back at the end of the year.

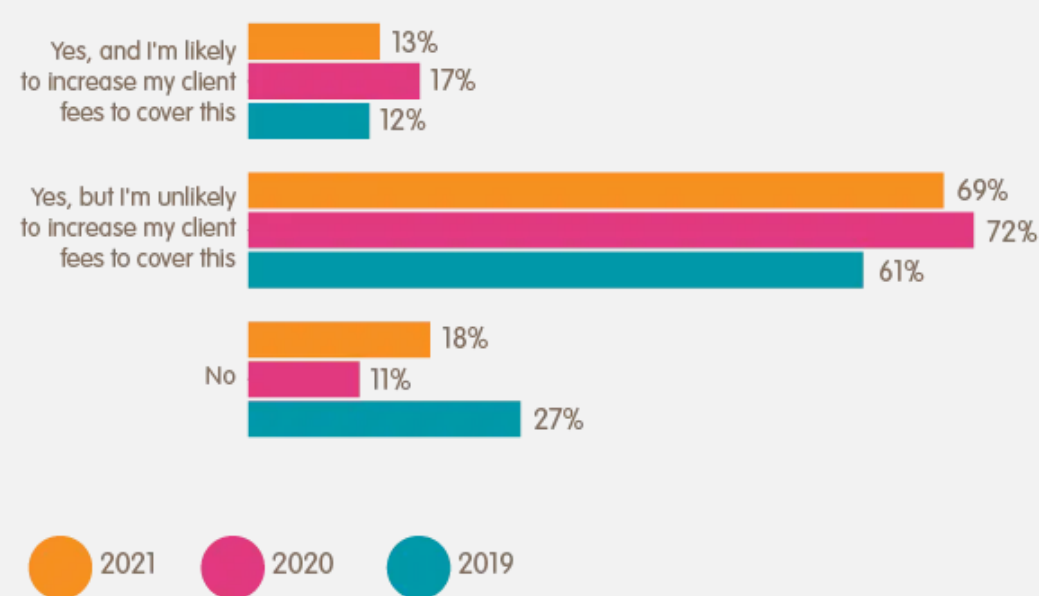
What percentage of firms achieved a gross turnover of over £500,000?



Will this be an increase, decrease or roughly the same turnover as last year?



Do you anticipate a rise in your regulatory and PI insurance bills across 2021/2022?



Your firms' fees

The increase in revenue will be offset by a clear and significant rise in the regulatory fees and PI insurance required.

These increased by an estimated 37% and 26% respectively. And expectations are these will continue to rise, with over 80% expecting an increase next year. Nearly seven out of ten firms don't expect to raise fees to cope with this. Responses around why not were:

“Already increased client fees to cover cost”

“Hopefully not, unless they want firms to go under”

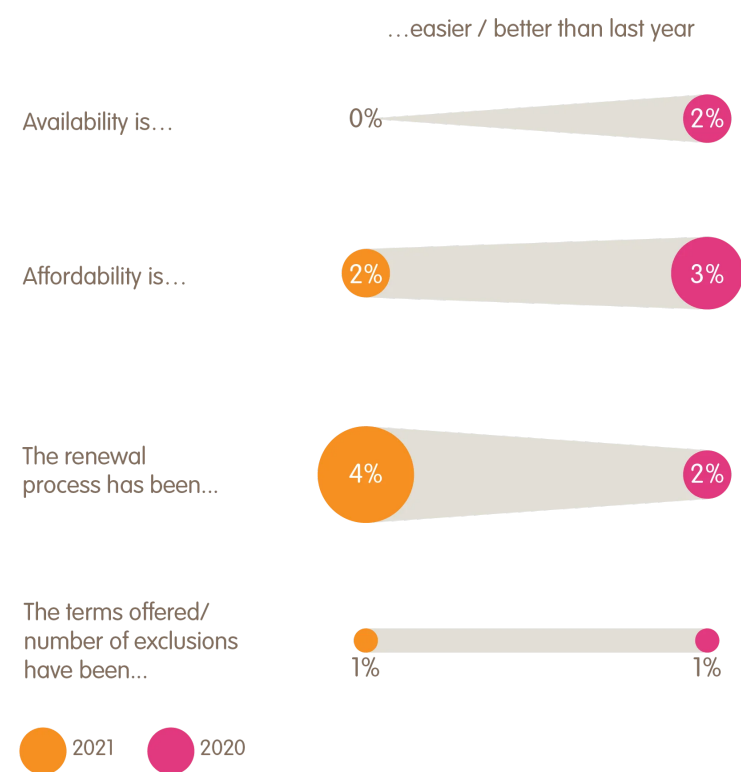
“A % charge makes it more difficult to increase client fees”

Persistent PI problems

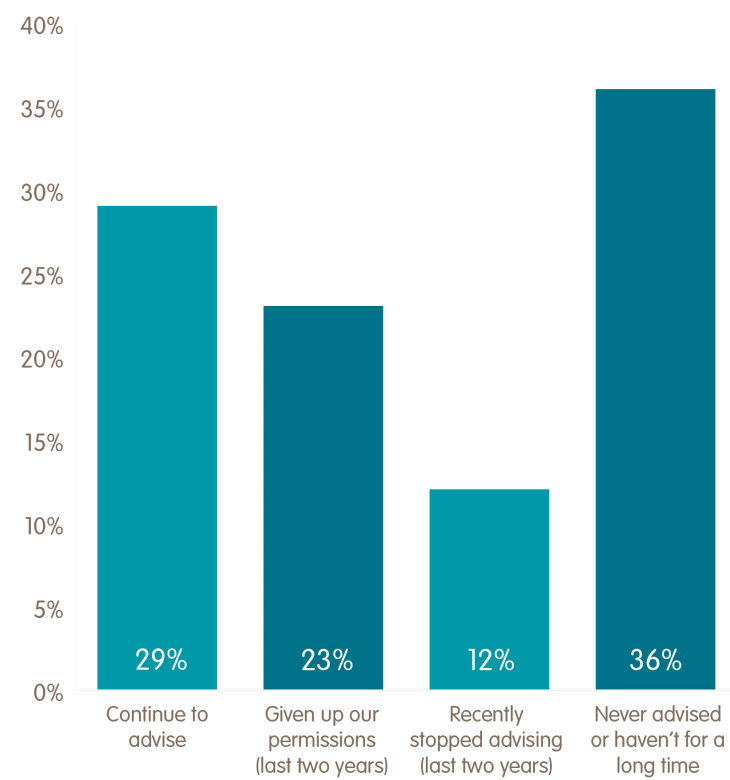
Sourcing affordable levels of PI insurance remains an issue.

Not one responder found the availability of PI insurance to be easier than last year and only a handful agreed the affordability, process and terms offered were better. So we're seeing no significant improvement in this area. Some mentioned fees had reduced as they had given up their DB transfer permissions. However, there appears little immediate correlation between these two factors across our user base.

Which of the following statements describes the availability and affordability of PI insurance this year?



In terms of DB transfer requests do any of the following apply to your firm?

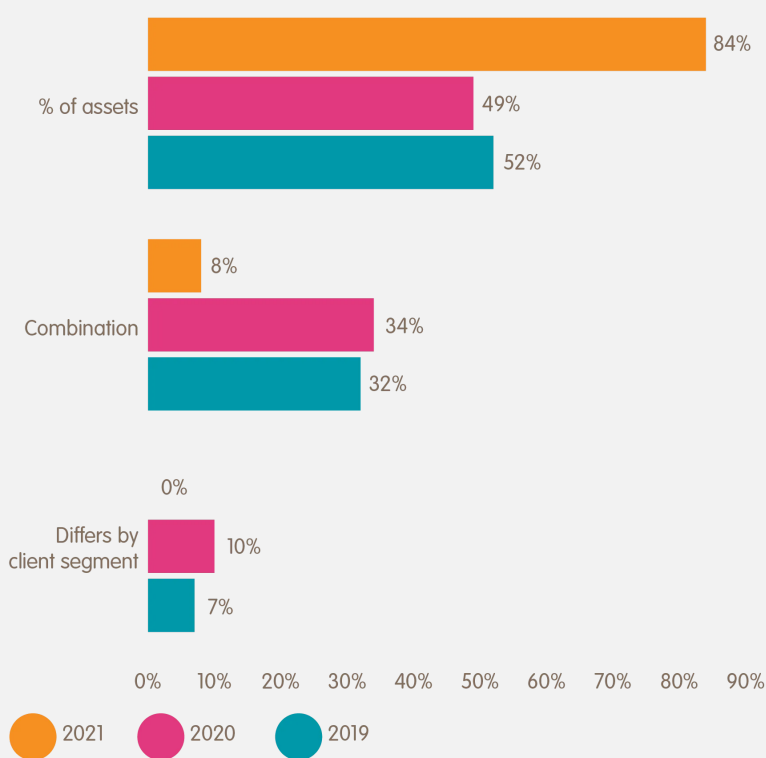


Client charging methods

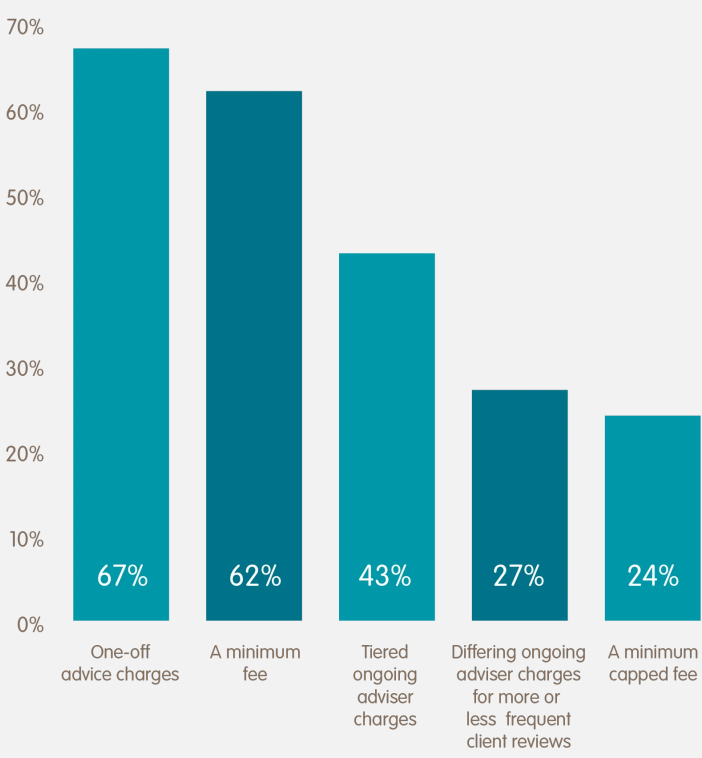
Regular readers of the census will know we've seen a progressive shift in client charging models from the percentage of assets model towards a combination view.

However, this looks to have been reversed with eight out of ten businesses charging a percentage of asset fee for clients. The reality is many are flexing the percentage of assets model to incorporate flexibility such as one-off advice charges, applying minimum or capped fees, and tiered charges to reflect a different approach for different value clients. Platforms do it, so why shouldn't you?

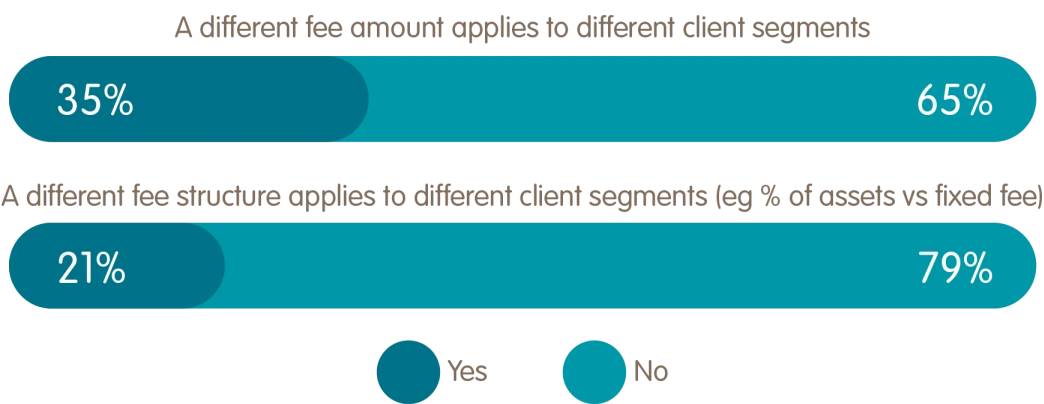
For fee business how does your firm charge clients?



Does your fee structure include any of the following?



Do you charge different client segments differently?



Client value not client segment

In terms of segmentation, nearly two-thirds charge the same fee regardless of client segment, while almost 80% offer no alternative structure across segments.

Client value is the most commonly used variable within segmentation, but is one of, on average, four variables used. So it's clear it's the client's value, not segment, that's broadly driving any alternative pricing model.

A spotlight on charges

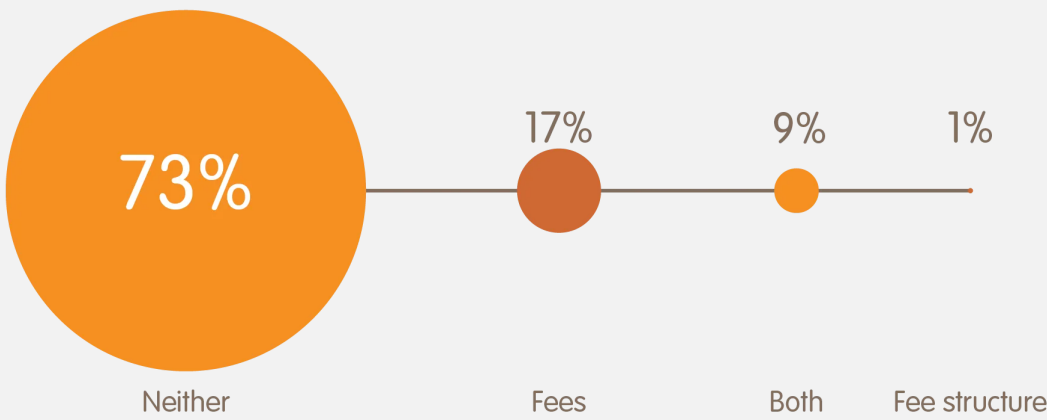
Nearly three-quarters of respondents say they've not been challenged by clients about their fees or fee structure. This shows most clients are happy with what and how they pay for your services.

Costs and charges disclosure documents were intended to bring transparency to the charges clients face, and any actions taken by you and your firms has been around the investment or platform charges. Only 11% of respondents say they've reduced adviser fees for clients, showing you believe any cost pressures should be pushed onto the investment managers and platforms. Brett Davidson has an interesting take on if you should ever negotiate on fees in our illuminate series.

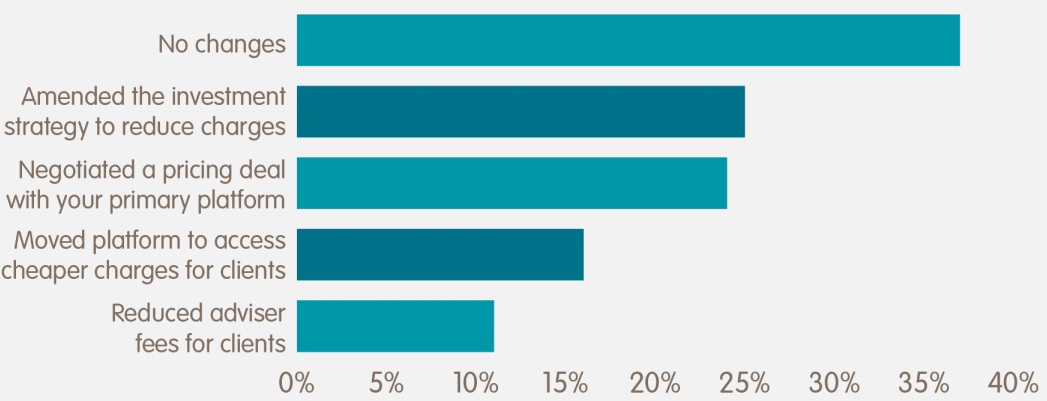
Further reading...

Should you ever negotiate fees?
By Brett Davidson

Have any clients challenged your fees or fee structure?



With an increased focus on costs and charges documents, did your firm undertake any of the following activities over 2020?



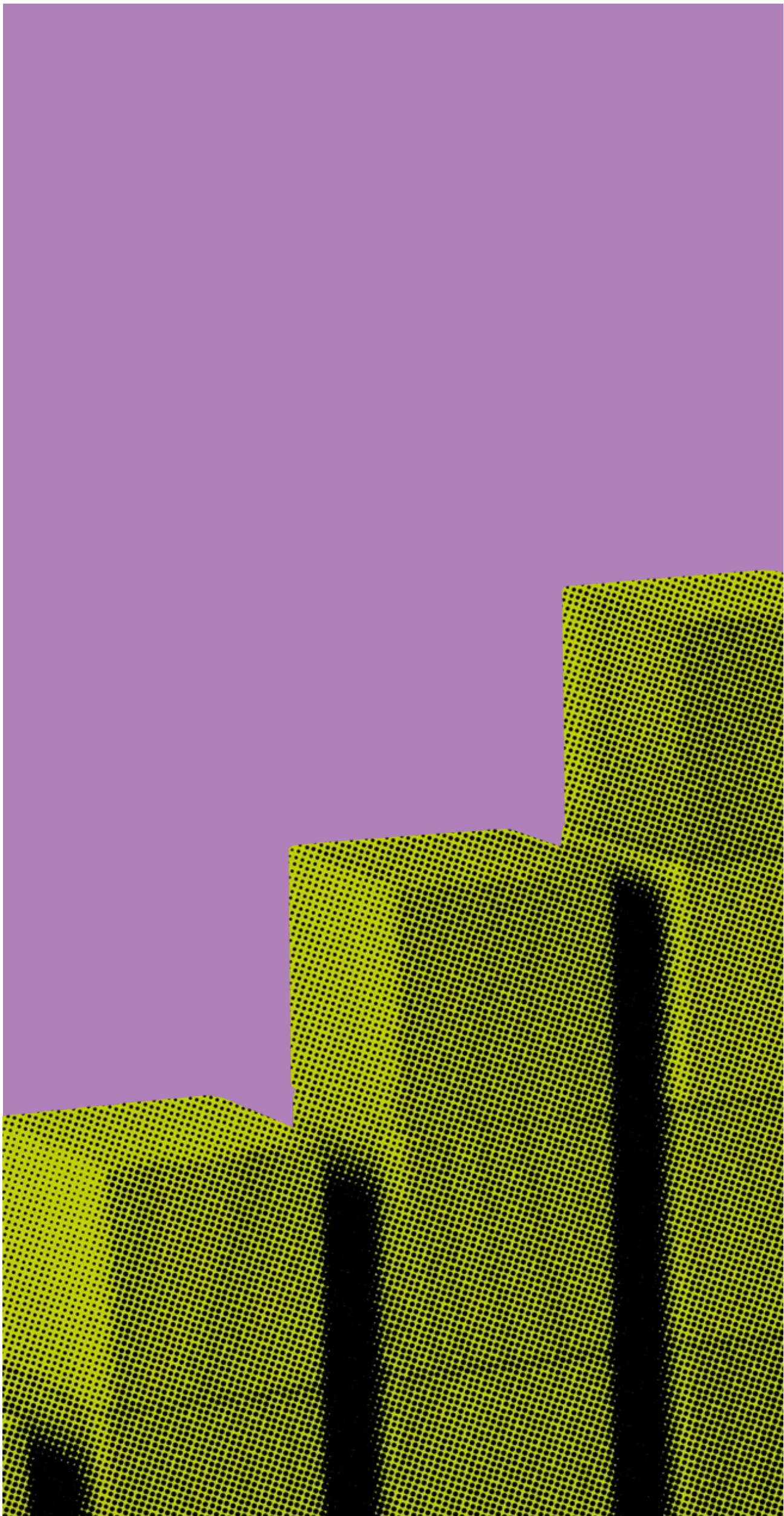
Next... chapter three

Your clients

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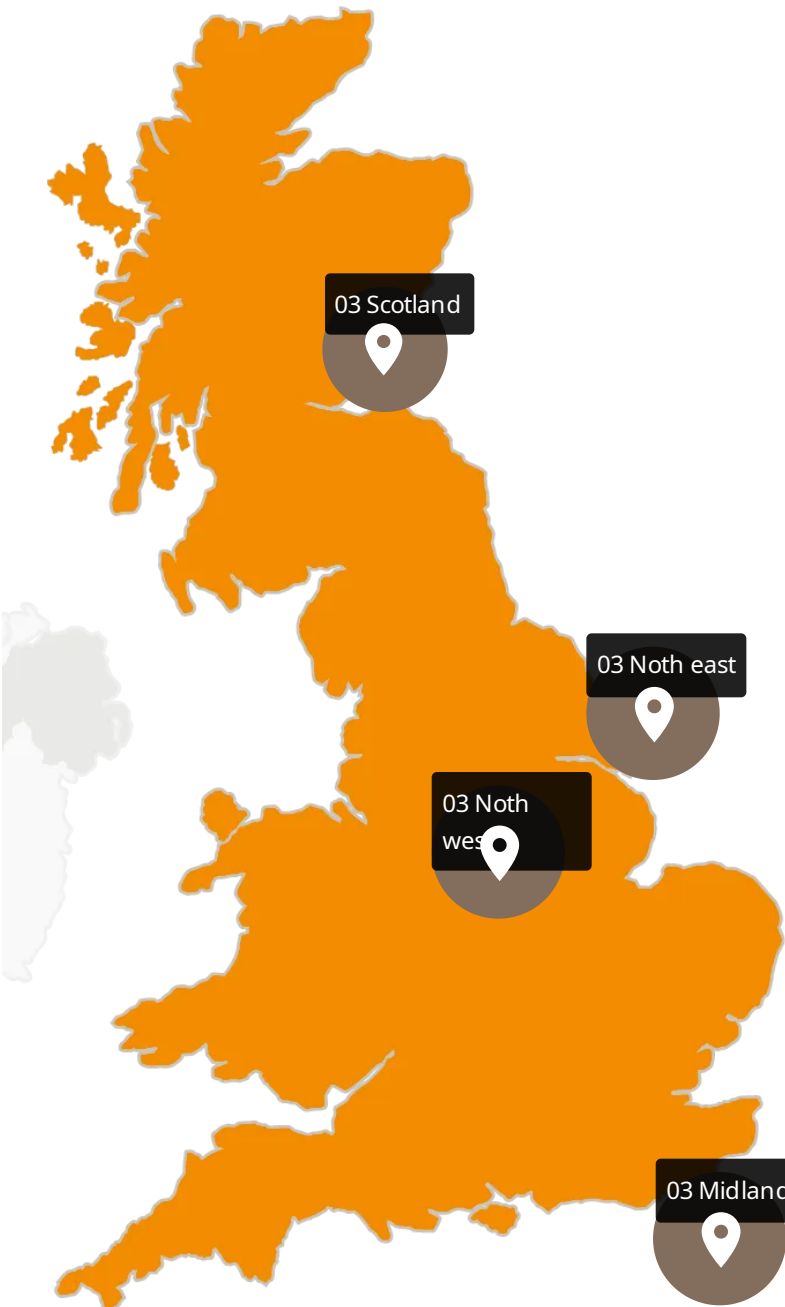
03

Your clients

Average client numbers per adviser and average client values grew, reflecting optimism in last year’s census. This could be a result of a move to a virtual advice service allowing you to spend more time with clients and prospects.

This has implications for the future, with three quarters expecting to see growth in client numbers again this year

Select a region on the map to see results at regional level.

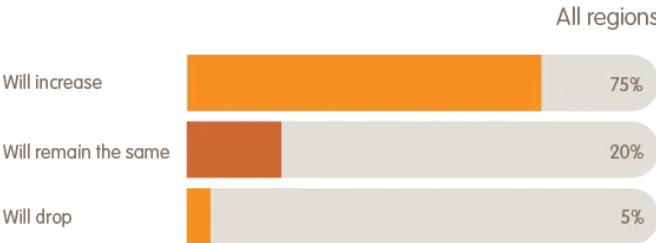


Northern Ireland excluded due to an insufficient number of responses

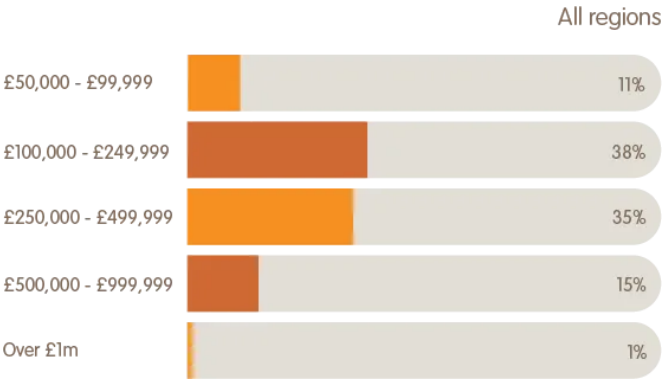
Average active clients



In the year ahead, how will the number of clients your firm actively deals with change?



Average investable assets

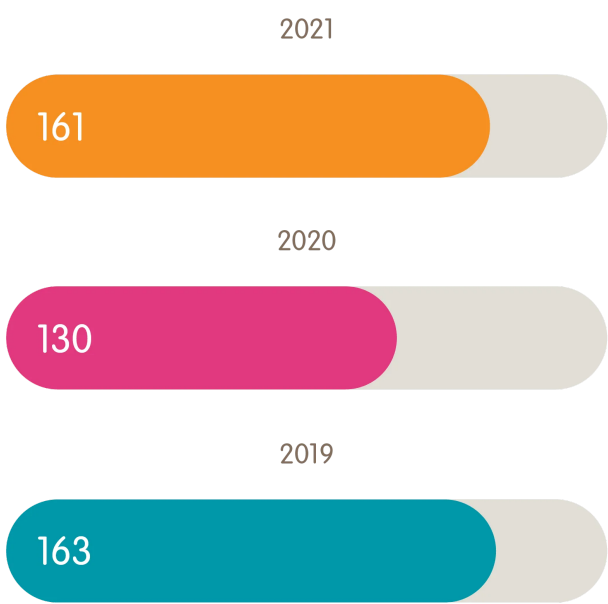


Active clients

Average client numbers saw a huge jump from last year, back in line with 2019’s numbers to 161 active clients per adviser.

This resonates with optimism seen in last year’s census, where over 70% of responders expected the number of clients they dealt with to increase. And across 2020, less than a fifth of you rated the number of new client enquiries and new client acquisition to be below expectations or poor. Most firms saw growth driven by organic means, with only 11% increasing client numbers via a business or client bank purchase. Considering the average size of most businesses using Nucleus this would be expected.

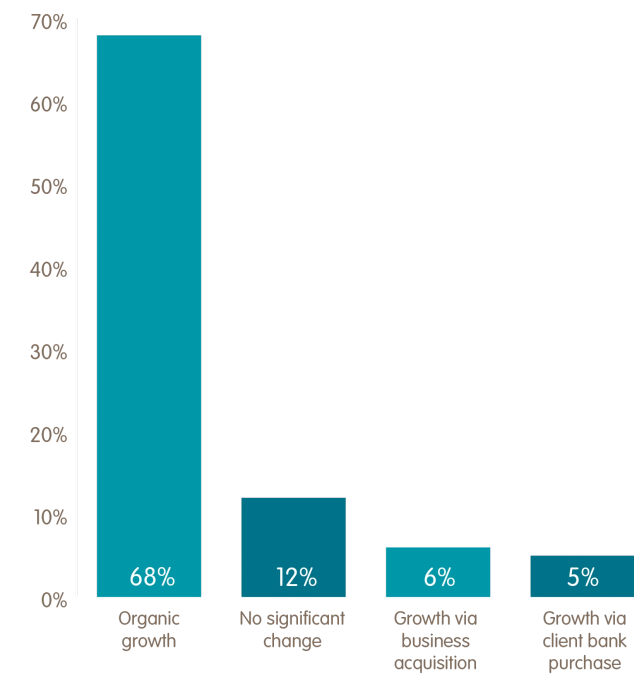
How many active clients are you personally responsible for?



How would you rate the following factors for your firm across 2020?



What would you attribute the change in the number of active clients advised by your firm?

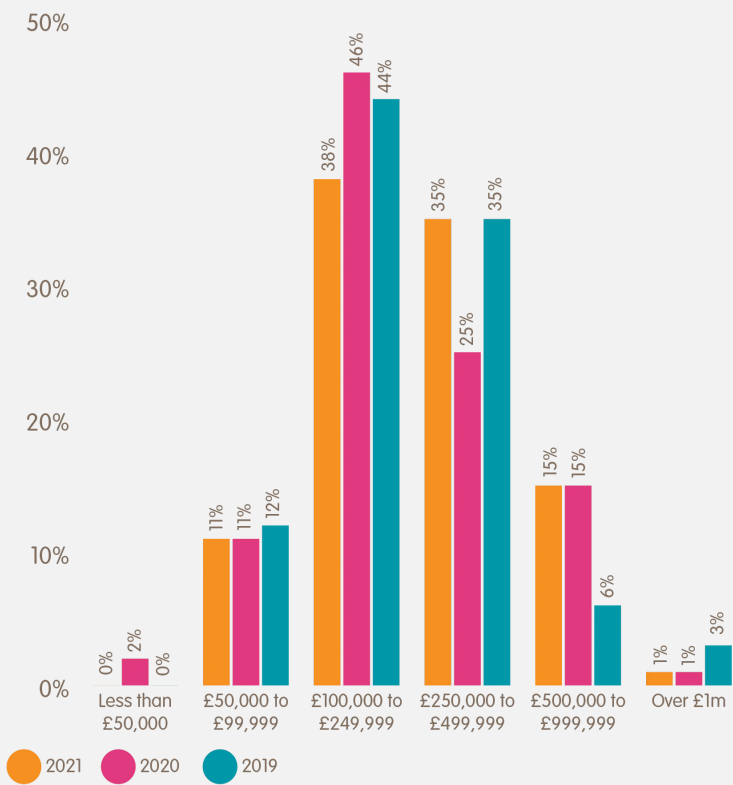


Average values

As well as an increase in the average number of clients, the average investable client assets also increased, particularly across the £250,000-£500,000 grouping.

Again, only 14% rated the levels of new business received from clients as below expectations or poor and three quarters felt client appetite to invest was strong. Clearly it was a tough year for many, so what may account for this increased appetite?

Looking at your client profiles - what would you estimate as their average investable assets?



How would you rate the following factors for your firm across 2020?

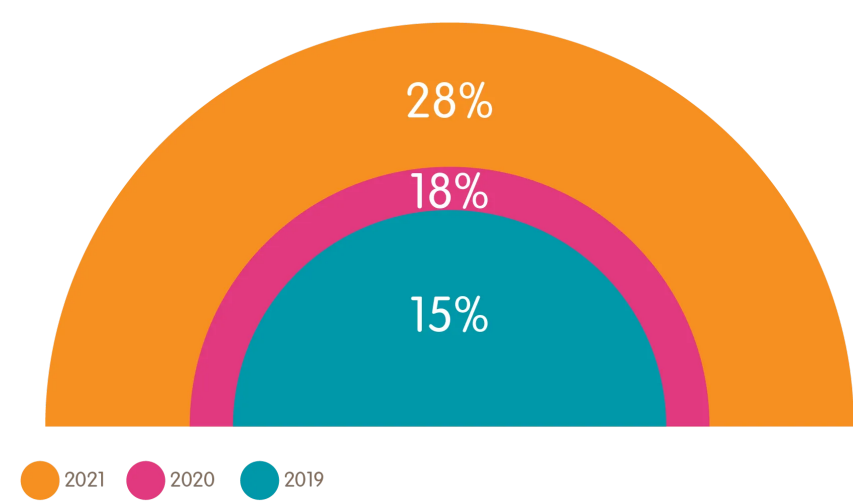


More time with clients

As demand for your services continues to grow, moving to a more digitally based advice business is certainly one way to help increase capacity.

It also appears to be helping with the amount of time you spend with clients or prospective clients, with those spending more than 40% of their time with clients up to 28% this year compared to just 18% in last year's census. Reducing travel time and removing some of the distractions of being in an office may have contributed to this.

Percentage of advisers spending more than 40 per cent of their time with prospective clients...



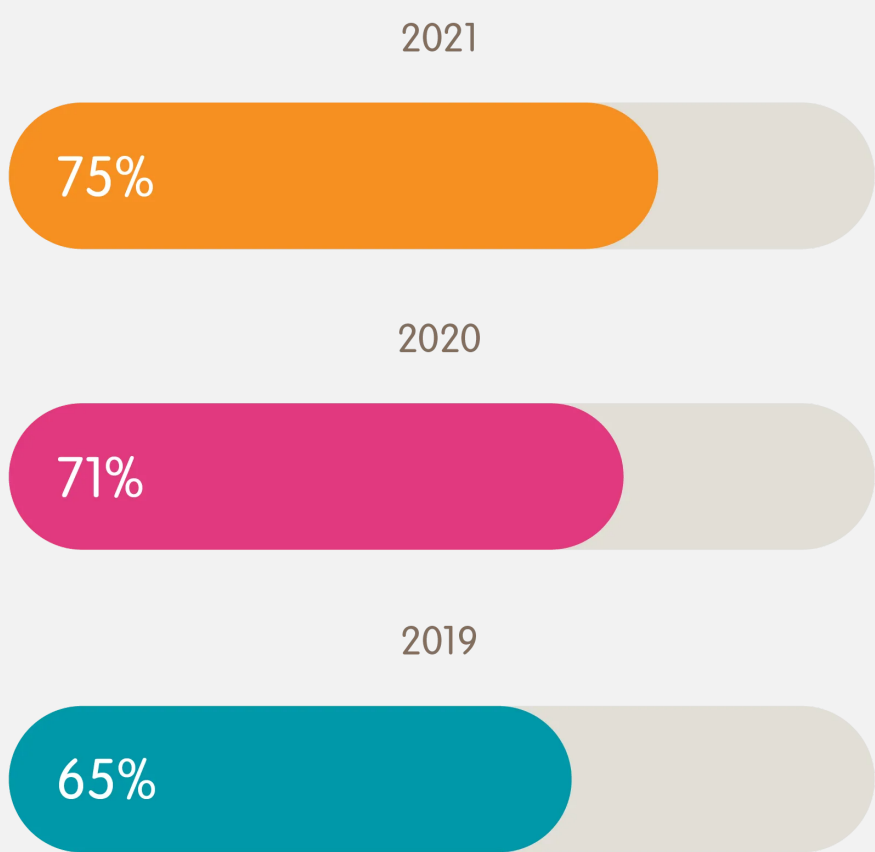
Demand vs supply

Increasing your ability to spend time with clients or prospects means expectations for client growth in the year ahead are bullish.

Three-quarters of responders expect to see an increase in the number of clients advised by the firm in 2021, continuing the trend over the past few years.

Demand is certainly there and increased virtual engagement of clients might be the driver to help increase supply.

In the year ahead, will the number of clients your firm actively deals with show an increase?



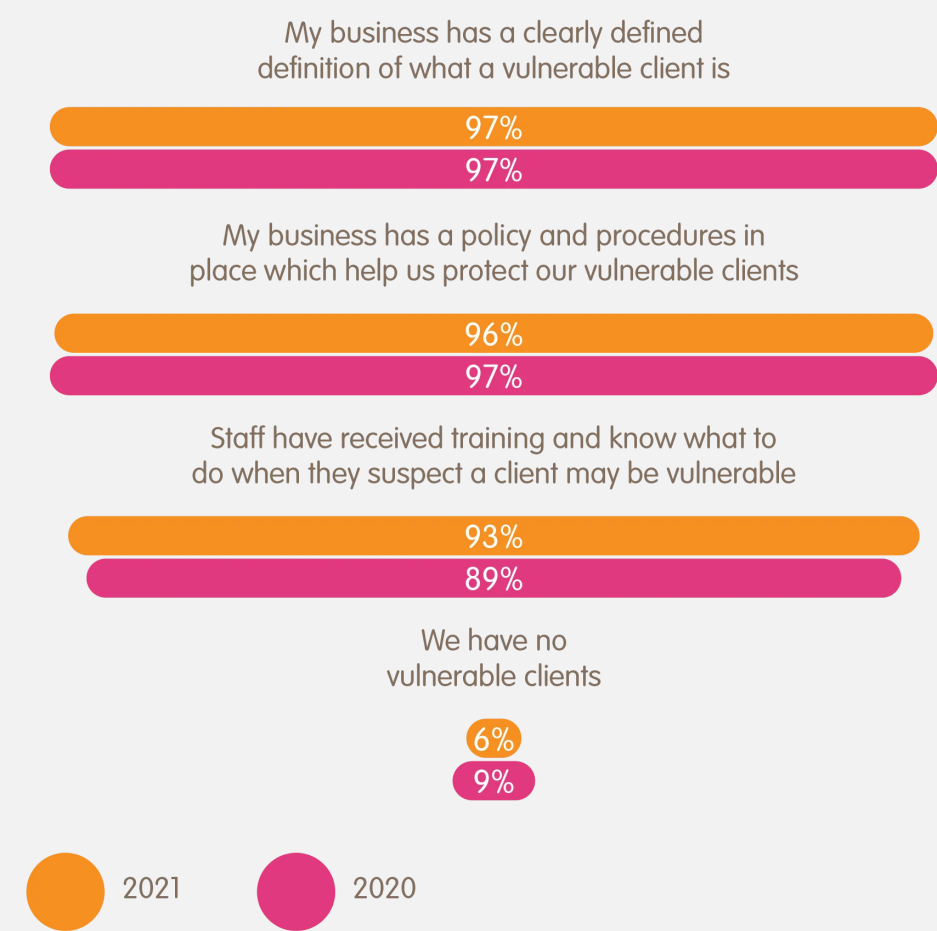
Vulnerable clients

From an already strong position last year, there has been improvement in the overall consideration of vulnerable clients this year.

Nearly all firms continue to agree they have a clearly defined definition of vulnerable clients and have policies and procedures in place to protect them.

There has been a slight increase in the levels of staff training around what to do if they suspect a client may be vulnerable, up to 93% from 89% last year. Finally, only 6% of responders believe their firm deals with no vulnerable clients.

Thinking about any vulnerable clients your business may advise, how strongly do you agree or disagree with the following statements?



Next... chapter four

Your platform usage

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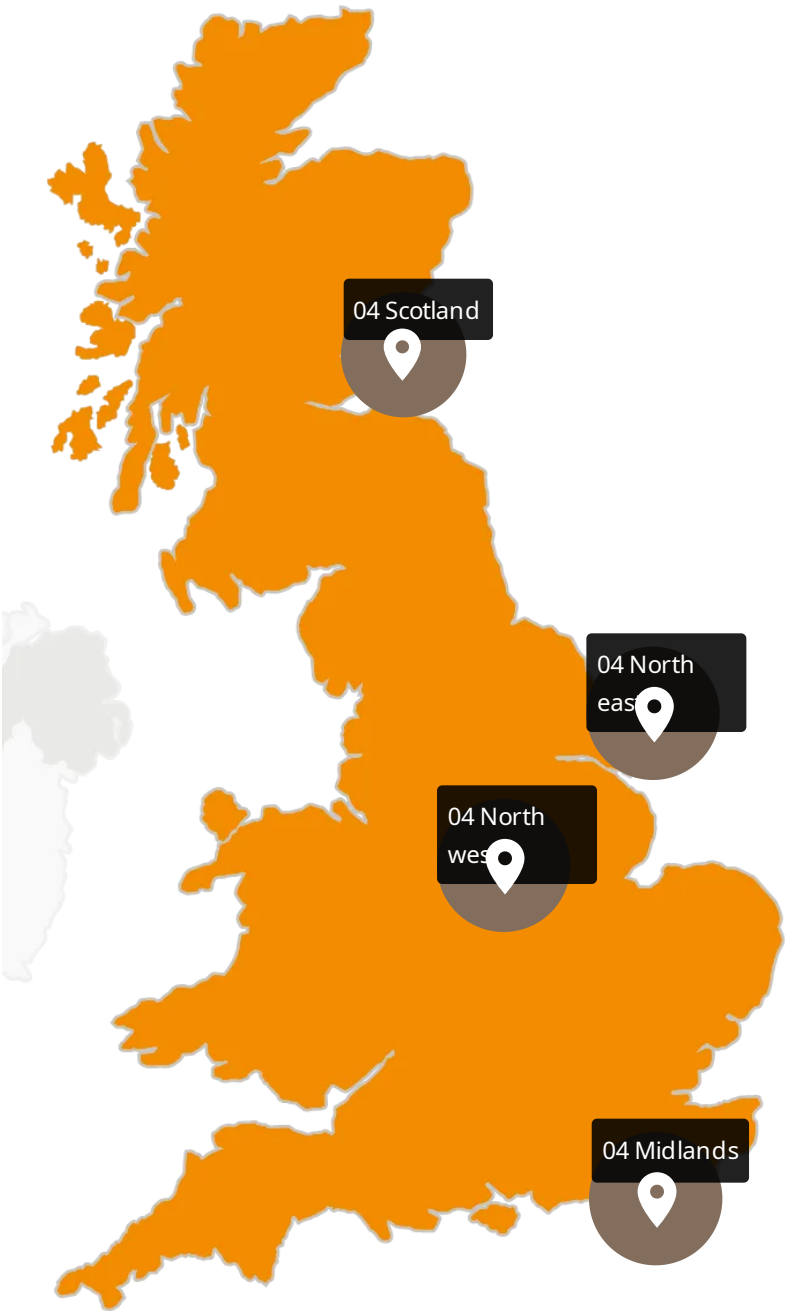


04

Your platform usage

We're seeing evidence of consolidation of platform use among advisers. When selecting a platform, advisers are prioritising platform functionality and integration support.

Select a region on the map to see results at regional level.

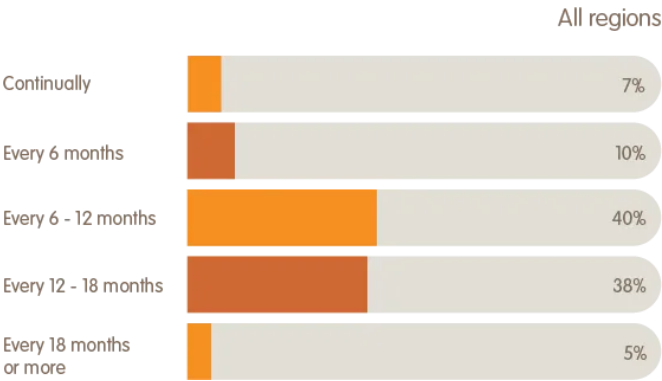


Northern Ireland excluded due to an insufficient number of responses

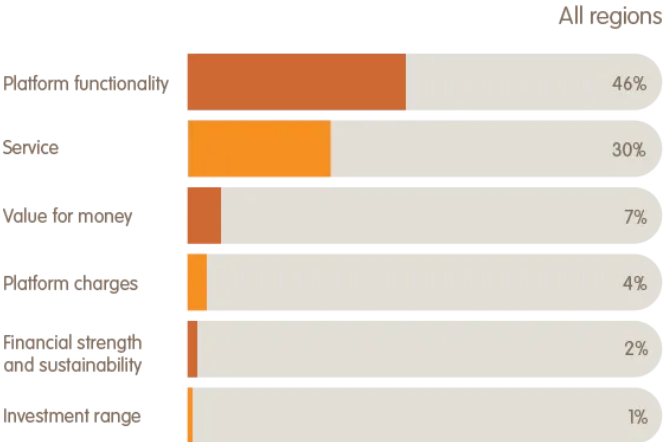
Does your business plan to partner with any new platforms in 2021?



How frequently does you firm run platform due diligence reviews?



What is the most important factor you consider when selecting a new platform?



Current sentiment

Generally, the support and usefulness of the platforms you use were rated positively, with around three-quarters rating this as excellent or good and only 4% below expectations. Nucleus users continue to use around six platforms on average, with one primary, two secondary and three legacy platforms.

The support and usefulness of the platforms I use is...

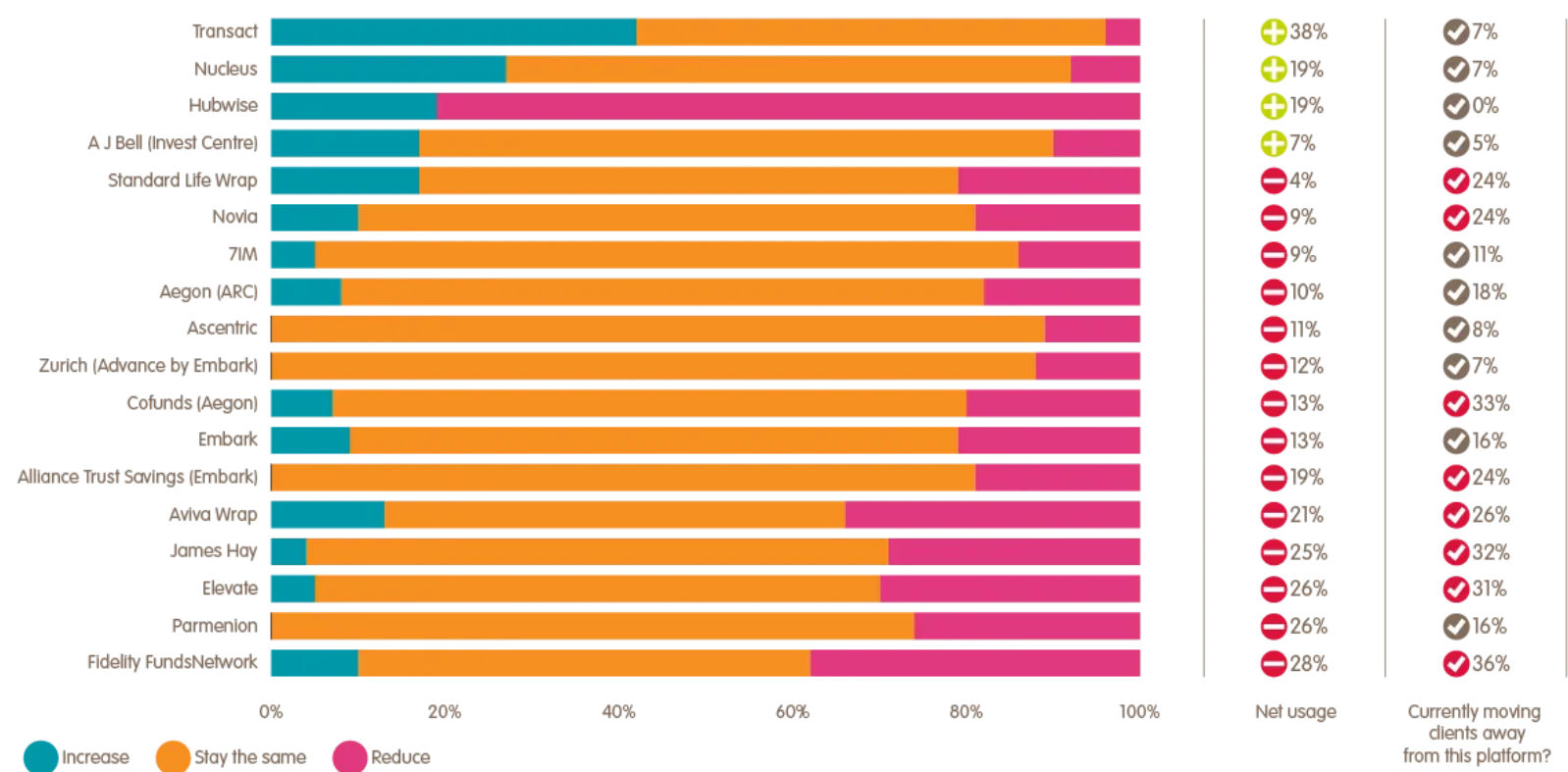


Future usage intention

Despite general satisfaction, there appears to be consolidation of platform usage in the pipeline for secondary or legacy use platforms.

The future intention stats show net usage (number of users set to increase usage minus the number of users set to reduce usage) of fourteen of the listed platforms is set to decrease. Also, upwards of a quarter of users of eight of the listed platforms are currently moving clients off the platform.

How will your platform use change across 2021?

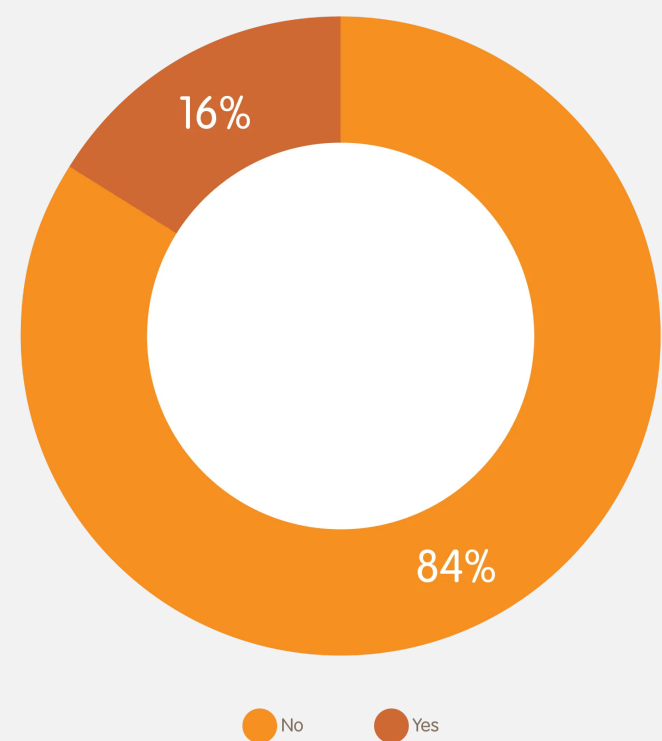


New platform selection process

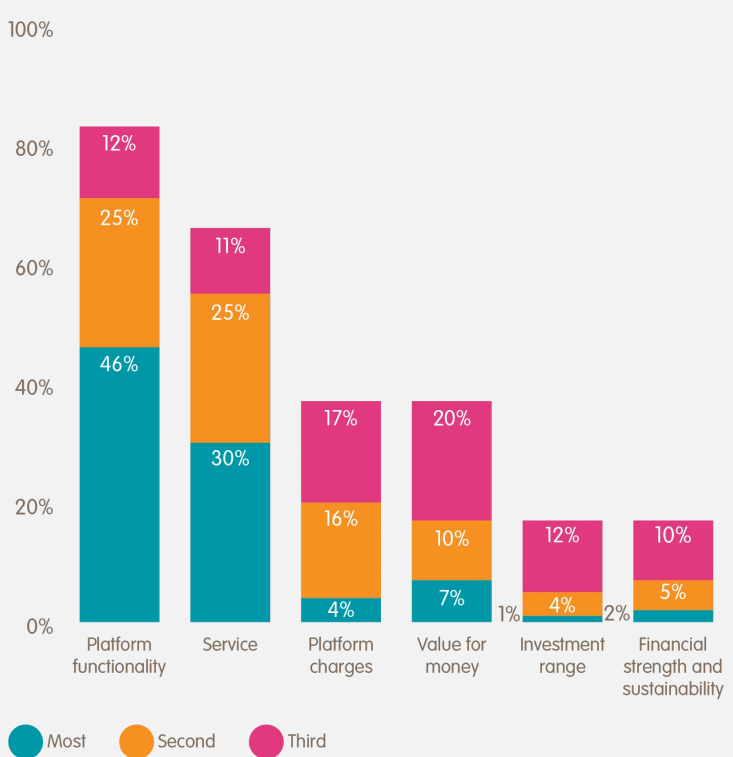
16% of respondents intend to partner with a new platform in the next year.

This means careful consideration of your regulatory (is it in the best interests of your client?) and commercial requirements (what training, procedures or additional work may be required to maintain existing service levels?) will be needed. The selection process (vs last year) remains consistent, with platform functionality, service and value for money being the three most important elements. This year, platform functionality rose to first place as the most important individual element followed by service, then value for money. Overall, advisers are looking for their platforms to deliver more functionality, particularly in conjunction with some of the other tools you use in their business. Also, remote working is likely to have been a factor in what you expect a platform to be able to support in terms of digital onboarding and engagement.

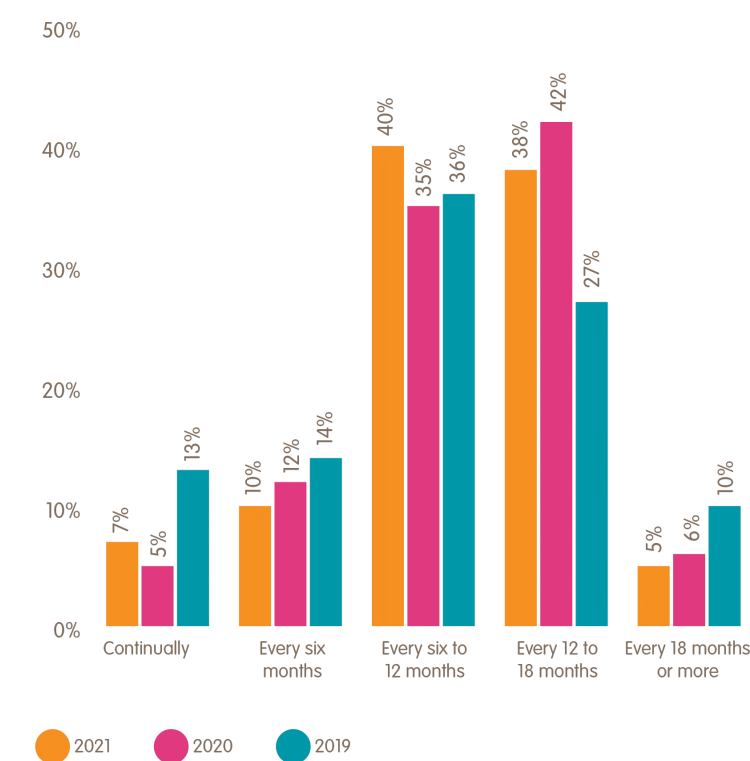
Does your business plan to partner with any new platforms in 2021?



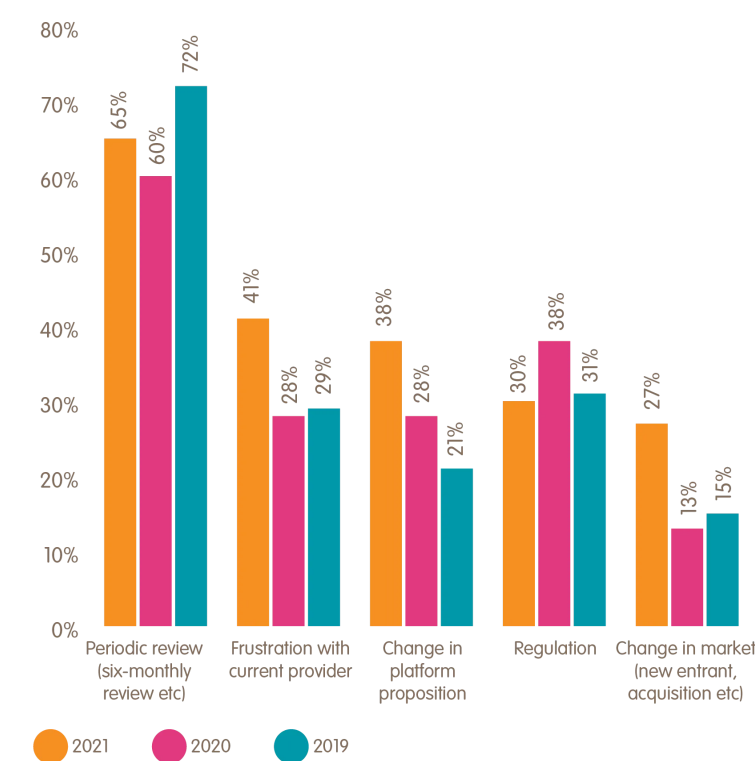
What do you feel are the three most important factors you consider when selecting a new platform?



How frequently does you firm run platform due diligence reviews?



What drives a platform due diligence review?



Due process

And if you’re going to partner with a new platform, then platform due diligence reviews will be critical.

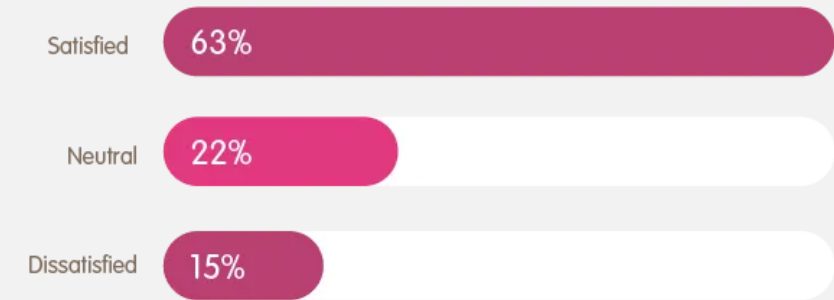
Frequency of review varies, but most (nearly eight out of ten) run this every six to 18 months. Periodic reviews are the most common trigger of a review, but frustration with a current platform and a change in proposition are both significant triggers. There was a doubling of those saying a change in the market situation was a driver. With a host of acquisitions in the market in the last 18 months, users clearly recognise this as a potential disruption to their business.

Platform integration

An area of focus across adviser businesses is the connectivity between the software used in your practice. Nearly two-thirds are satisfied with the integration between their platforms and the third party tools used.

However, around one in seven users expressed dissatisfaction with this, up slightly compared to last year. Despite progress made on many areas including digital signatures, signatureless and straight through processes, advisers consistently report limited movement or progress regarding integrations. The back office and platform relationship is key, for example, to allow quote and apply via a back office system to save double keying, reduce the risk of errors and freeing up time.

How satisfied are you with the integration between the third-party tools and the platform your firm uses?



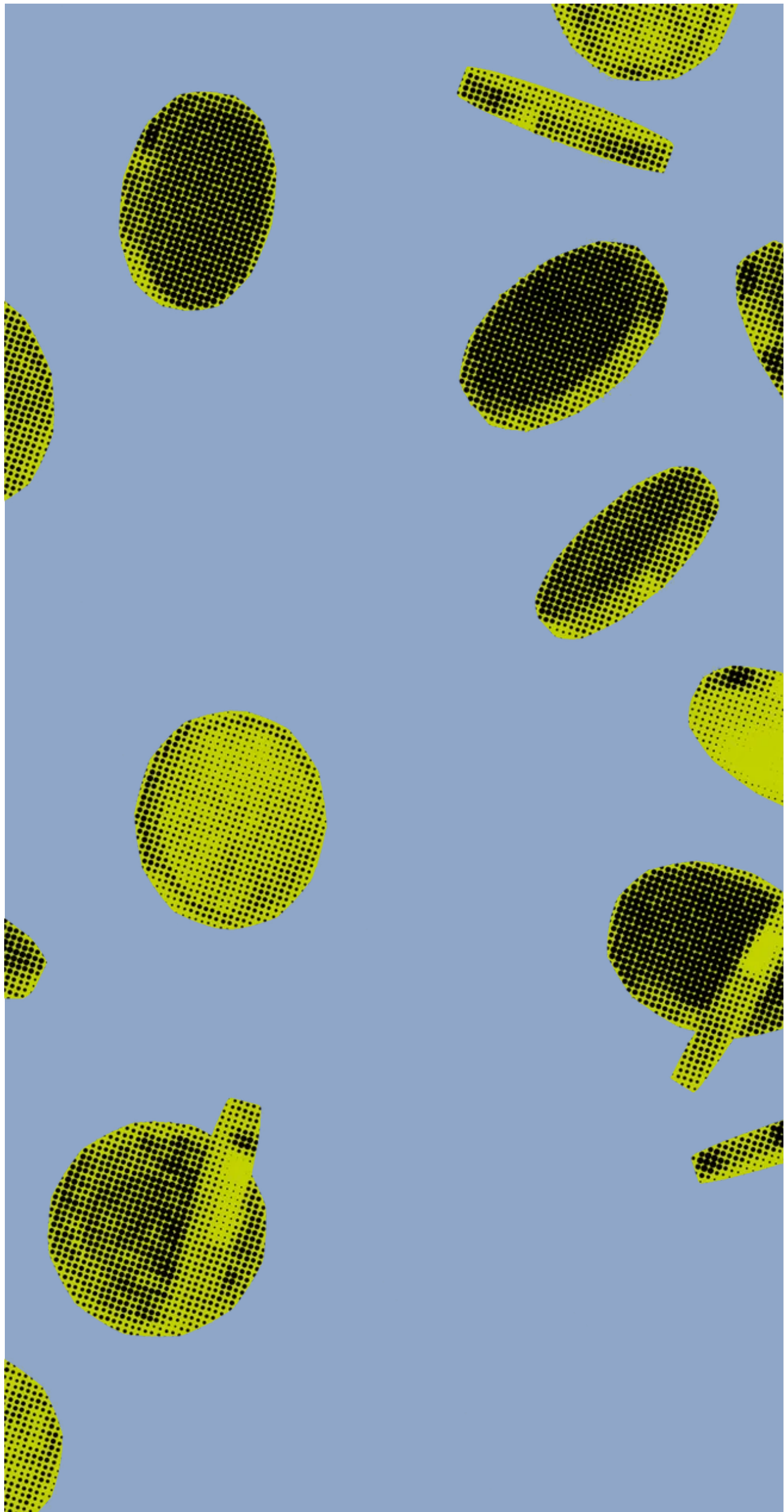
Next... chapter five

Your investment solutions

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05

Your investment solutions

Investment research and returns aren't what clients value most in you. The trend towards outsourcing of investment solutions continues among Nucleus users, with future usage of DFM MPS set to increase strongly.

However, advisory-built models are still very popular as some wish to stay in full control of these decisions. ESG usage remains relatively low, but many see this as a process to be embedded in any investment decision. Additional costs and a loss of returns for those using ESG solutions will not be tolerated.

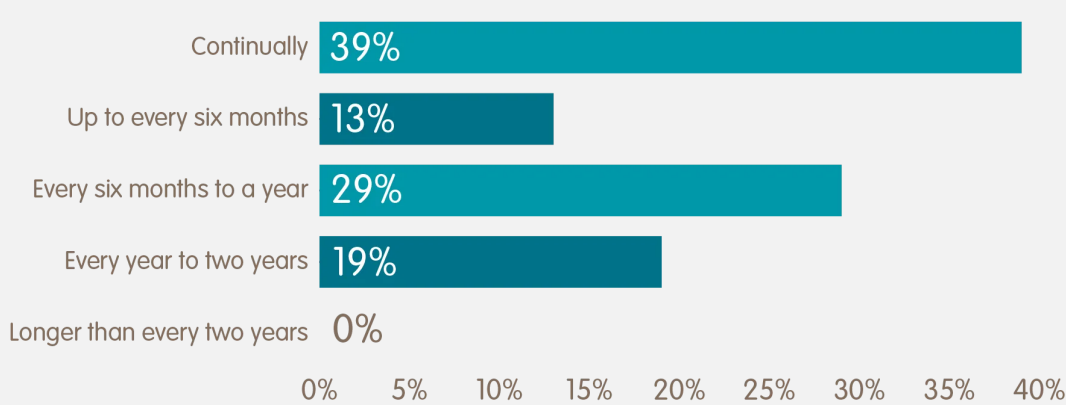
Consistent centralised process

Most Nucleus users run a centralised investment proposition (CIP), with just over half running a centralised retirement proposition (CRP).

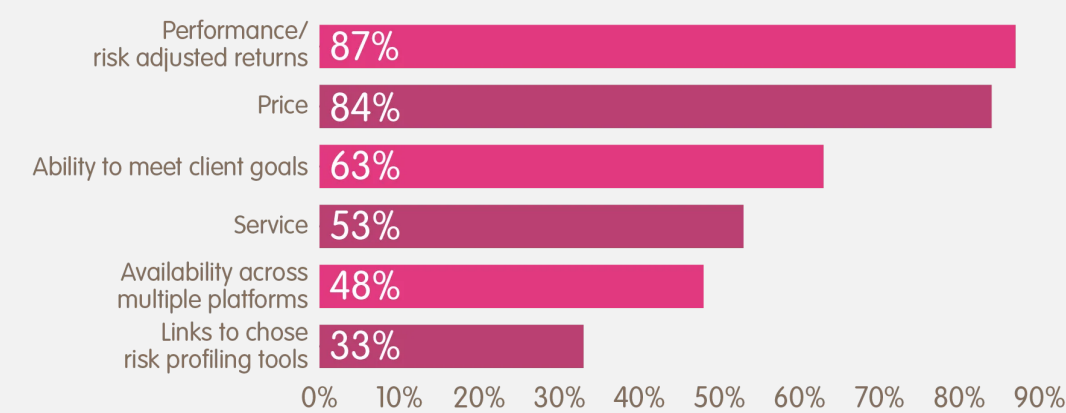
Having a centralised approach brings a consistent, repeatable process for your firm and can help justify why differing strategies may be applied to different clients. It can also help narrow the choice when selecting a new platform, with those unable to offer particular types of investment solutions immediately discarded. Like platform due diligence, it's important to keep these under review and it's interesting to see the most common frequency is to review continually, done by around two fifths of users. The investment process is an important part of an advisory business, so what drives a review of this?

The two biggest drivers are performance and price both cited by over 80% of users. Clearly both are important and increasingly visible to clients, so it's right these are top of your criteria. And, of course, your aim is to provide a process that will enable clients to fulfil their financial goals, so it's great to see firms firmly invested in this as the third biggest driver.

How often is your CIP reviewed?



Which factors are most important to you when undertaking due diligence on a CIP?

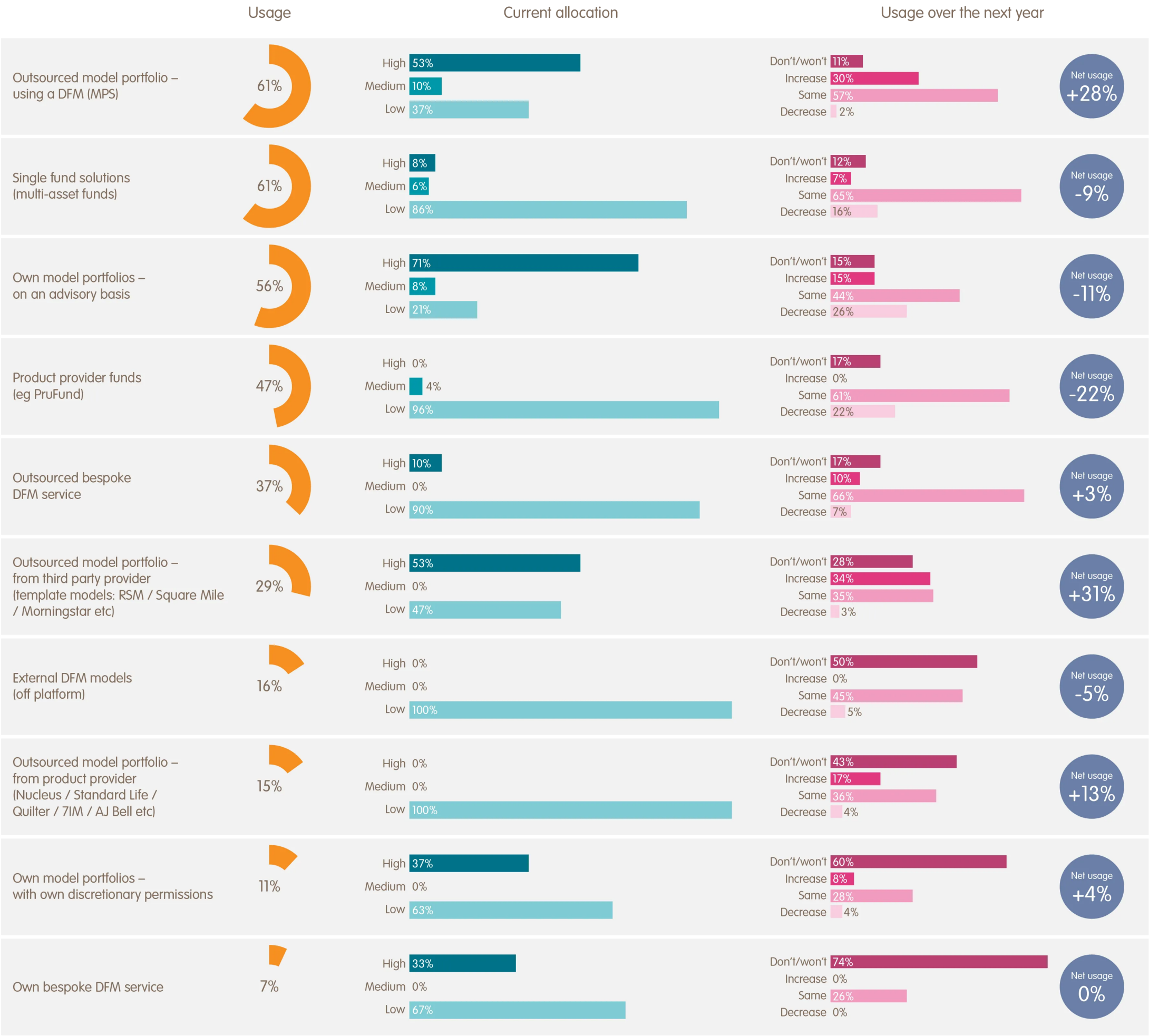


Your investment strategies

Usage of a mix of investment strategies is apparent with the three most popular solutions (DFM MPS, multi-asset solutions and own model portfolios) all employed by around 60% of users.

DFM MPS and multi-asset solutions are clear examples of outsourcing where the adviser plays no part in any rebalancing process, therefore freeing up time to focus on advice, or for lighter touch clients. Advisory model portfolios increase risk to the business and of course require additional checks and balances to be performed, but clearly allow the firm to take control of the investment solution and are a driver for margin.

The usage of these solutions is varied. 71% of those employing their own model portfolios say a high proportion of client money is allocated to this solution. This is to be expected as clearly the firm believes in their own investment process and has tailored this to their client requirements. The reverse is true with multi-asset funds where 86% say a low proportion of client money is allocated, evidencing an element of blending with other solutions. DFM MPS shows split usage, with many allocating a low proportion of client money, suggesting they're uncomfortable with the DFM being the sole decision maker, or only use them for a particular client segment. Others clearly have no issue with this and are comfortable allocating a high proportion of client money here. Perhaps the more interesting aspect is the net future use (the percentage who say they'll increase usage of this solution, minus those that say they'll reduce usage).



DFM MPS on the up

Future usage of DFM MPS is the only solution within the top three to see a net increase, with 30% of users expecting to increase usage and only 2% set to reduce.

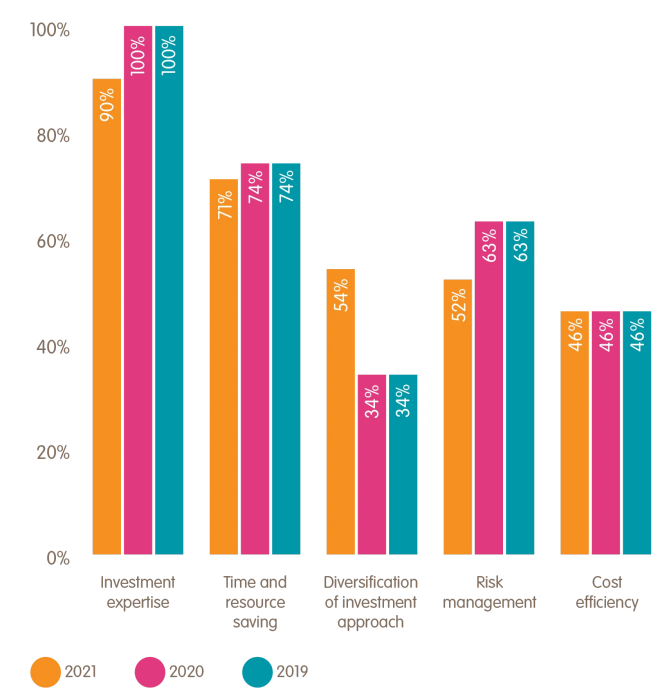
This shows the outsourcing model is set to continue for many Nucleus users. The reverse is true for adviser-built model portfolios. Despite high current usage and a high allocation of client money, over a quarter of users are set to reduce usage. Clearly many have assessed the opportunity costs of the time spent building, executing and maintaining their own portfolios.

Outsourcing investment solutions

Investment research and returns aren't what clients value most in you.

It's about making sense of it all through the planning, coaching and communication you provide. That's why almost three-quarters of Nucleus users opt to outsource the investment decision. As coaching becomes more prevalent and advisers are spending more time with clients, it's easy to see why. Investment managers provide the sufficient expertise to remove the research from the adviser. This creates additional time, cost and resource savings, and allows the adviser to focus on what they do best: advise clients. Also, when outsourcing to a DFM, price remains the largest driver, suggesting excessive DFM charges may be under pressure.

If you outsource the investment decision, what are the main reasons for doing this?



If you use outsourced DFM model portfolios, what factors do your firm consider when selecting?

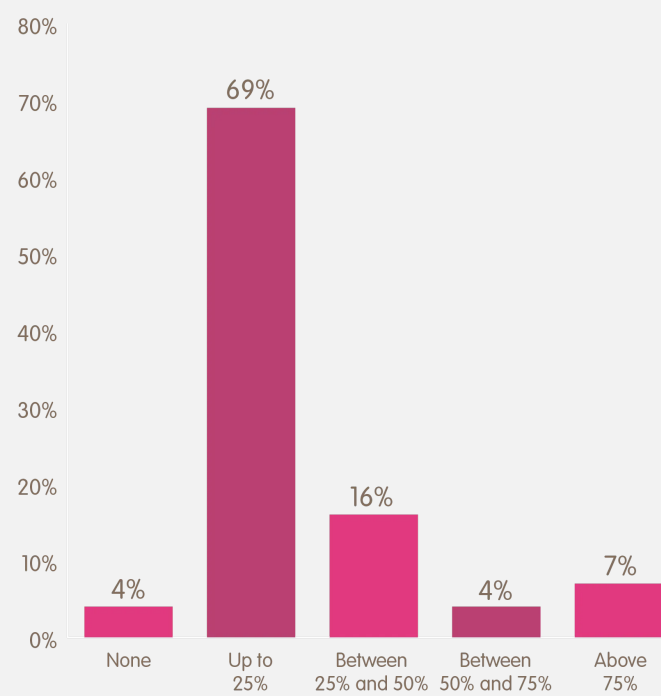


Environmental, social and governance investing (ESG)

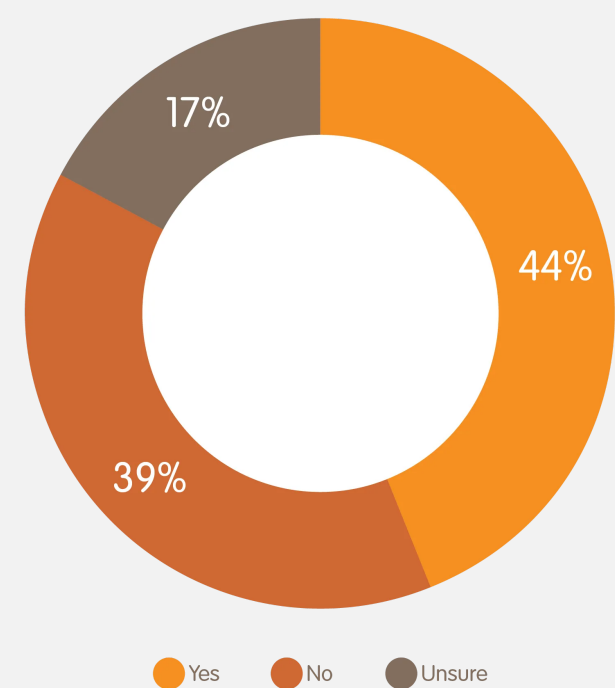
ESG continued to create headlines across 2020 and beyond. There's clearly appetite for this, as less than one in 20 responses believed none of their clients wanted to make a positive impact via their investment.

However, only around one in ten believe more than half of their clients wish to do so, suggesting this is still reasonably immature. Articulation of the values clients would like reflected in their investments has split users almost entirely down the middle. However, it would appear more about the environment (so what do the companies do rather than how they do it). From an investment perspective this approach can be easier to run and research with industry classifications such as arms, fossil fuels etc widely available. The "how do firms operate" approach might cover a multitude of factors (environmental impact, social and human rights etc) which are less binary. Maturity in the market may bring solutions that help with some client's articulation of what ESG values they would like reflected in their investments.

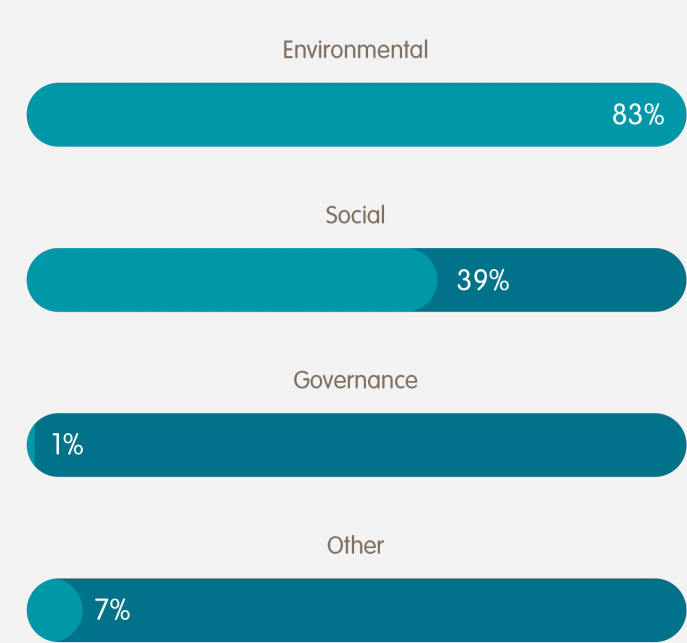
What % of your clients want to make a positive environmental and social impact via their investment?



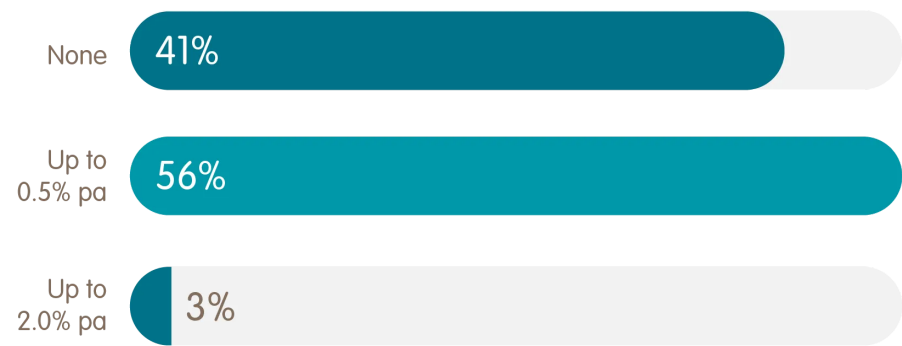
Do clients typically understand what values they would like reflected in their investments?



Typically, what broad areas of ESG are most important to your clients?



What level of return would your typical client be willing to sacrifice to reflect their values?



Embedded, not expensive

There’s an over-arching feeling clients may expect to give up a little bit of their returns to accommodate their values, but many still clearly believe ESG should be an embedded part of the investment process, therefore have no impact on returns.

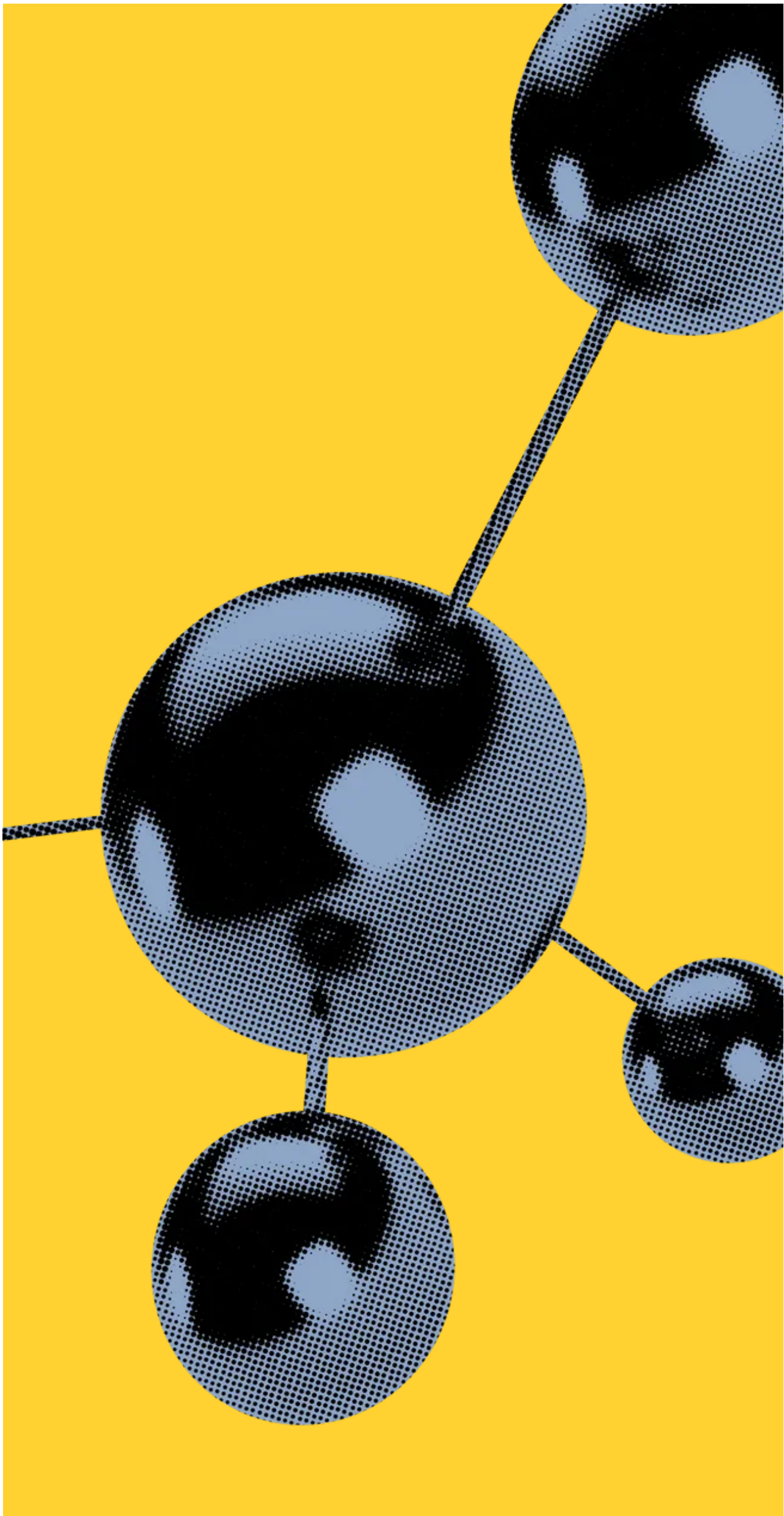
Next... chapter six

Your third-party usage

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Your third-party usage

Mergers and acquisitions continued at a strong rate in the past 18 months with fund houses, platforms and other third-party tool providers swallowing up or partnering with notable providers.

In terms of integration, this could be a good thing for users, but what of those advisers wishing to use a fully independent approach for integrated tools?

The tables show where Nucleus users state they use specific planning tools in their business. This is not an indication of the offerings from each tool / company.

User rank	Provider	Year on year usage	Used for risk profiling	Used for cashflow modelling	Used for platform comparison	Used for back office	Used for client portal
1	FE	↑	✗	✓ CashCalc	✗	✗	✗
2	Morningstar	↓	✓	✗	✗	✗	✗
3	Trustnet	↓	✗	✗	✗	✗	✗
4	Defaqto	↓	✓	✗	✓	✗	✗
5	O&M	↓	✓	✓ Iress	✓	✓ Iress	✓ Iress

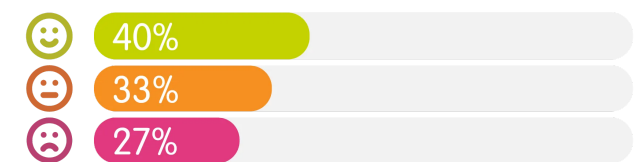
Fund research

Nucleus users rely on an average of two fund research tools. Many of the fund research tools used also provide a risk profiling tool, which is sensible. FE remain the most widely used option by far and were the only tool within the top five to see an increase in usage. FE's acquisition of CashCalc is promoted as cashflow being a natural extension of the fund selection process, which is clearly essential. Integrations should allow easier analysis and visualisation of how likely a portfolio is to deliver for a clients' long-term goals. O&M's purchase by Iress means, at company level, they cover all of the main third-party tools employed by Nucleus users.

Risk profiling

As you may expect, only one risk profiling tool is used on average, yet there is no dominant risk profiling tool within the Nucleus user base. Satisfaction around the integration between risk profiling and the other tools used in your practice appears to have dropped slightly this year. Only 40% are satisfied with the integration compared to 54% last year, while this saw the highest level of dissatisfaction among users (27%, nearly double last year). We know risk profiling is more indicative than prescriptive when agreeing a client's investment solution and is more complex than simply matching to a risk score. This feels like an area where more could be done to help align and visualise client goals and solutions.

How satisfied are you with the integration between the risk profiling tools your firm uses?

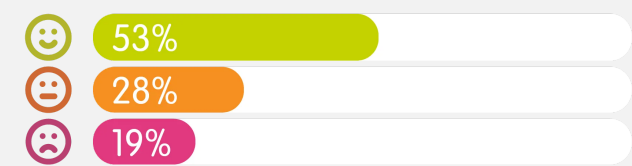


User rank	Provider	Year on year usage	Used for fund research	Used for cashflow modelling	Used for platform comparison	Used for back office	Used for client portal
1	Dynamic Planner	↑	✗	✓	✗	✗	✗
2	Flnametrica	=	✓	✗	✗	✗	✗
3	Morningstar	↓	✓	✗	✗	✗	✗
4	Evalue	=	✗	✓	✗	✗	✗
5	Defaqto	↑	✓	✗	✓	✗	✗

Back office / CRM

Again, most firms using Nucleus rely on one CRM system and Intelliflo's solution is by far the most widely used. Like fund research and risk profiling, the back office provider and client portal offers an obvious tie up (proven by client portal usage shown later). Integration satisfaction is in line with last year (53% are satisfied). This shows there is still plenty more that can be done to automate as many of these processes as possible. Of the three most widely used solutions, only O&M (owned by Iress) has a company-wide coverage of all tools.

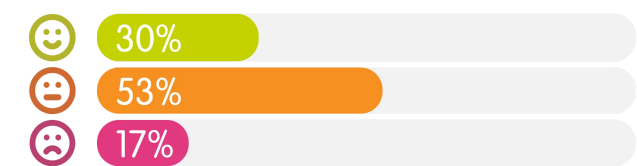
How satisfied are you with the integration between the CRM tool your firm uses?



Platform comparison

Platform comparison is done with on average two tools. Defaqto is the most commonly used tool, but the Lang Cat (with their platform directory) are only a whisker behind. Platform comparison tools are the ones we might expect to have the lowest levels of integration and that's reflected in the satisfaction scores, where most responders were neutral about this. That's not to say it's not possible – Defaqto, Selectapension and O&M are all providers of other tools for Nucleus users. Therefore the process of getting these tools to talk to one other should be increasingly easy.

How satisfied are you with the integration between the platform comparison tools your firm uses?

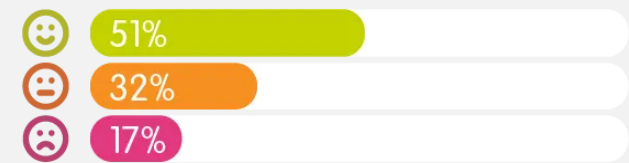


User rank	Provider	Year on year usage	Used for client portal	Used for back office	Used for cashflow modelling	Used for fund research	Used for risk profiling
1	Defaqto	↓	✗	✗	✗	✓	✓
2	The Lang Cat	↑	✗	✗	✗	✗	✗
3	Selectapension	↓	✗	✗	✓	✗	✗
4	O&M	=	✓ Iress	✓ Iress	✓ Iress	✓	✓

Cashflow modelling

Again, most users stick with one cashflow modelling tool, with CashCalc and Voyant leading the way in the usage stats. Both providers have recently changed hands, with CashCalc bought by FE and Voyant bought by US tech solutions provider AssetMark Financial. A combined cashflow tool linked with other software can provide a more holistic view of a client's portfolio, alignment with goals, income planning and reporting. The use of Timeline (Finalytiq) has started to increase among Nucleus users, whose app is designed to visualise a client's sustainable withdrawal strategy across retirement.

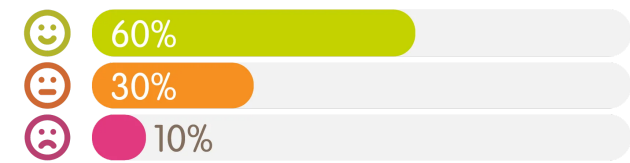
How satisfied are you with the integration between the cashflow modelling tool your firm uses?



Client portal

Finally, and expectedly, only one client portal is used on average, with Nucleus Go leading the way, closely followed by Intelliflo. There has been an increase in satisfaction of integrations between client portals and other tools, up to 60%, potentially driven by increased usage during lockdown.

How satisfied are you with the integration between the client portal your firm uses?



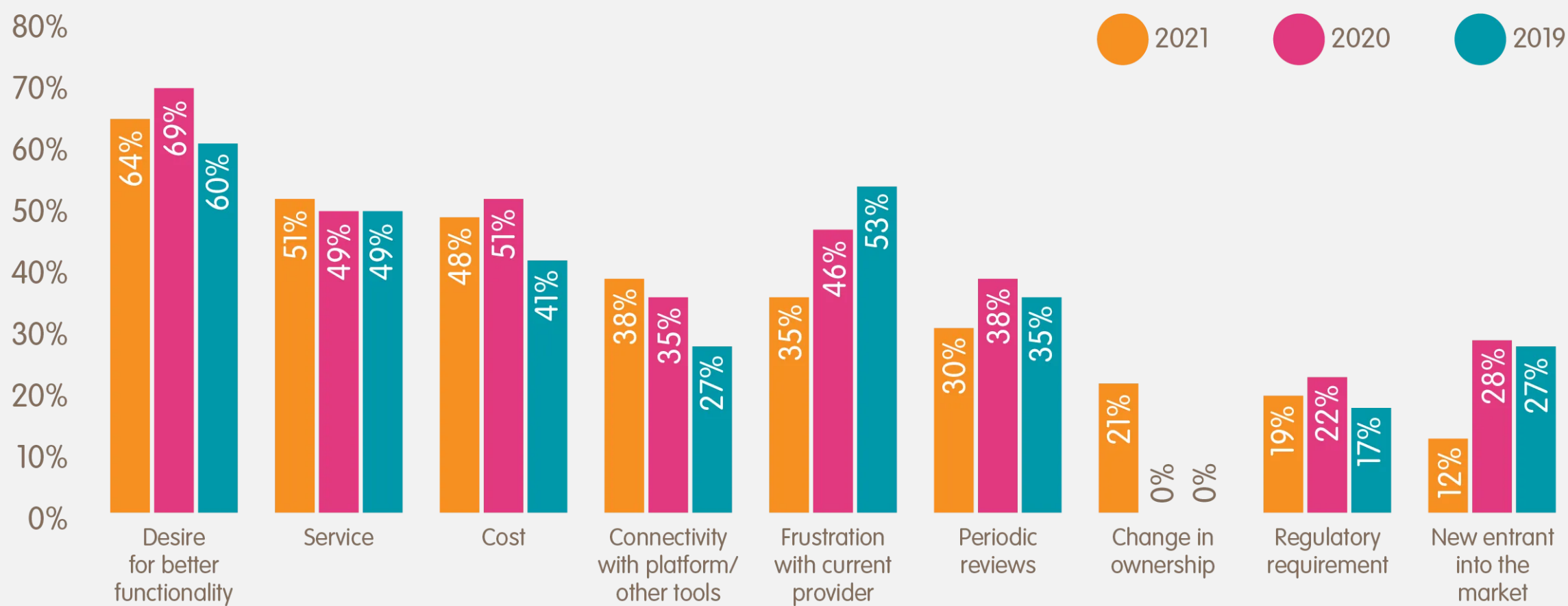
User rank	Provider	Year on year usage	Used for back office	Used for platform comparison	Used for cashflow modelling	Used for fund research	Used for risk profiling
1	Nucleus Go	↑	✗	✗	✗	✗	✗
2	Intelliflo	↑	✓	✗	✓ IAC	✗	✗
3	Moneyinfo	↑	✗	✗	✗	✗	✗
6	Iress	↓	✓	✓ O&M	✓ O&M	✓ O&M	✓ O&M

What drives a review?

As regular census readers will know, there's limited change seen year-on-year with the third-party tool usage. Clearly if a firm is to rip out and replace an existing solution, this would cause upheaval in retraining staff, business efficiency and consistency. And often, the benefits may not be immediately forthcoming.

So with such disruption likely, it's clear this is an event driven process where a desire for a better solution, poor service and a perceived lack of value all contribute to a change of plans. This obviously isn't a decision taken lightly, but with little progress made with the connectivity of tools, something eventually has to give. This is one area in the market where challenger brands or collaborations may enter and cause significant disruption.

What drives a review of the third-party tools you use?



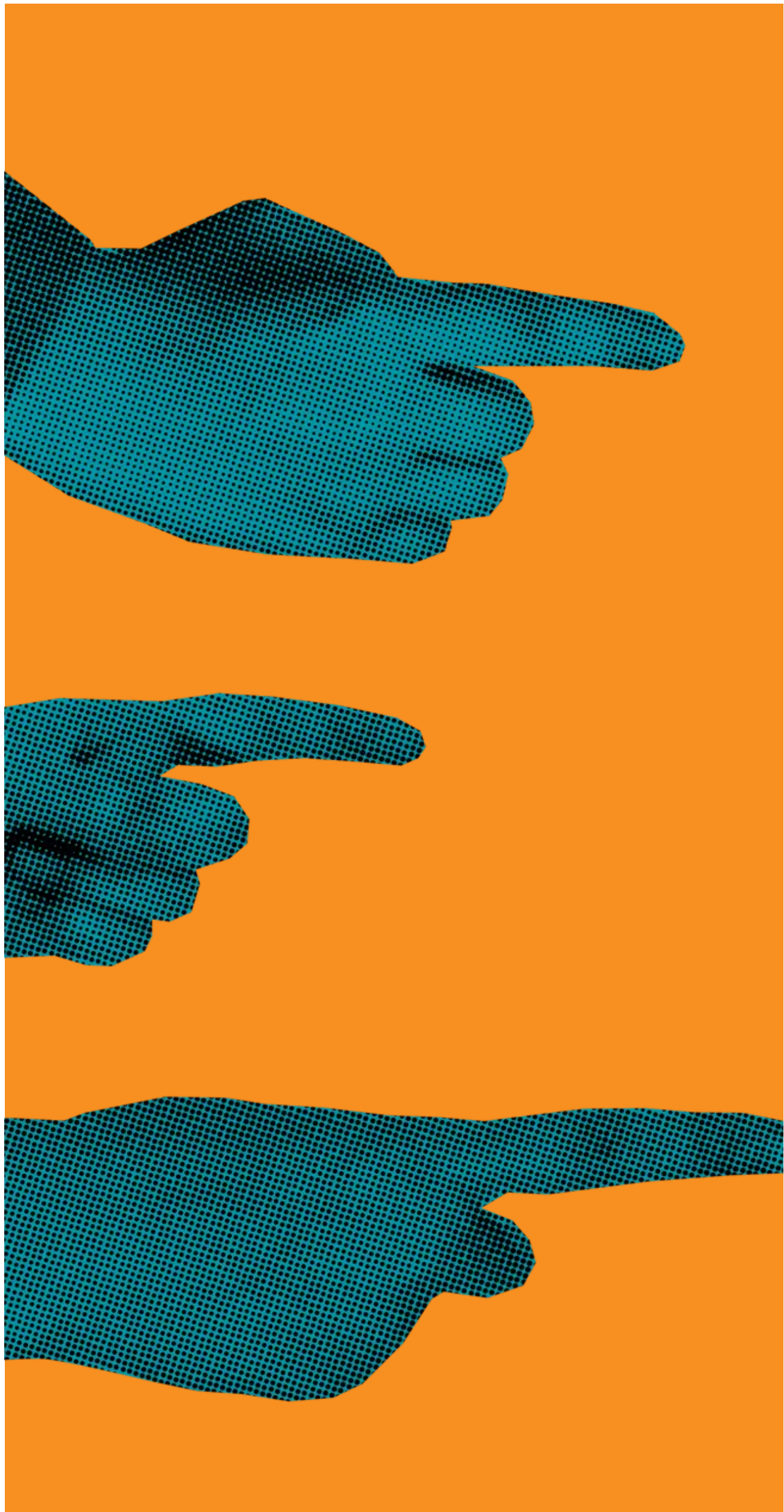
Next... chapter seven

Your future

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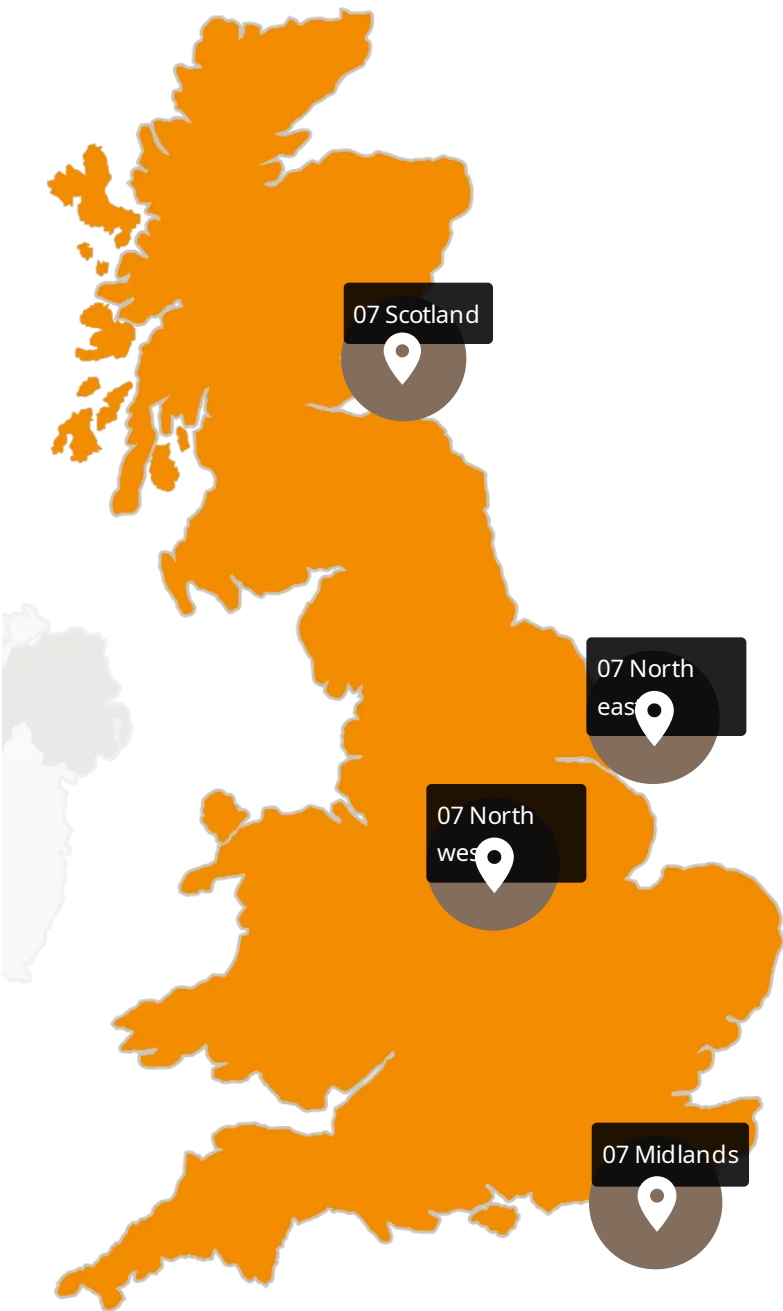


07

Your future

Many business owners are closer to and therefore making plans for their business succession. In line with previous years, a sale to a likeminded advisory business is the preferred plan. Scaling your business is your biggest concern but also your greatest opportunity. There's also interest in additional services and processes that can help further strengthen your client relationships.

Select a region on the map to see results at regional level.

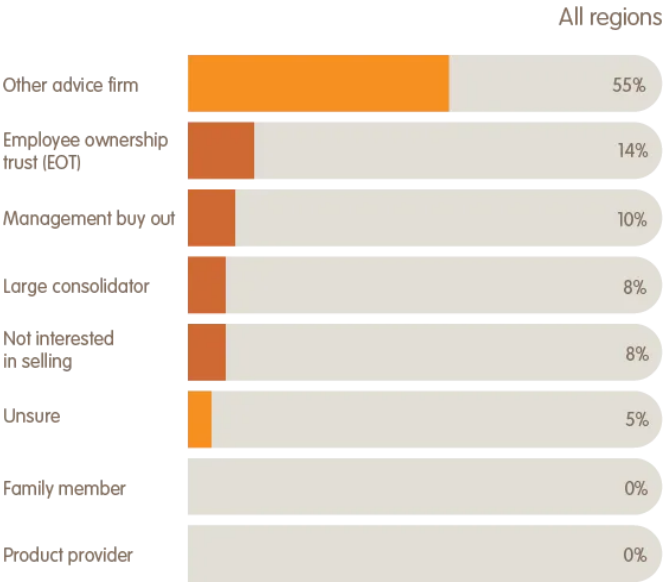


Northern Ireland excluded due to an insufficient number of responses

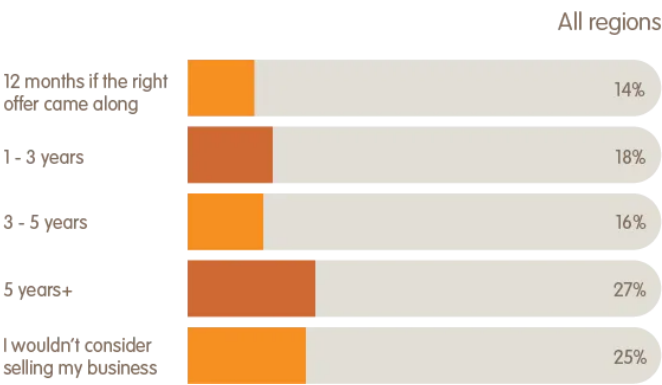
Do you have a succession plan in place?



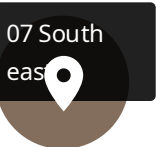
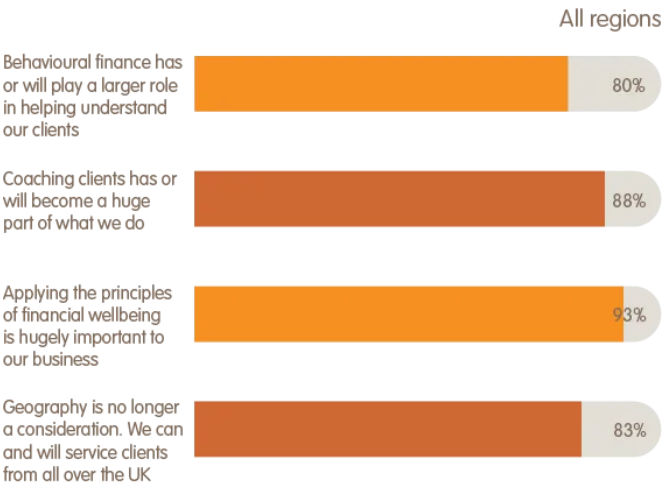
Who are you likely to sell your business to?



Would you consider selling your business in the next...



In terms of the future direction of your business...



Future business direction

Making sense of the whole financial planning process and trust are both key foundations upon which the success of your business is built. Nucleus users explore and often embrace new practices to enable them to continually enhance the service they provide to clients.

Advisers and planners are experts at bringing money to life through financial planning and coaching and it's great to see the Nucleus audience embrace this with almost nine out of ten users agreeing coaching has or will become a huge part of their process.

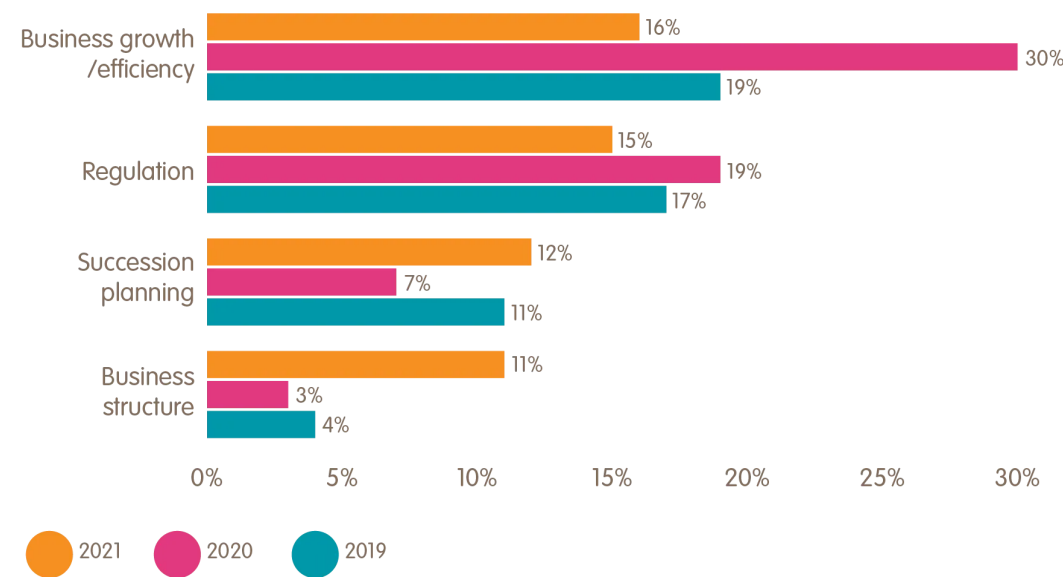
Behavioural finance could be a key differentiator in helping understand the unconscious biases you and your clients may hold and how these can be built into your planning process to uncover what clients really think. Again, a huge proportion of Nucleus users (80%) believe this will play a larger role in helping understand their clients. Further details about this can be found in Nucleus' whitepaper [The role of behaviour in financial planning](#), written in partnership with Neil Bage and Dr. Ariel Cecchi of behavioural insights firm Be-IQ.

And of course, with everything we've been through, financial wellbeing and feeling in control of your financial future could be one less worry for us all. Over nine out of ten responders agree this is hugely important to their business and can continue to enhance the trusted relationship between planner and client.

In terms of the future direction of your business, how strongly do you agree with the following statements?



In business terms what is your main concern or challenge over the next year?



Concern and challenge

Your biggest concern is around how to scale your business efficiently. There are multiple reasons why scaling your business can be difficult – acquisition and recruitment can be tough and time consuming.

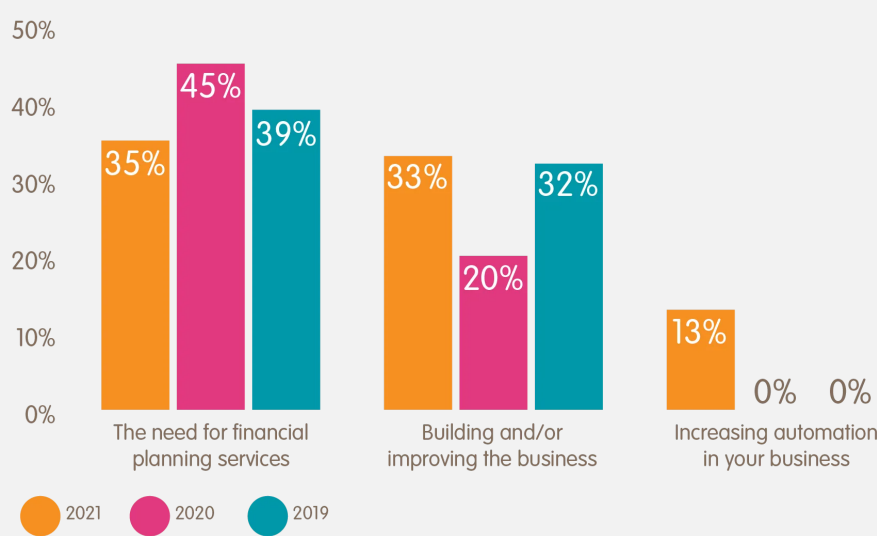
To scale, this will likely involve a structural change of your business which can be met with resistance. Perhaps the more digital way of operating has opened doors to new opportunities as this is less of a concern than in last year's census, but clearly there's no silver bullet. As always, regulation is highlighted, either from the existing state or through upcoming change. As we'll see below, succession planning is creeping into sight for many business owners.

Opportunity

The need for your services remains high on the list of opportunities and this feels right. Coupled up is the need to build and improve your business (not too much of a leap to suggest this is to help meet increased demand).

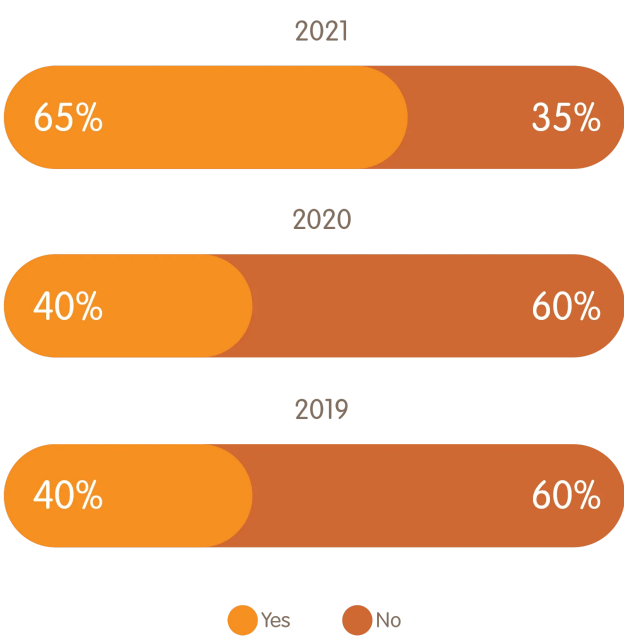
So as big a challenge as building and scaling your business is, it's undoubtedly a massive opportunity too. Another factor to help here would be increased automation in your business, which is seen as your third biggest opportunity. Again, the new way of working enforced as part of lockdown may have driven many to explore more of these opportunities. Anything that makes the advice process less manual would increase efficiency, reduce errors and create space. The challenge is finding the time to complete this.

What do you see as the main opportunity over the next year?



Age catches up with us all

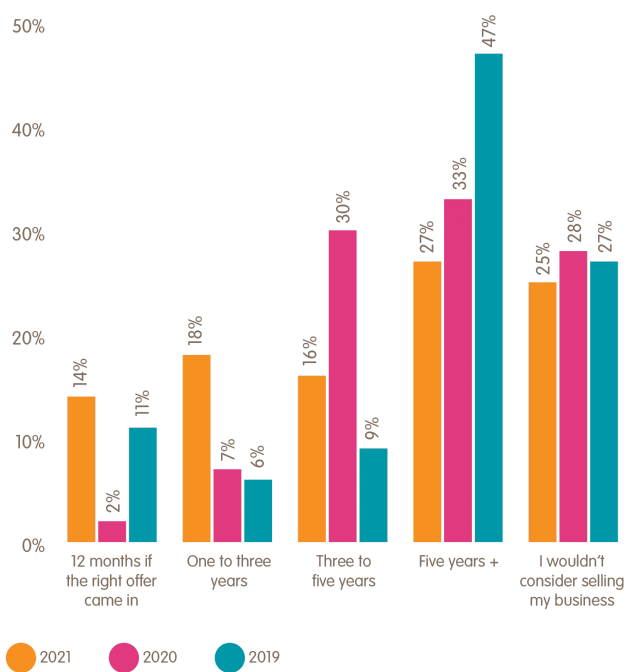
Do you have a succession plan in place?



The average age of responder to our census increased this year to 49. So despite many still being a long way from retirement, it's clear thoughts about succession have started to creep up many to do lists. In terms of succession plans, there's been a huge uplift in business owners having a plan in place, up from 40% last year to 65%. And of those that don't, 41% have a plan in progress while around half feel it's too soon.

When to sell?

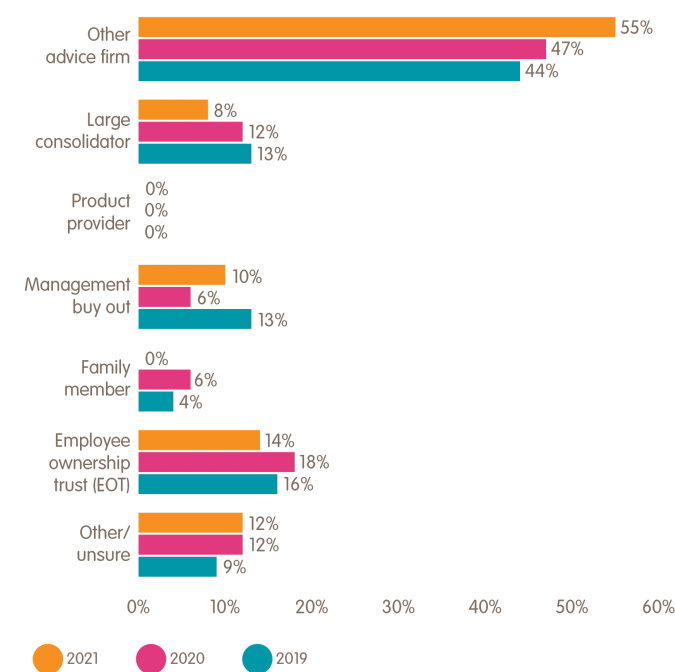
Would you consider selling your business in the next...



This therefore has an impact on when business owners may consider selling their business with more open to a sale in the medium term and fewer stating they have long term plans to remain. Last year, less than 10% were considering selling within the next three years. This has rocketed to nearly a third. Despite just over half (52%) saying it'll be at least five years or they have no plans to sell their business, this is down from over 60% last year and 74% in the 2019 census.

Sell to whom?

Who are you likely to sell your business to?



The trend of seeking a likeminded advice firm to sell to continues, with over half of business owners seeking this route. It's a sensible approach and one that could see the least disruption for staff and clients if successful. Nucleus has a job to do here to help connect firms looking to sell with those looking to acquire. This would be a win-win for all parties. There remains little to no appetite to sell to a large consolidator or product provider. Despite the eyewatering deals on offer from some consolidators, many must live by the old adage 'if it seems too good to be true, it probably is'. And the terms required to achieve the full valuation figure may be seen as a conflict of interest, which should be disclosed and managed.

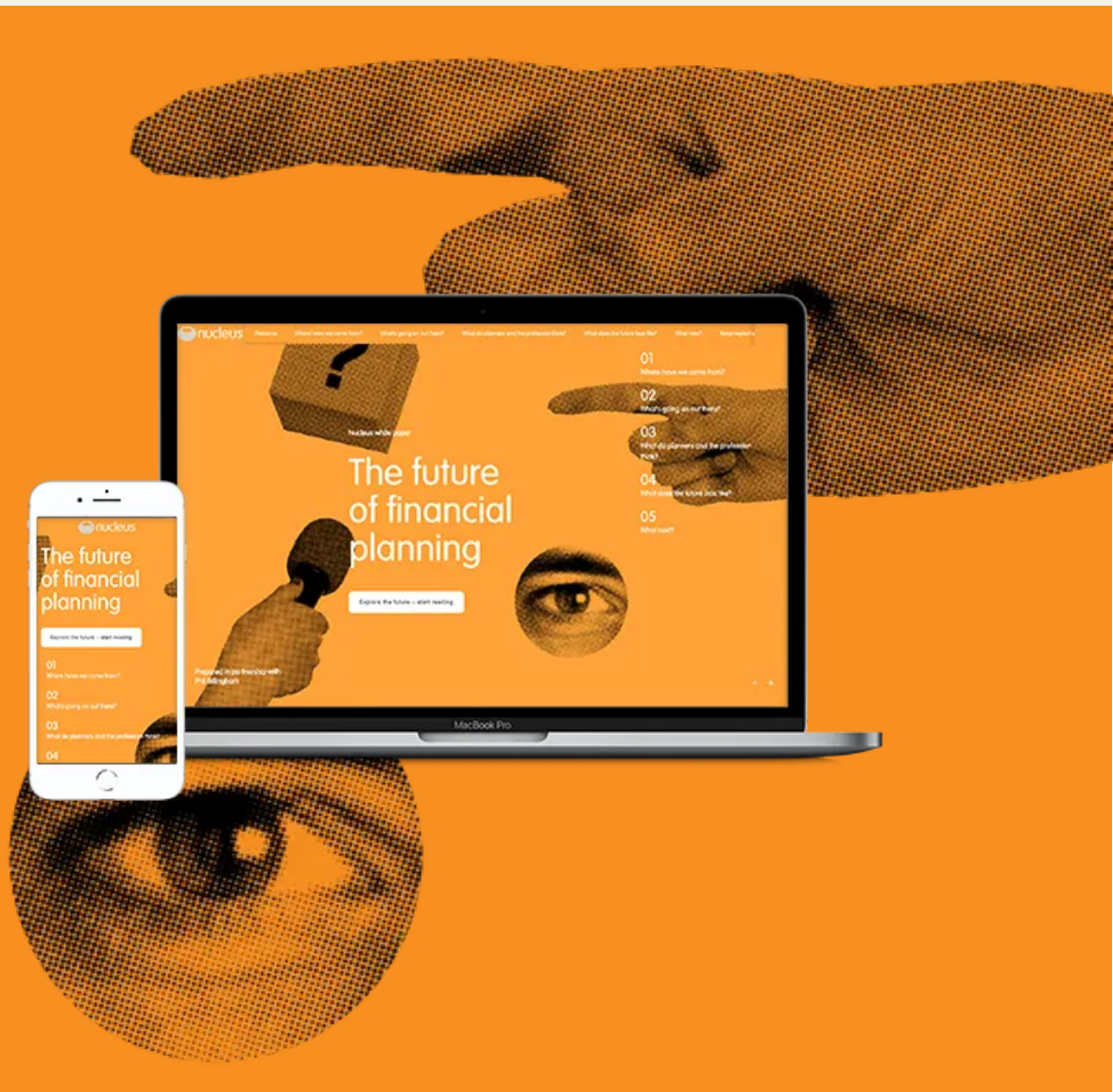
Confidence in the future

Despite the challenges seen since March 2020, nearly all Nucleus users remain confident in the future of their business. And it's easy to see why. For over half of firms to have emerged from a pandemic with an increase in revenue, an increase in active customer numbers and plans to continually improve the client experience, the future must be bright.

The future of financial planning

Our latest white paper, the future of financial advice, prepared in partnership with Phil Billingham, director, Perceptive Planning, explores the wider debate around financial planning and where this is heading. It also offers ideas for forward-looking practices to be fit for the future, and discusses the challenges that lie ahead.

Start reading



Next... find out more

Getting in touch with us

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Getting in touch...

Nucleus is an award-winning, adviser-built wrap platform. Since launch we've established ourselves as a major force for change in the market. We're a thriving community of over 850 adviser businesses who currently manage £18.9bn of assets (as at 30 June 2021).

Request-a-meeting

Request a meeting with us

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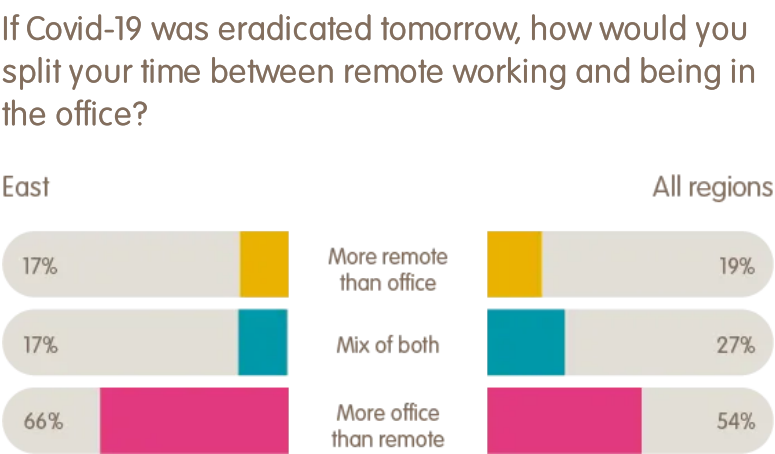
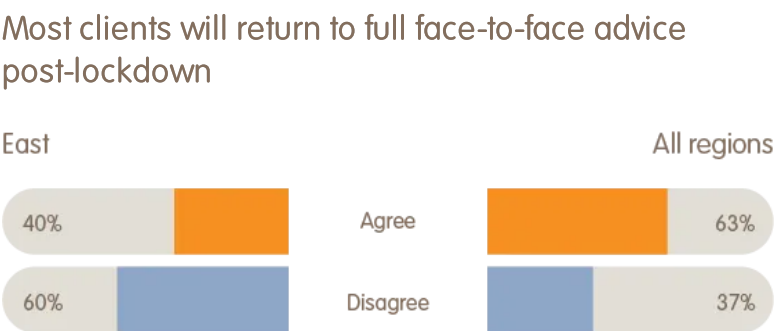
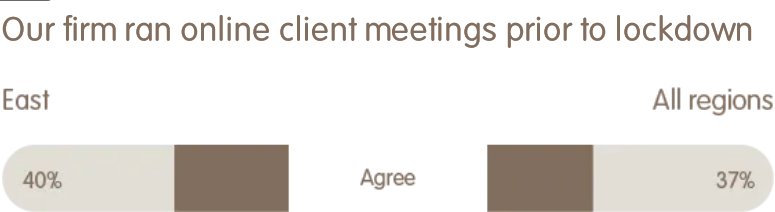


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01 East: impact of lockdown

East

01 East



01 London: impact of lockdown

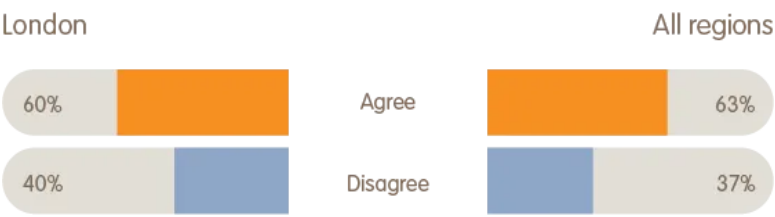
London

01 London

Our firm ran online client meetings prior to lockdown



Most clients will return to full face-to-face advice post-lockdown



How would you rate the overall impact of lockdown on your business financially?



If Covid-19 was eradicated tomorrow, how would you split your time between remote working and being in the office?



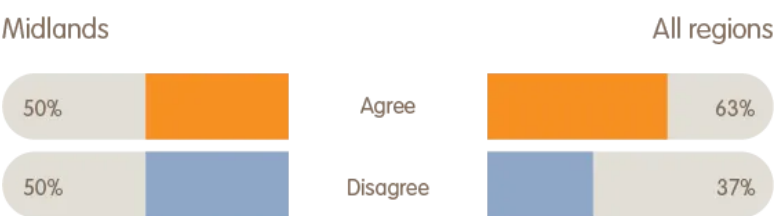
01 Midlands Impact of lockdown Midlands

01 Midlands

Our firm ran online client meetings prior to lockdown



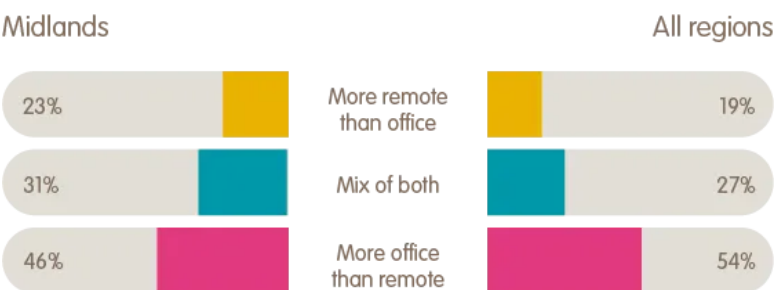
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01 North east Impact of lockdown

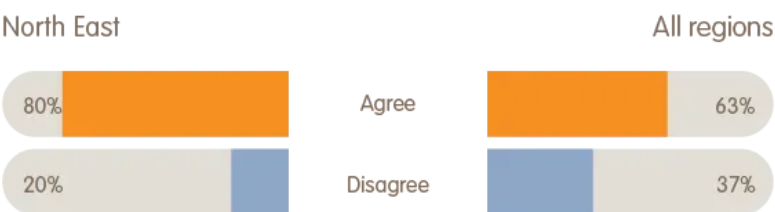
North east

01 North east

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01 North west Impact of lockdown

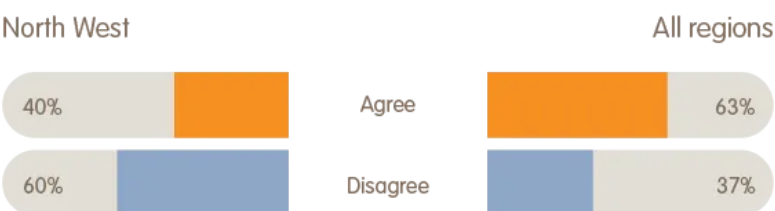
North west

01 North west

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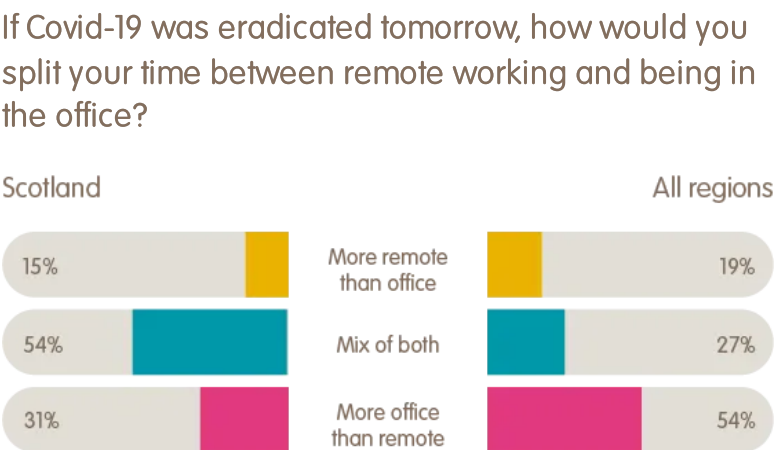
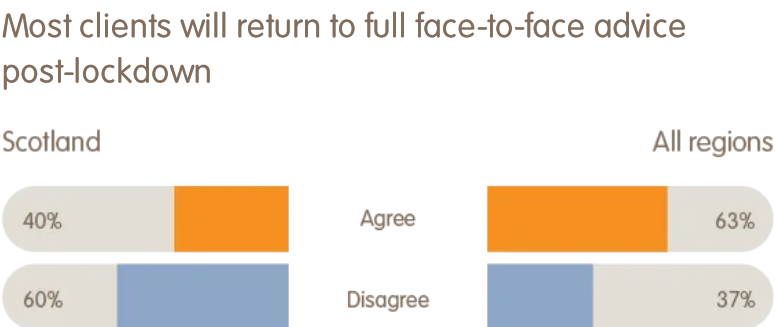
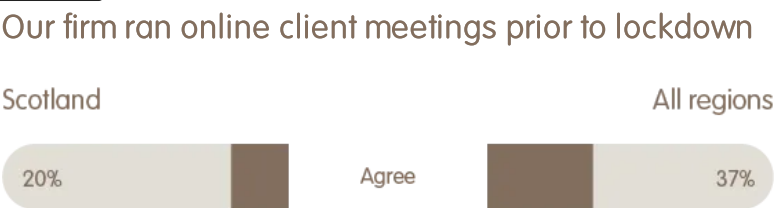


01 Scotland

Impact of lockdown

Scotland

01 Scotland

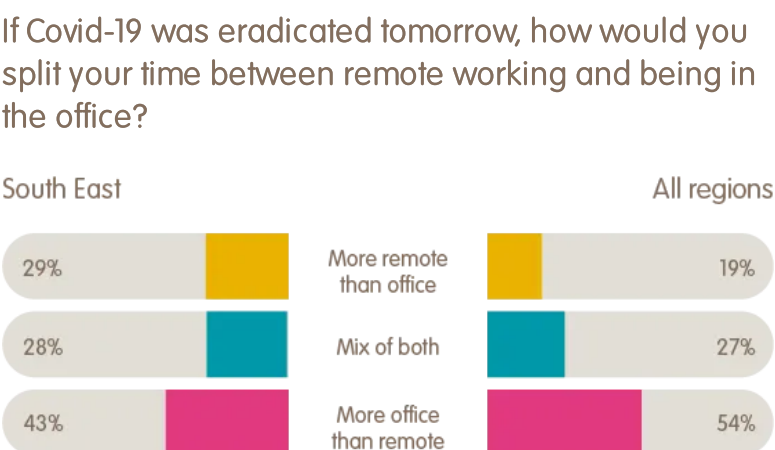
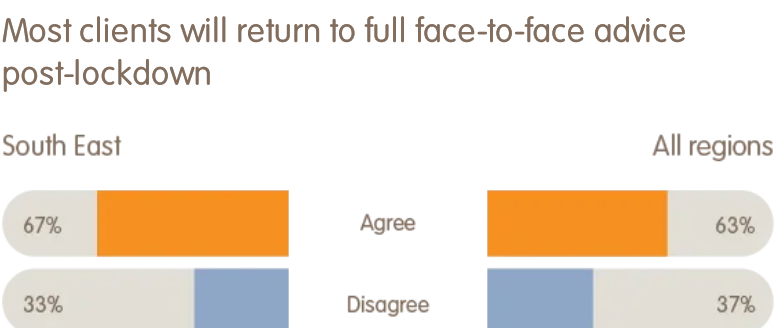
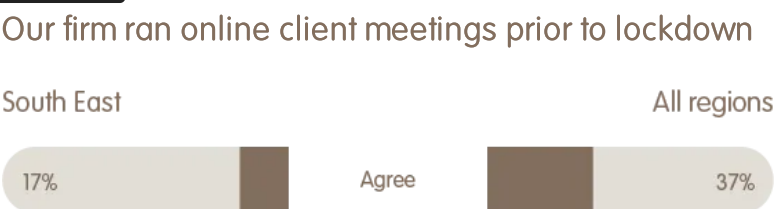


01 South east

Impact of lockdown

South east

01 South east



01 South

Impact of lockdown

South

01 South

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Most clients will return to full face-to-face advice post-lockdown



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If Covid-19 was eradicated tomorrow, how would you split your time between remote working and being in the office?



01 Wales and south west

Impact of lockdown

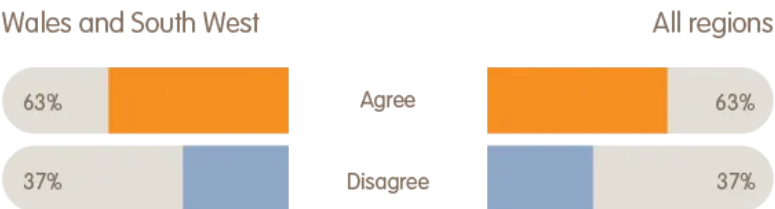
Wales and south west

01 Wales and south west

Our firm ran online client meetings prior to lockdown



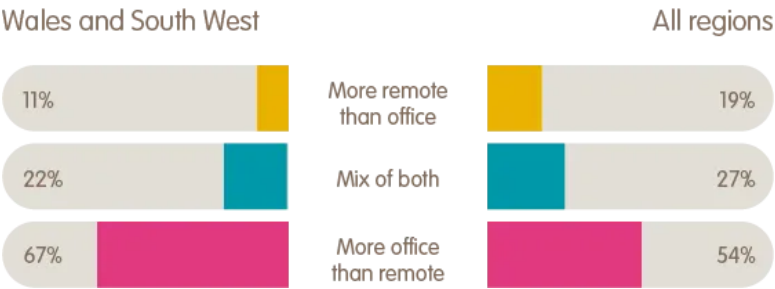
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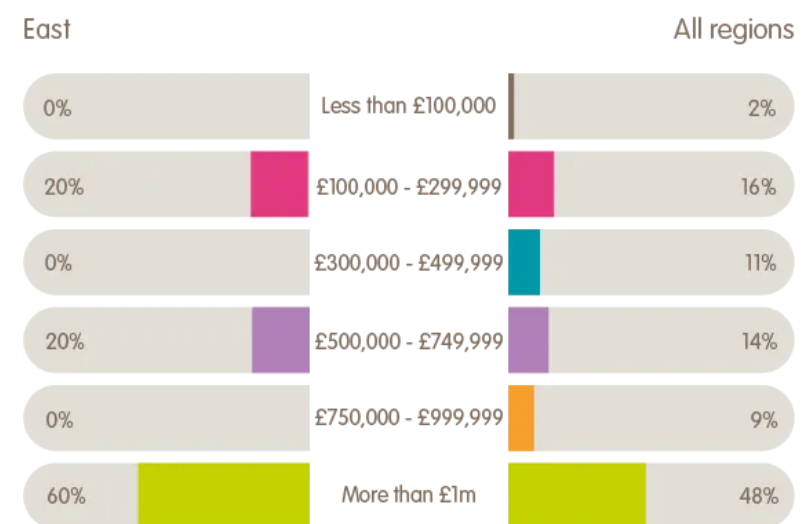
East

02 East

Assets under management



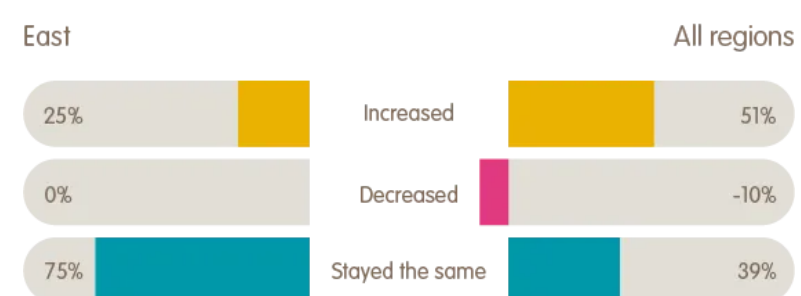
Turnover



Number of employees

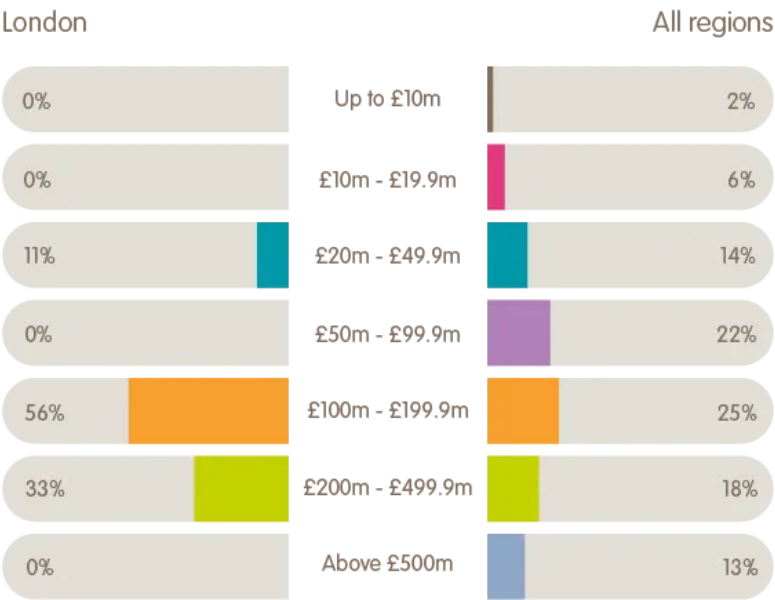


Will this be an increase, decrease, or roughly the same turnover as last year?



London

Assets under management



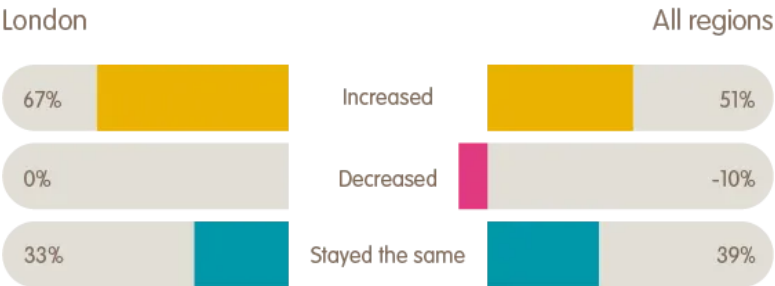
Turnover



Number of employees



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Assets under management



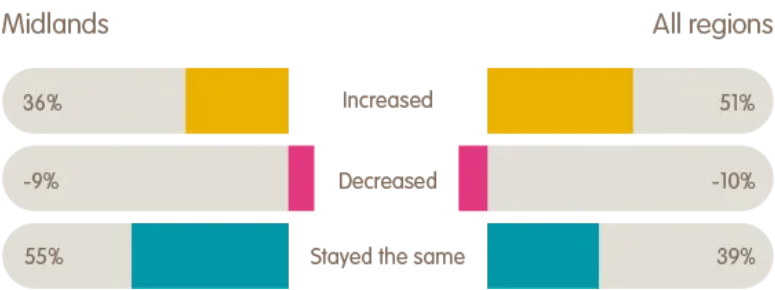
Turnover



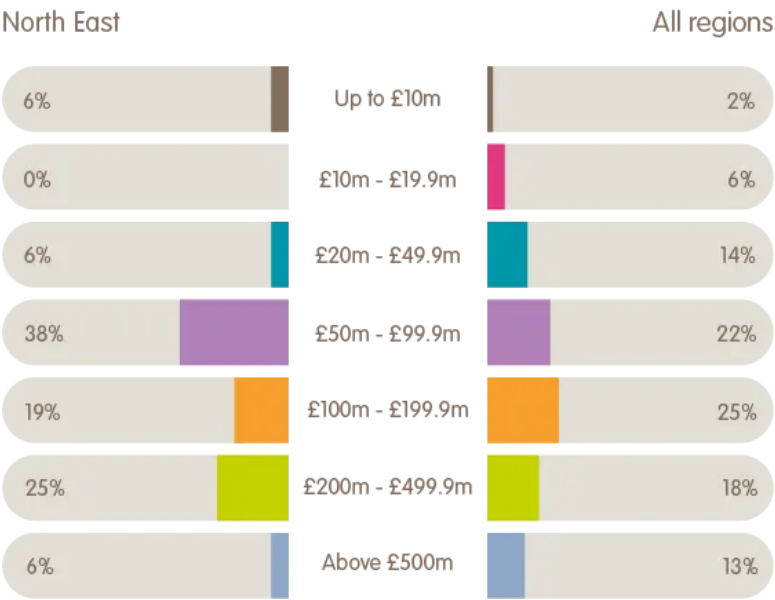
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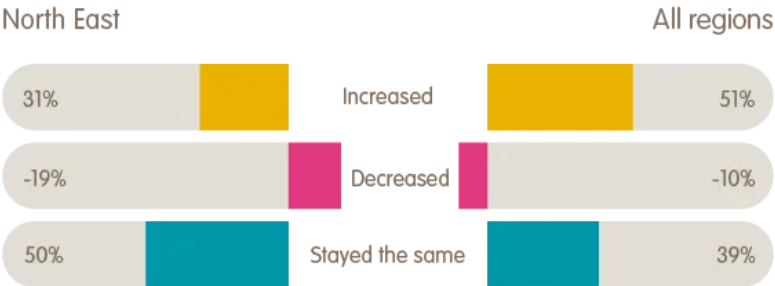
Turnover



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Assets under management



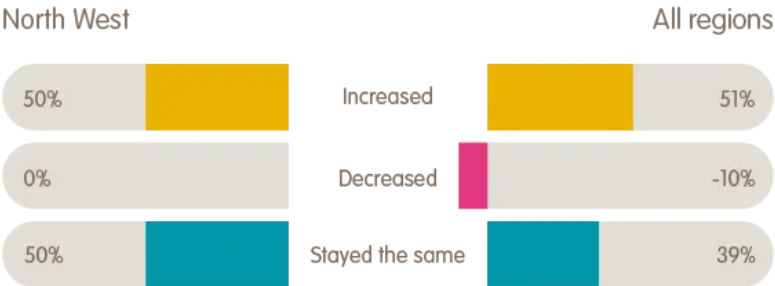
Turnover



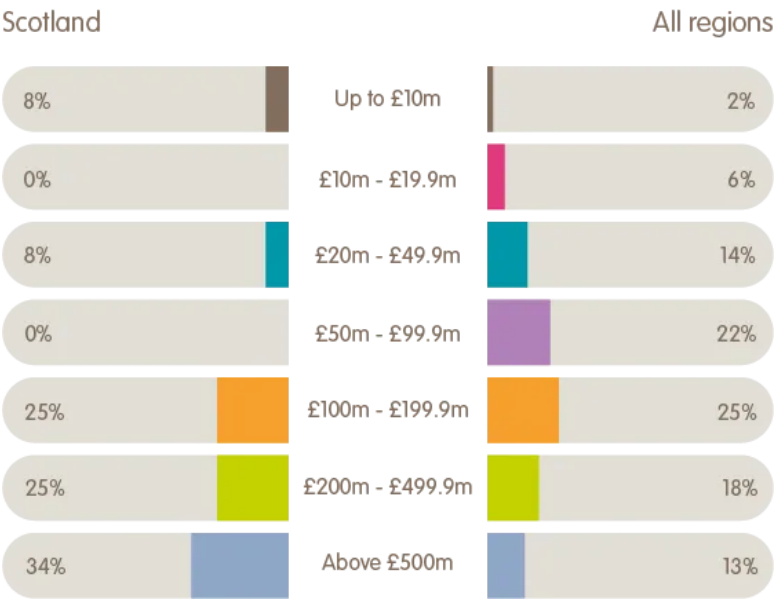
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Assets under management



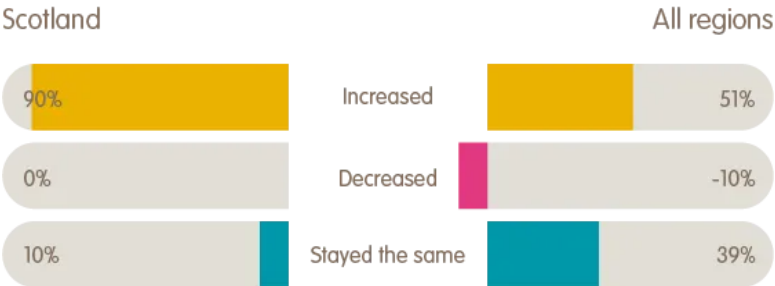
Turnover



Number of employees



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Assets under management



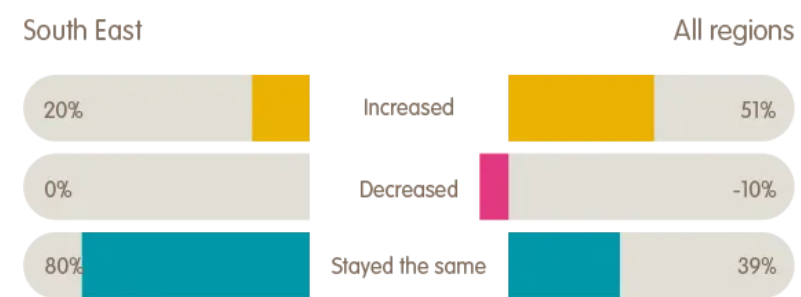
Number of employees



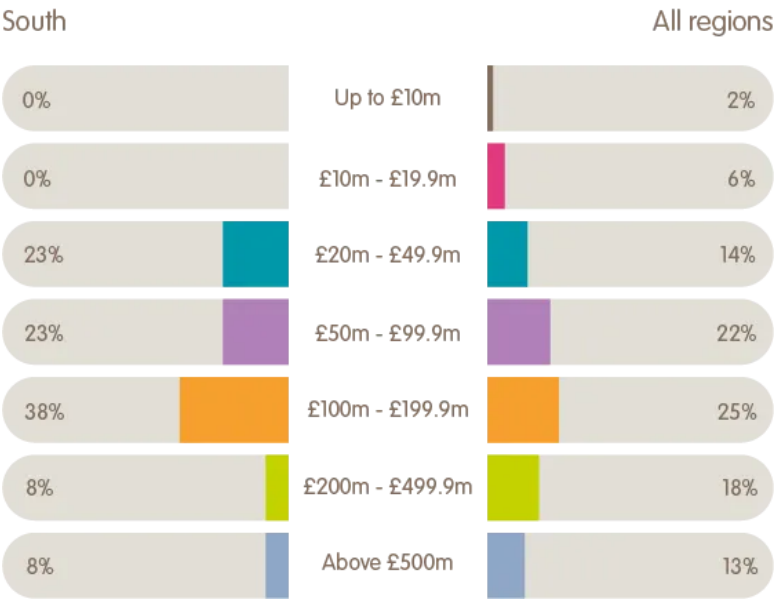
Turnover



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Assets under management



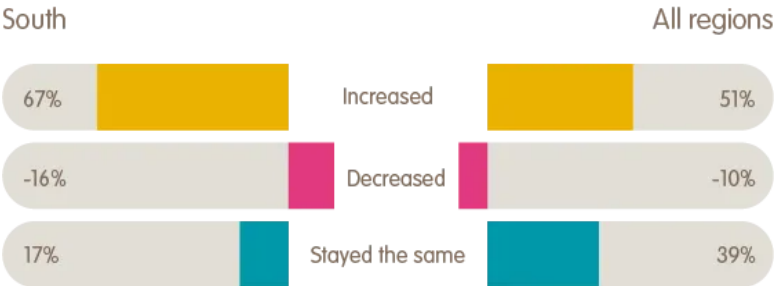
Turnover



Number of employees



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02 Wales and south west

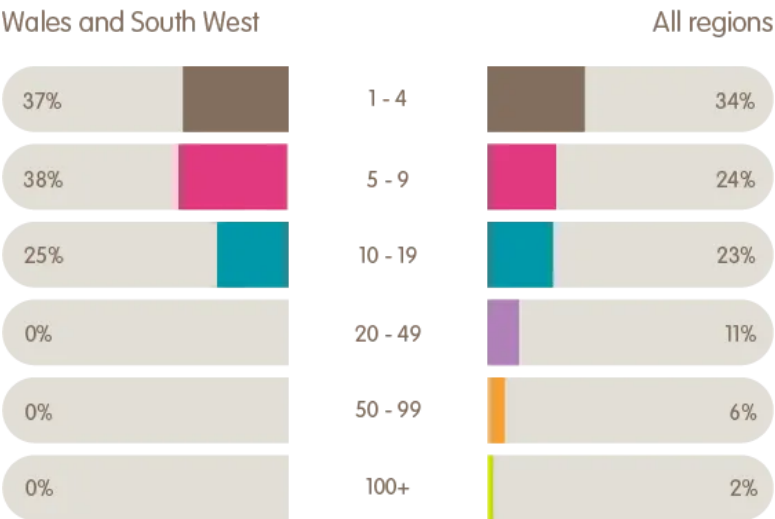
Assets under management



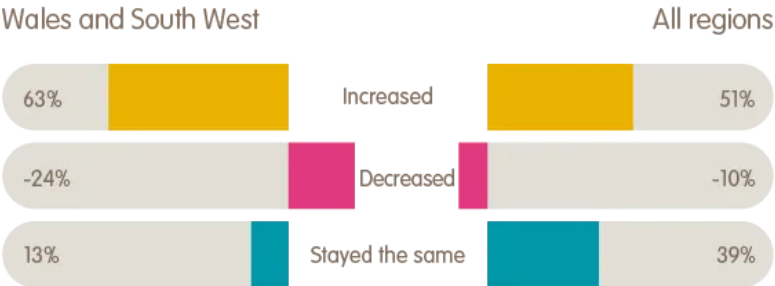
Turnover



Number of employees



Will this be an increase, decrease, or roughly the same turnover as last year?



03 East

For clients

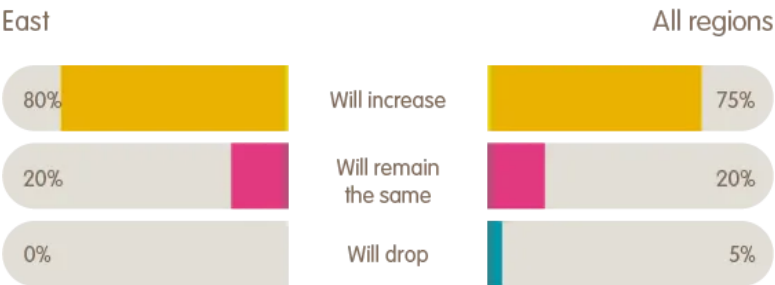
East

03 East

Average active clients



In the year ahead, how will the number of clients your firm actively deals with change?



Average investible assets

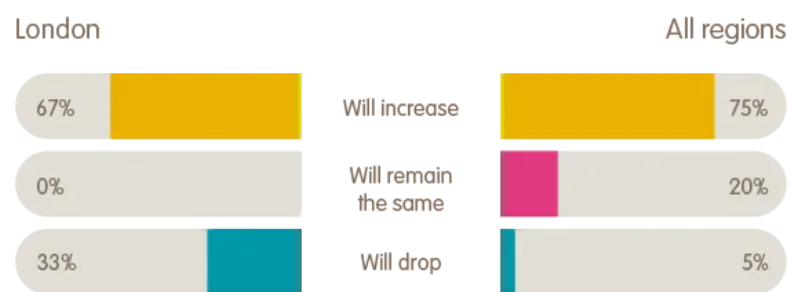


London

Average active clients



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Average investible assets

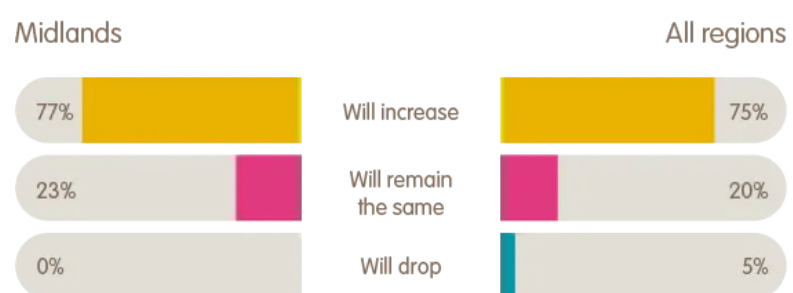


Midlands

Average active clients



In the year ahead, how will the number of clients your firm actively deals with change?



Average investible assets



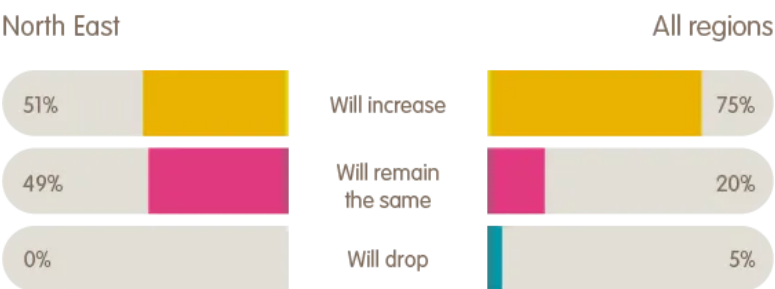
North east

03 North east

Average active clients



In the year ahead, how will the number of clients your firm actively deals with change?



Average investible assets



North west

03 North west

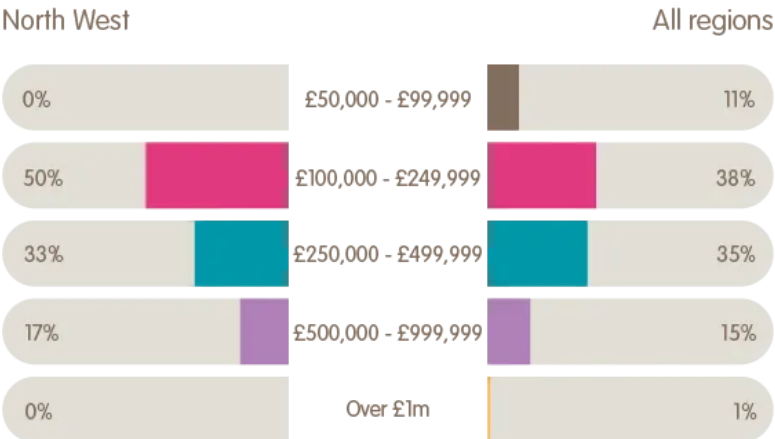
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Average investible assets



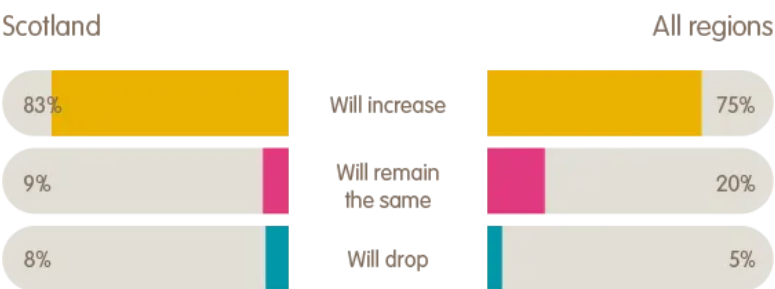
Scotland

03 Scotland

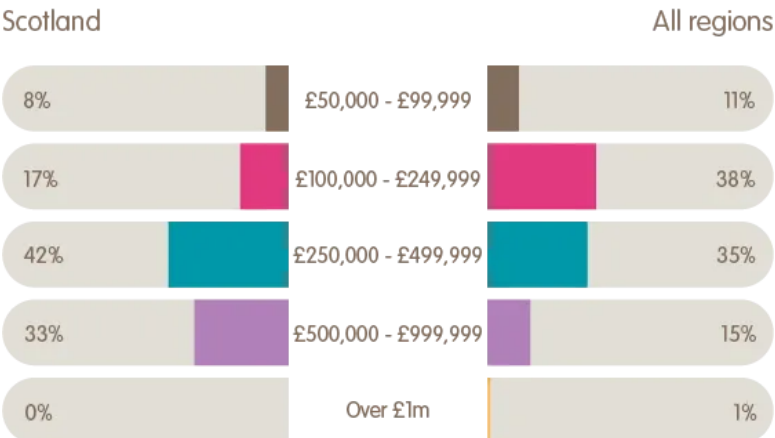
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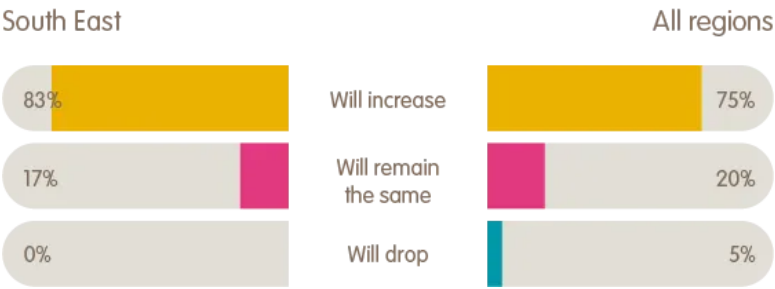
South east

03 South east

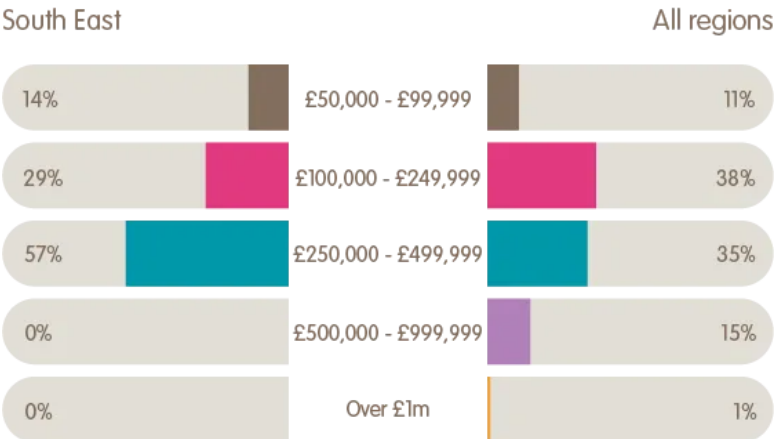
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Average investible assets



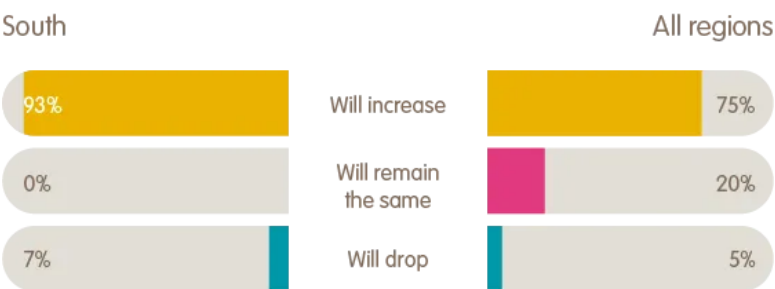
South

03 South

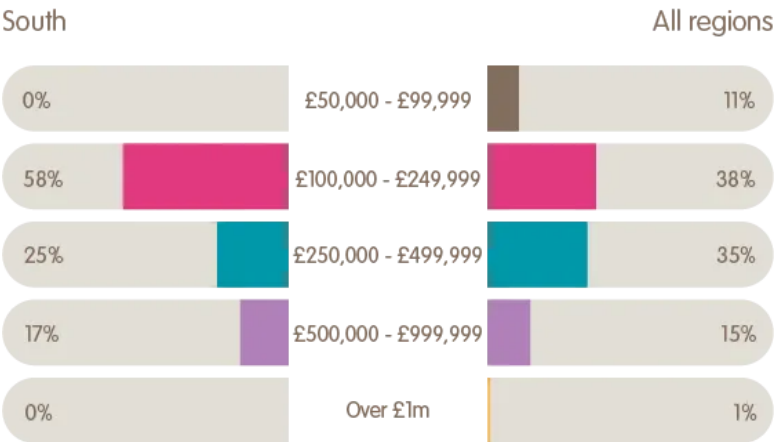
Average active clients



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Average investible assets



03 Wales and south west

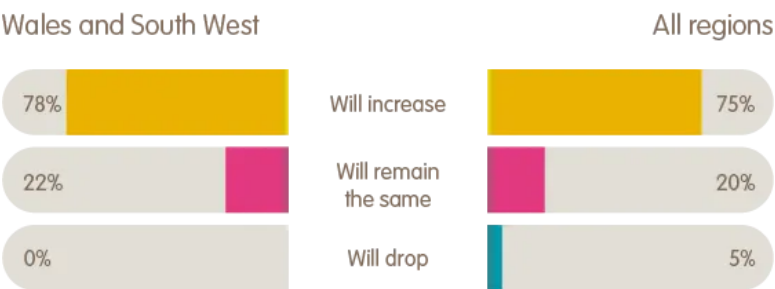
Wales and south west

03 Wales and south west

Average active clients



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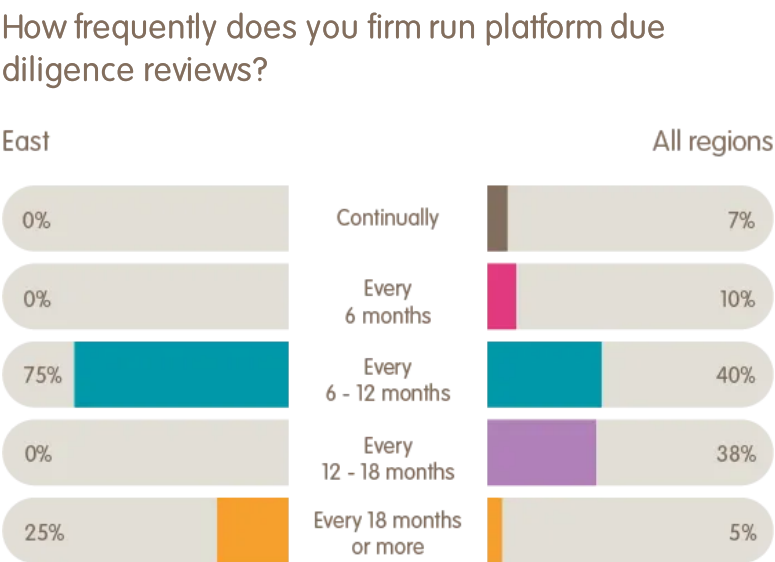
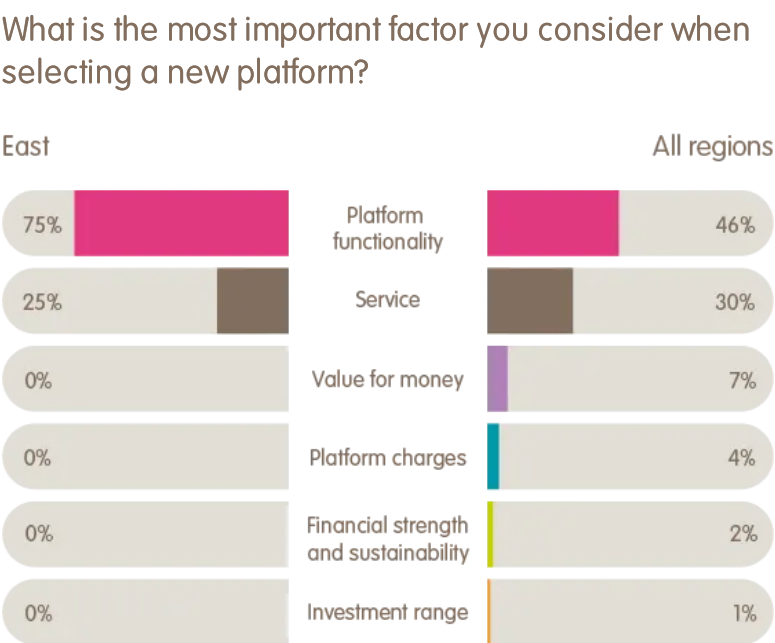


Average investible assets



East

04 East



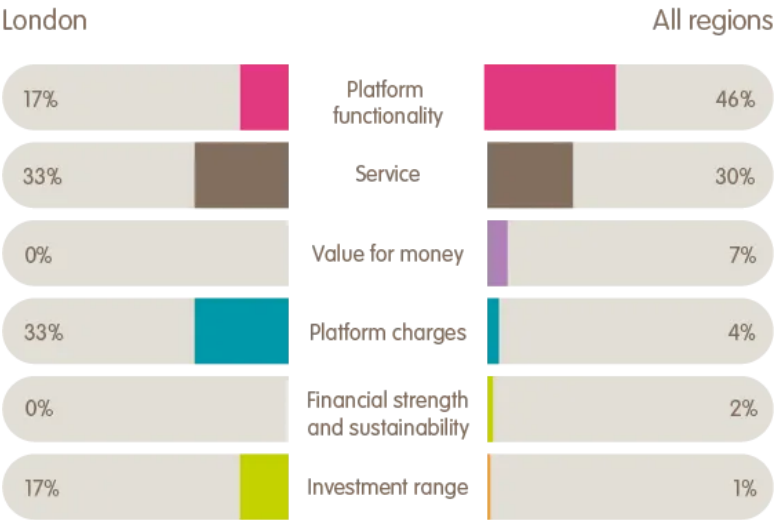
London

04 London

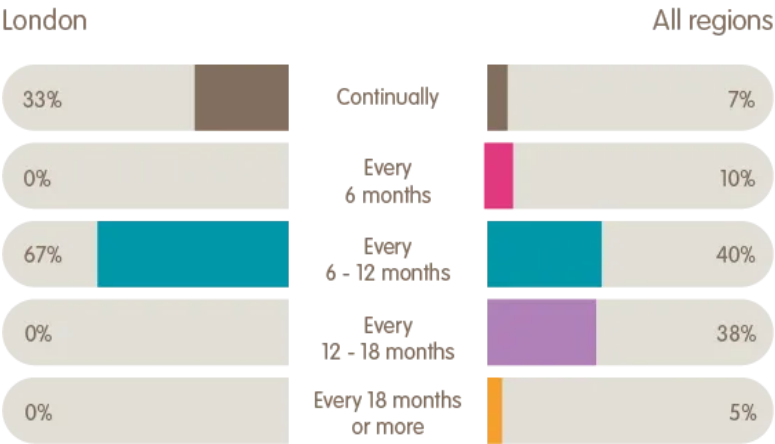
Does your business plan to partner with any new platforms in 2021?



What is the most important factor you consider when selecting a new platform?



How frequently does your firm run platform due diligence reviews?



04 North east platform

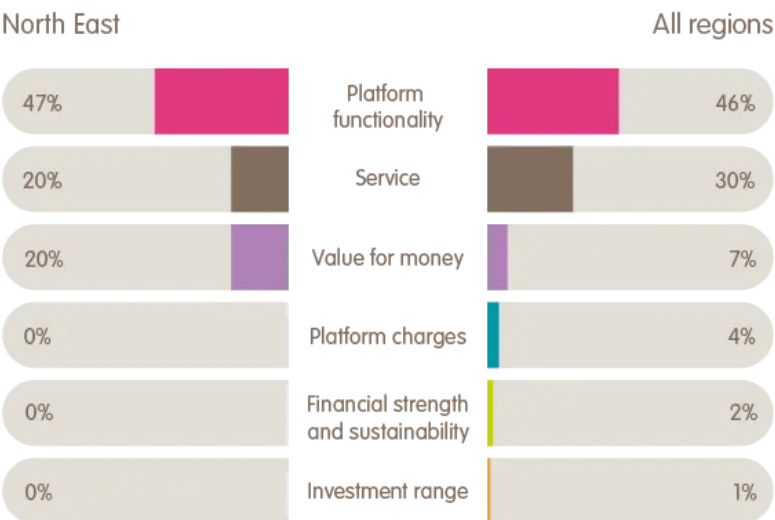
North east

04 North east

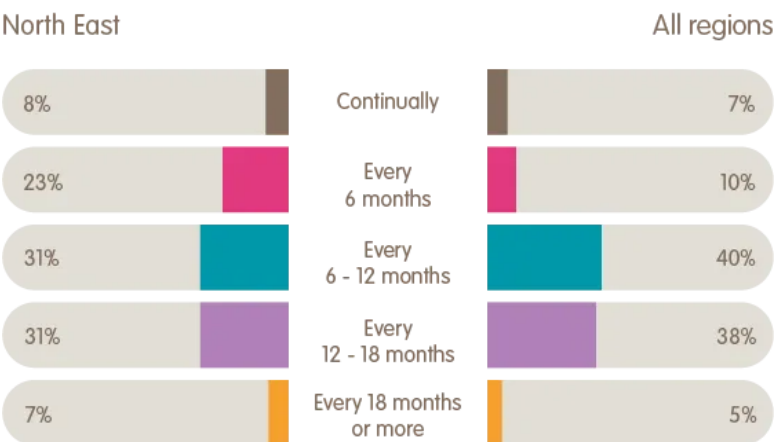
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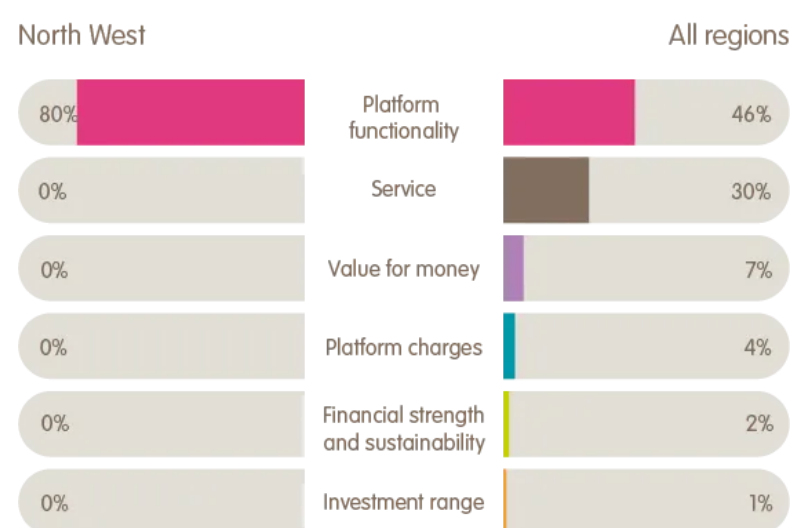
North west

04 North west

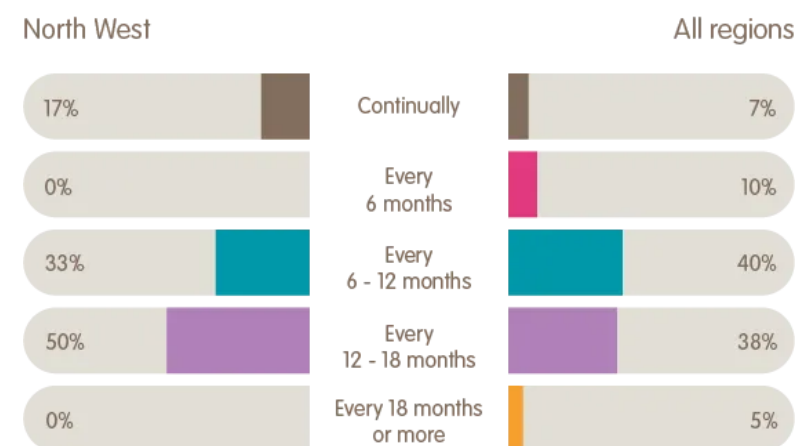
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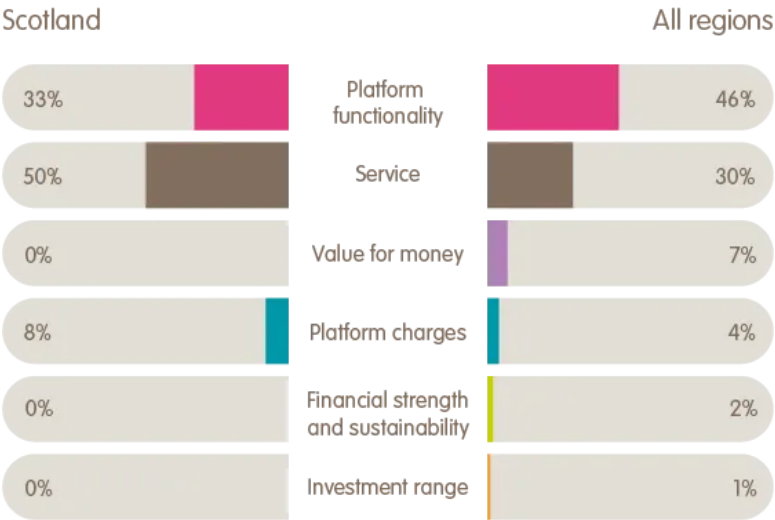
Scotland

04 Scotland

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04 South east platform

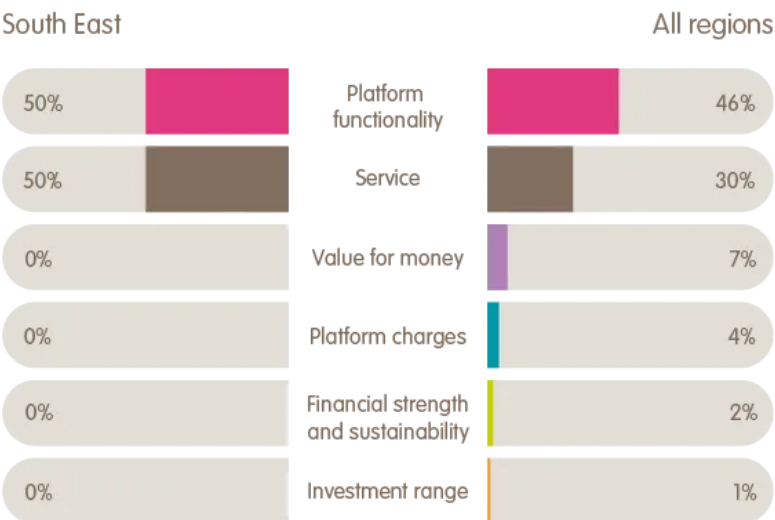
South east

04 South east

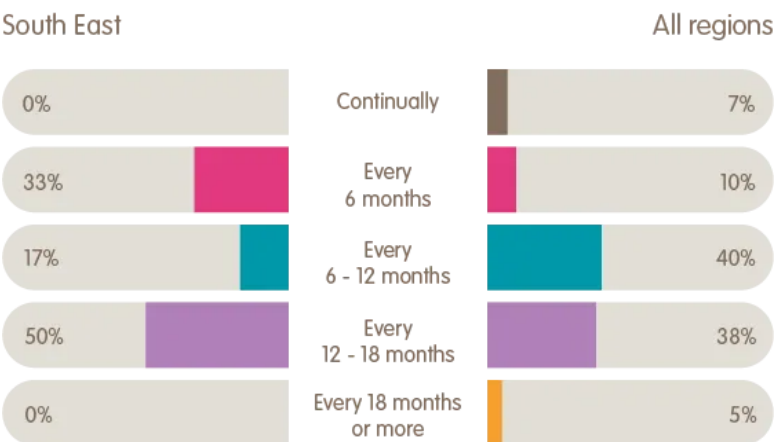
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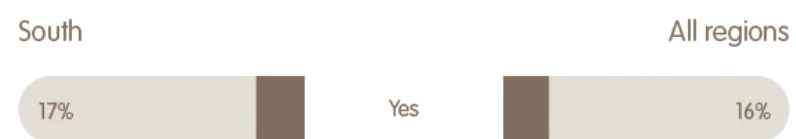
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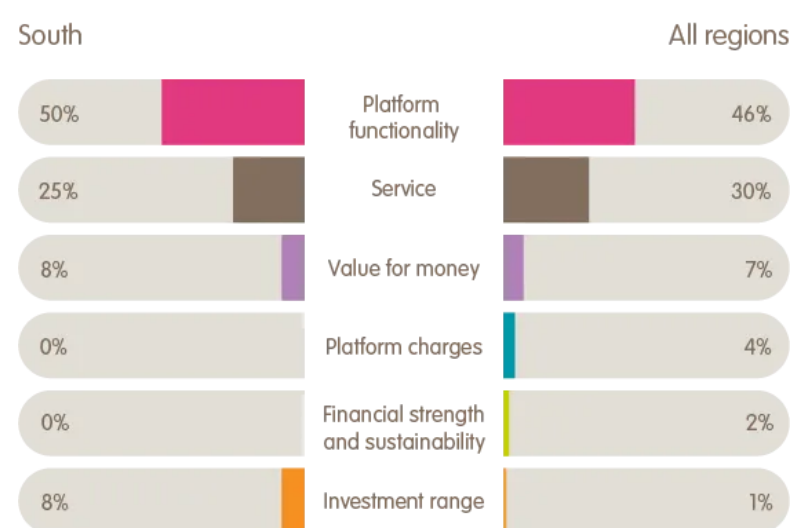
South

04 South

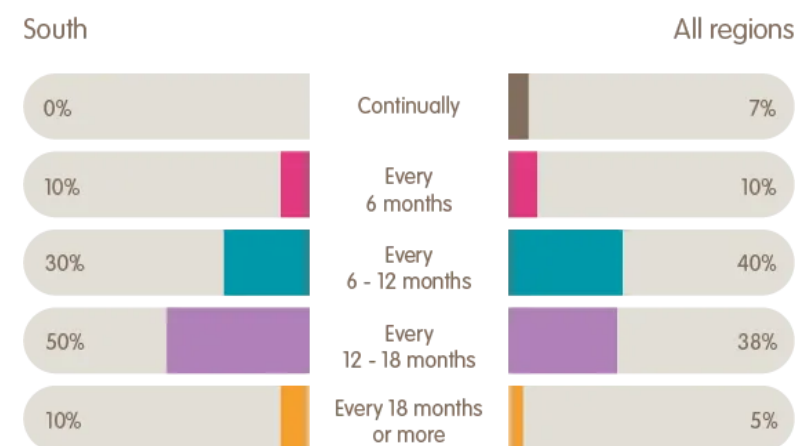
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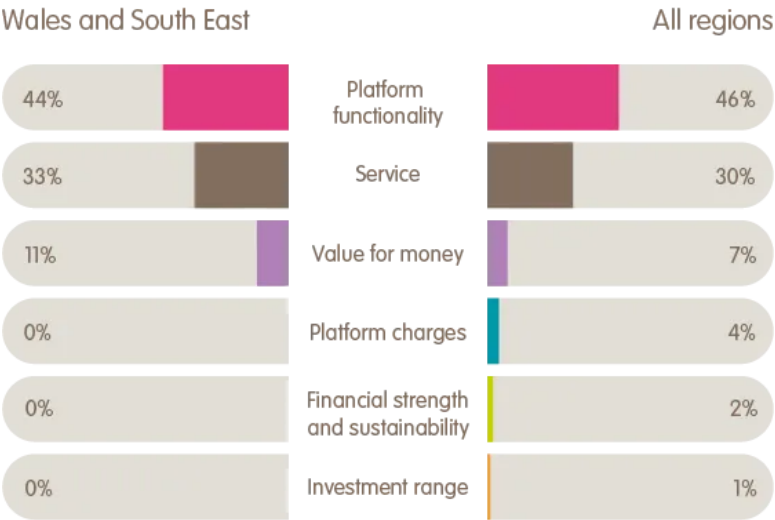
Wales and south west

04 Wales and south west

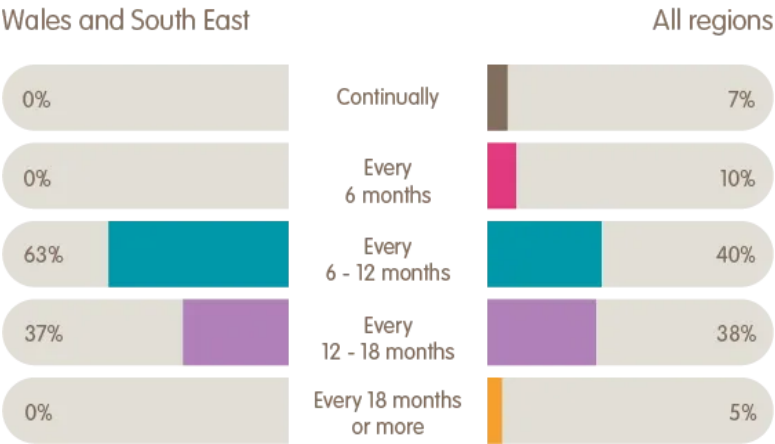
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04 Midlands platform

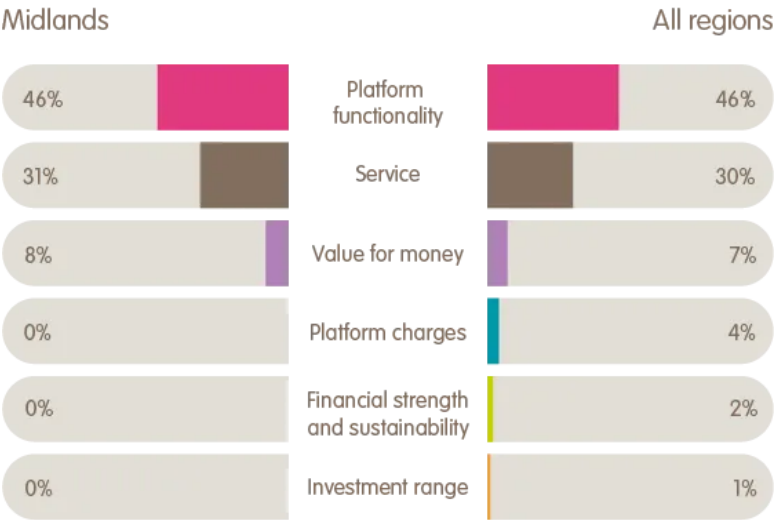
Midlands

04 Midlands

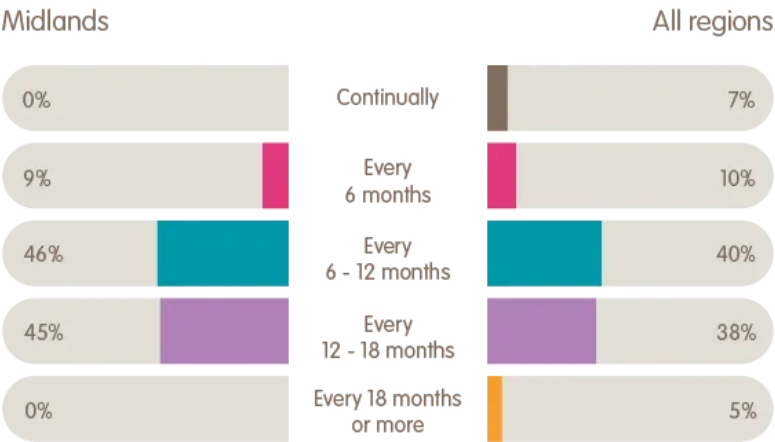
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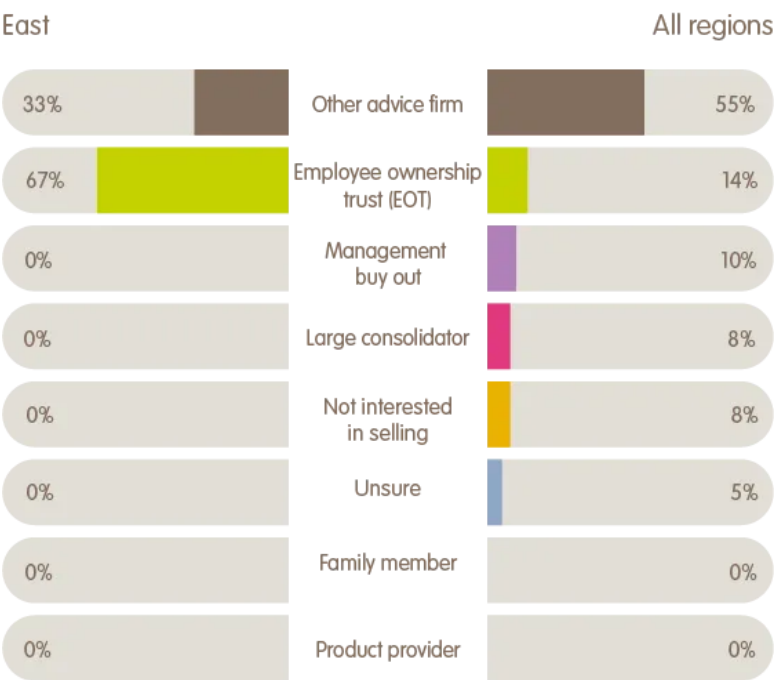
East

07 East

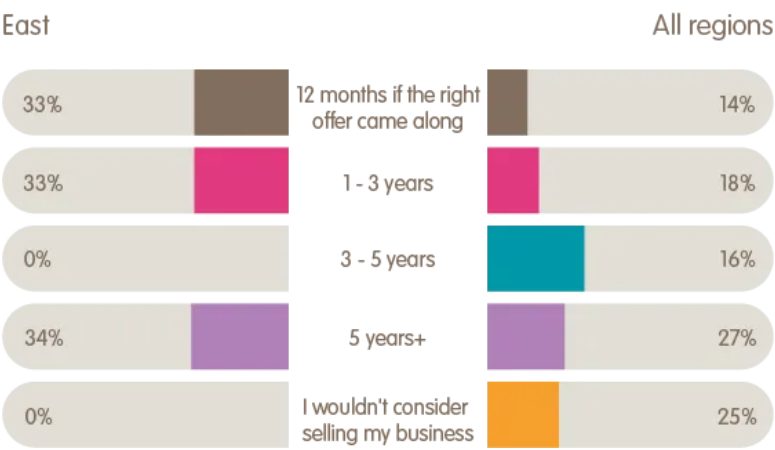
Do you have a succession plan in place?



Who are you likely to sell your business to?



Would you consider selling your business in the next...



In terms of the future direction of your business...

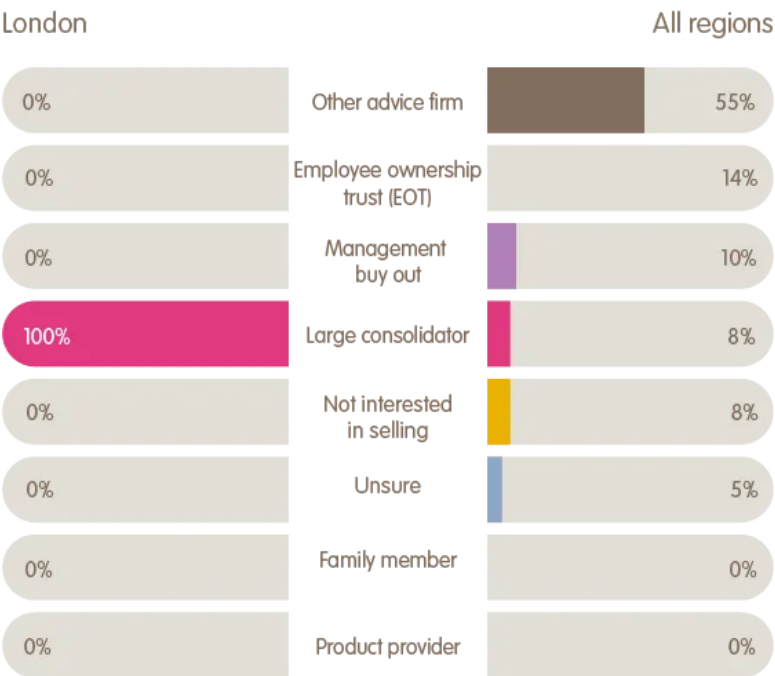


London

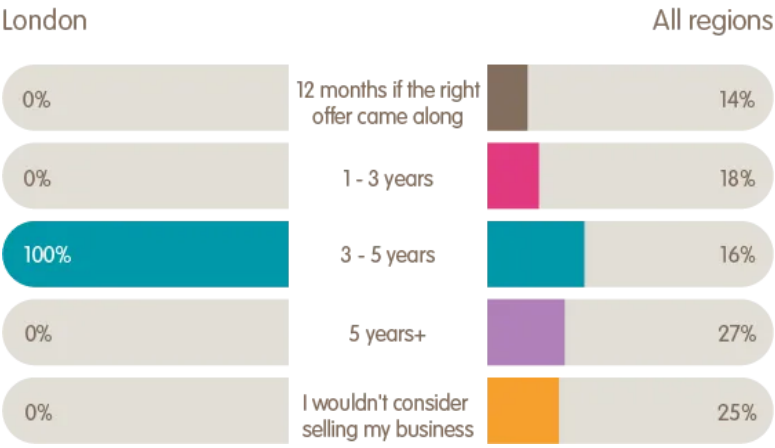
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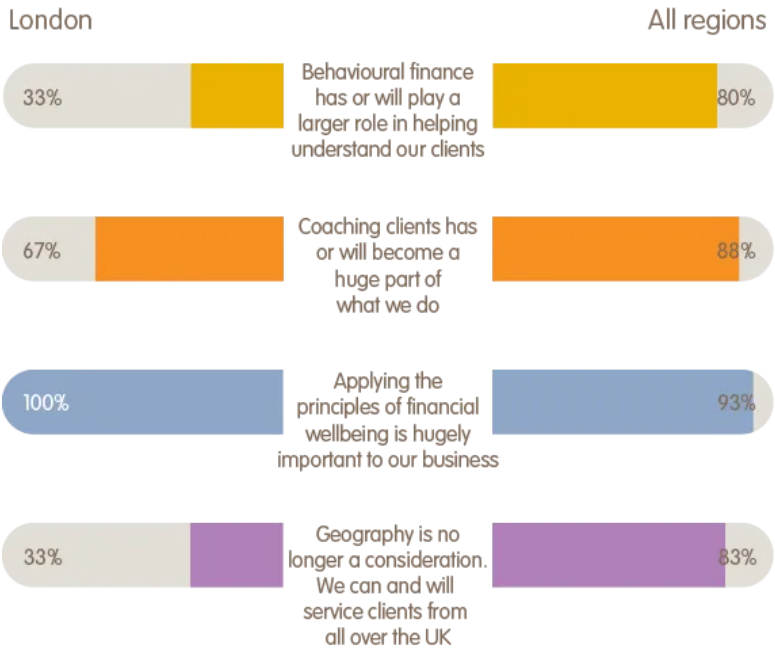
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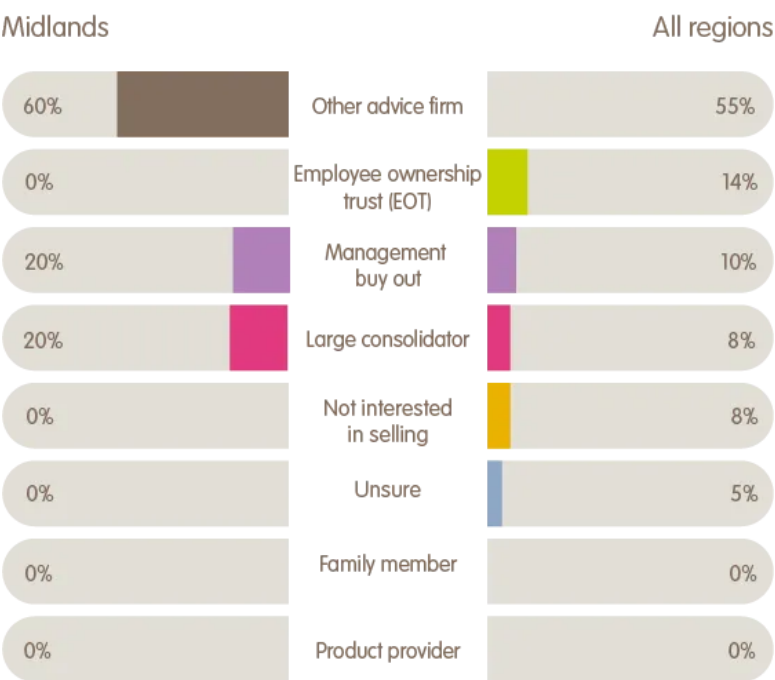
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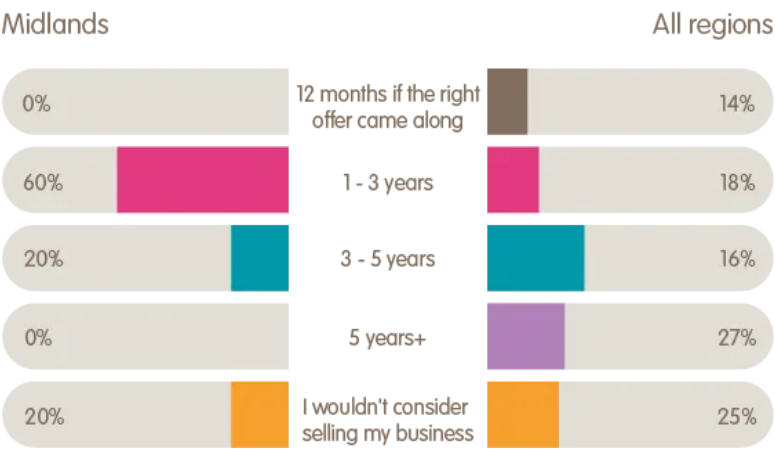
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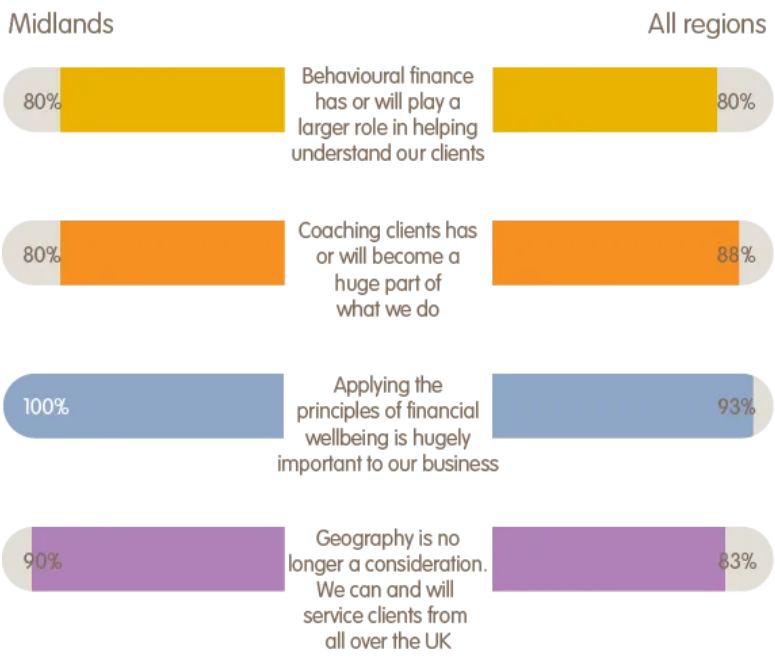
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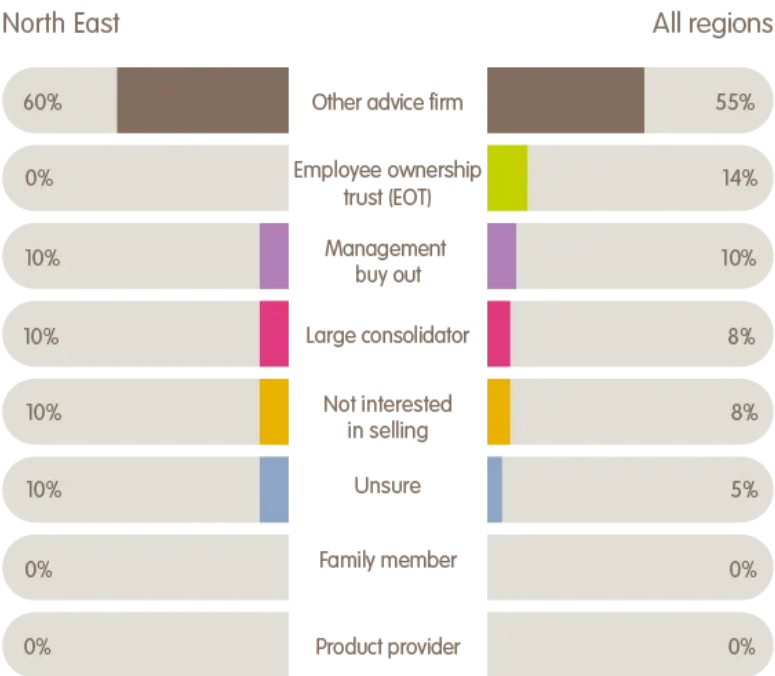
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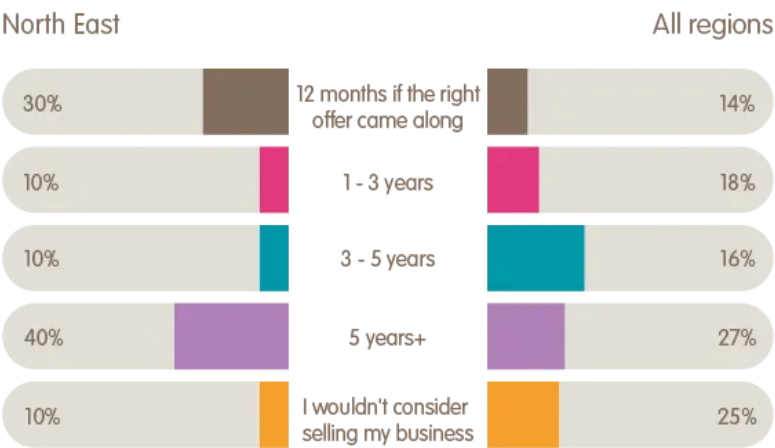
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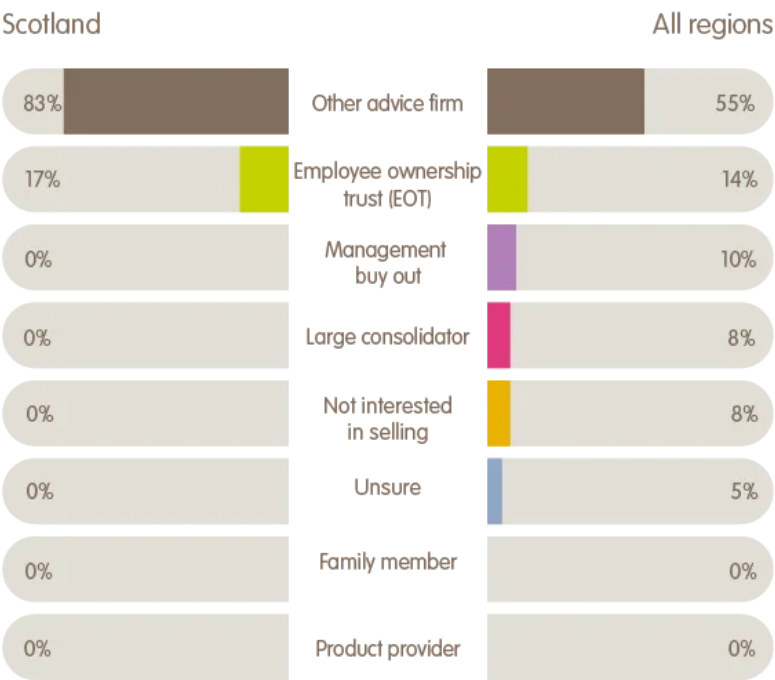
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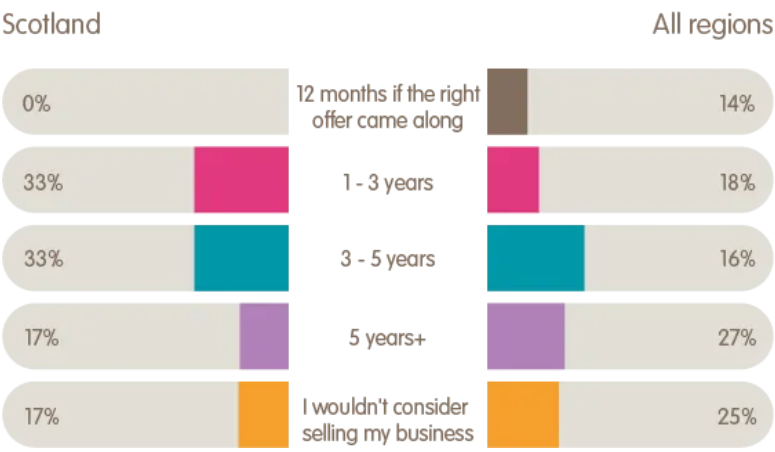
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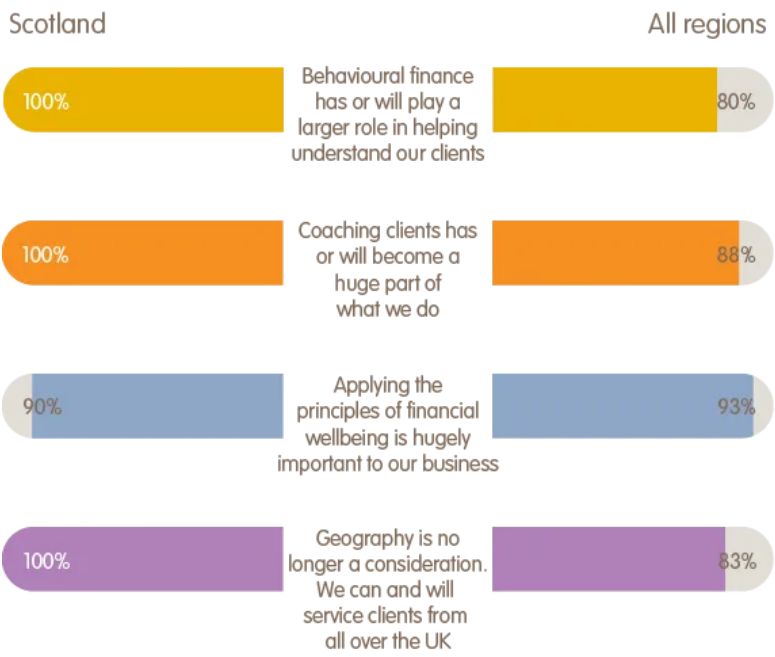
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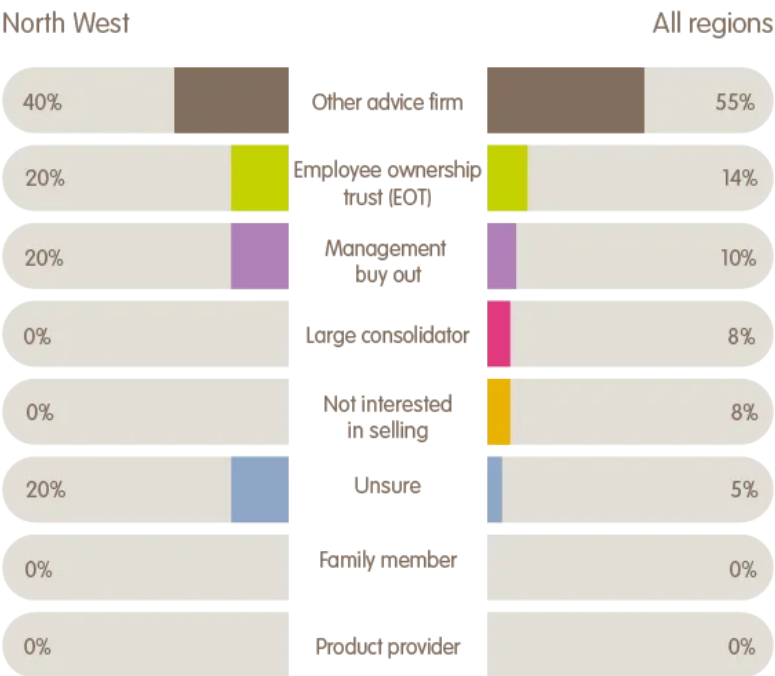
In terms of the future direction of your business...



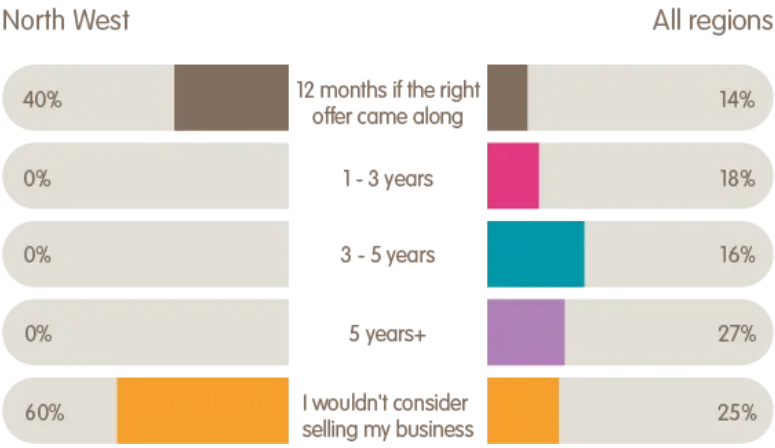
Do you have a succession plan in place?



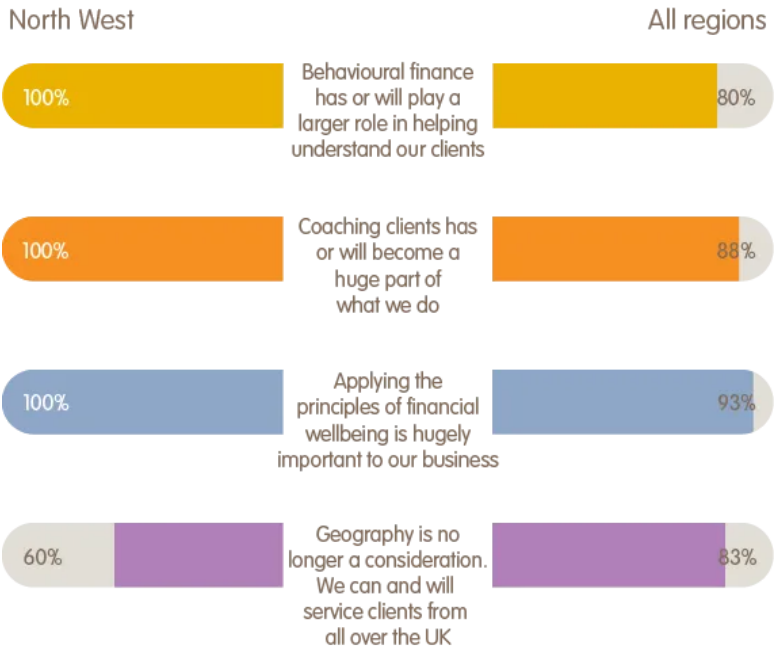
Who are you likely to sell your business to?



Would you consider selling your business in the next...



In terms of the future direction of your business...



07 South east

Do you have a succession plan in place?

South East

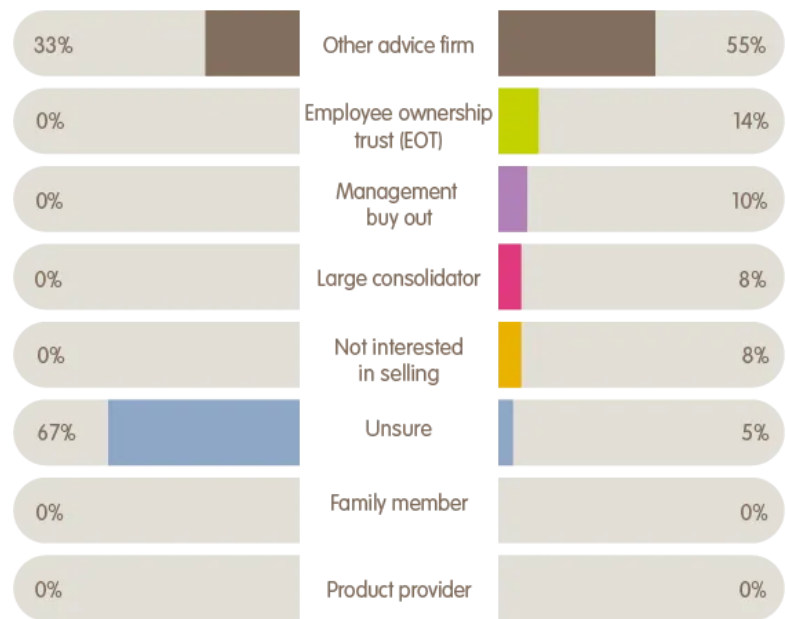
All regions



Who are you likely to sell your business to?

South East

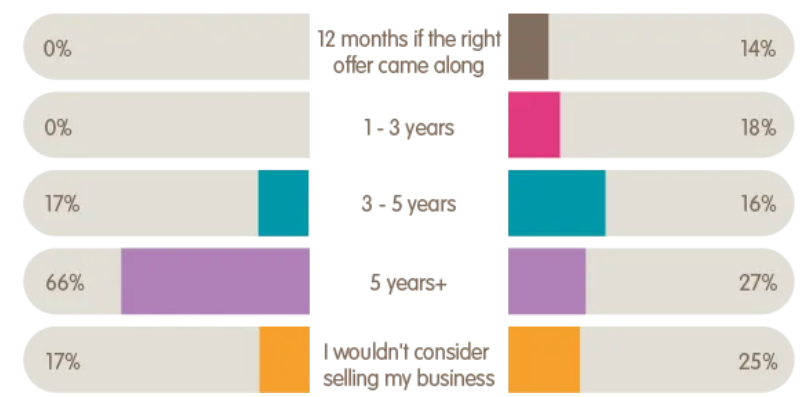
All regions



Would you consider selling your business in the next...

South East

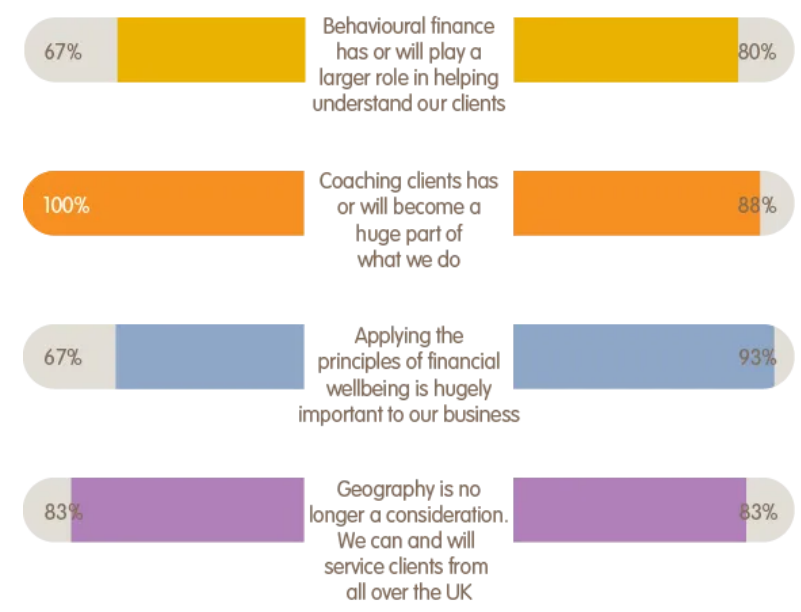
All regions



In terms of the future direction of your business...

South East

All regions



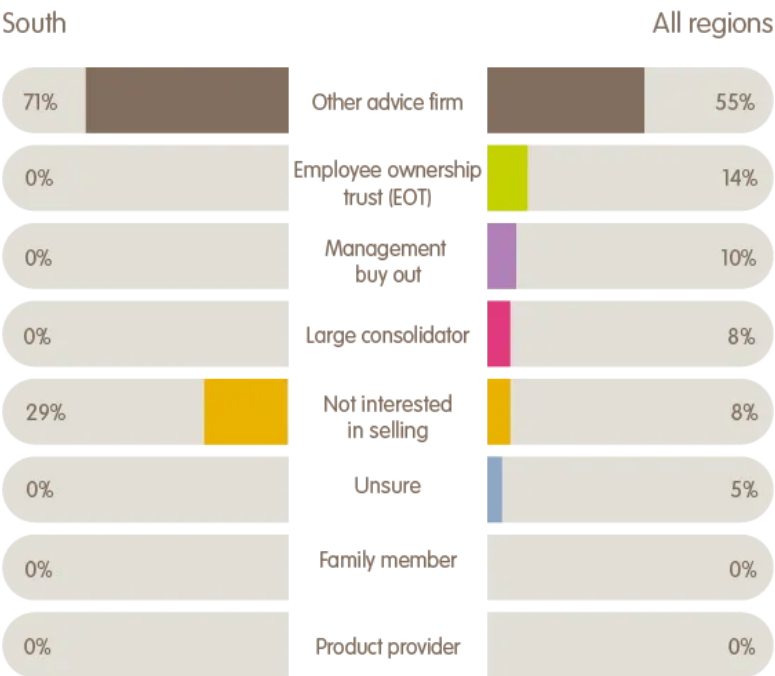
07 South future

South

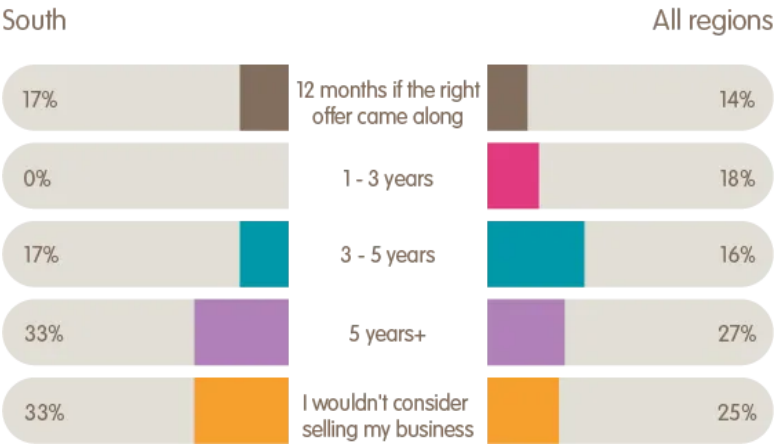
Do you have a succession plan in place?



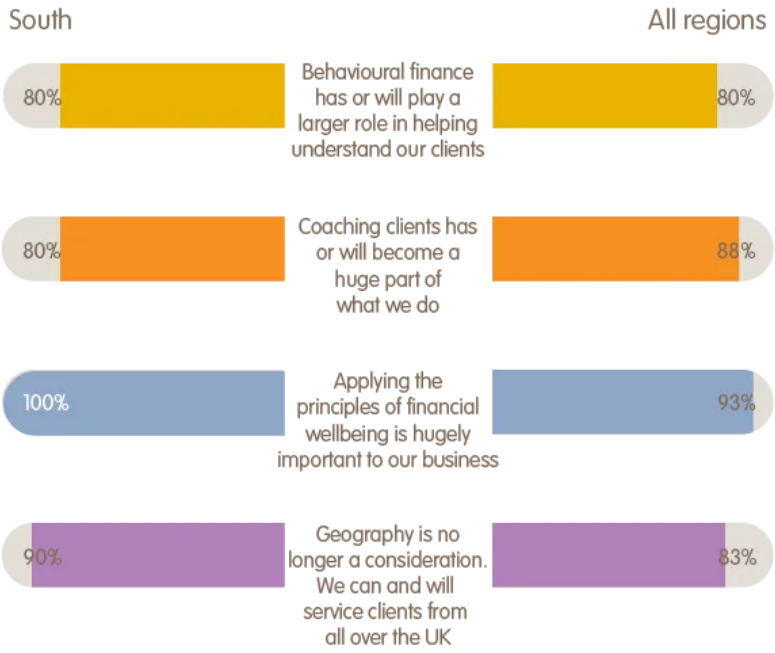
Who are you likely to sell your business to?



Would you consider selling your business in the next...



In terms of the future direction of your business...

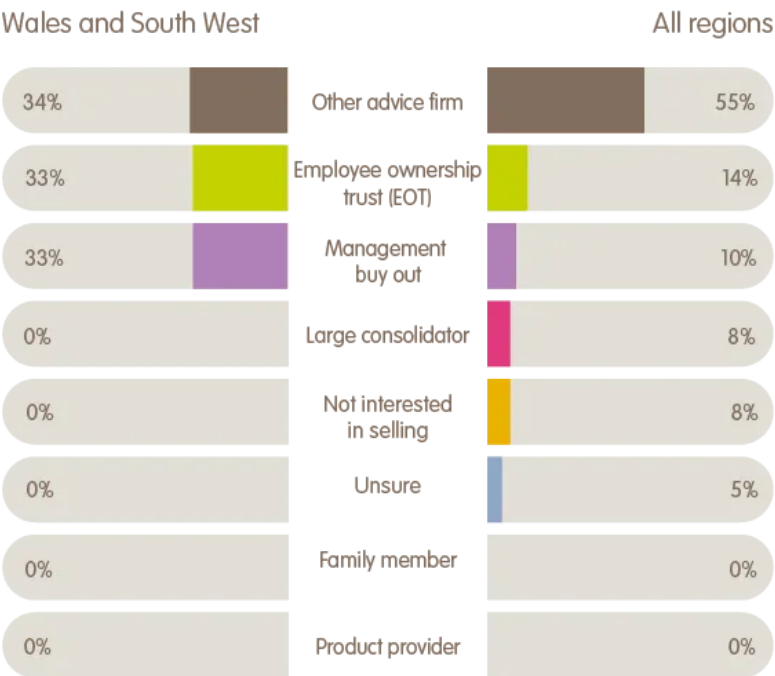


Wales and south west

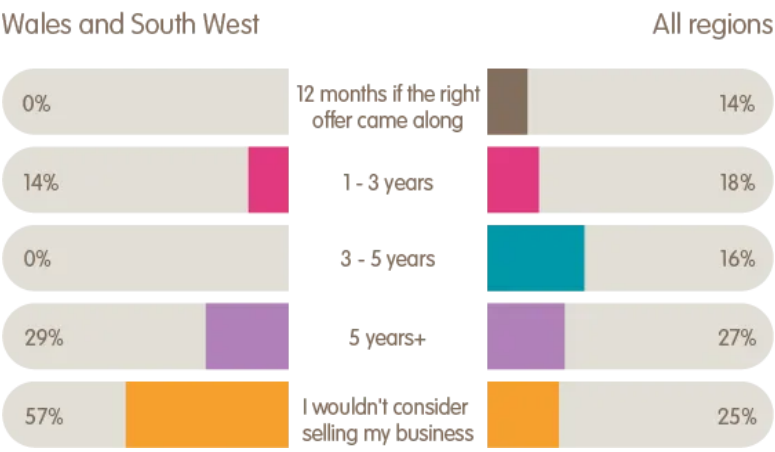
Do you have a succession plan in place?



Who are you likely to sell your business to?



Would you consider selling your business in the next...



In terms of the future direction of your business...

