



BEACON STRATEGIES, LLC

# ***The Paper Chase: The Bane of the Broker Dealer***

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# *The Right Time for Change*

**“It is a commonplace of modern technology that problems have solutions before there is knowledge of how they are to be solved”**

**- - John Kenneth Galbraith**

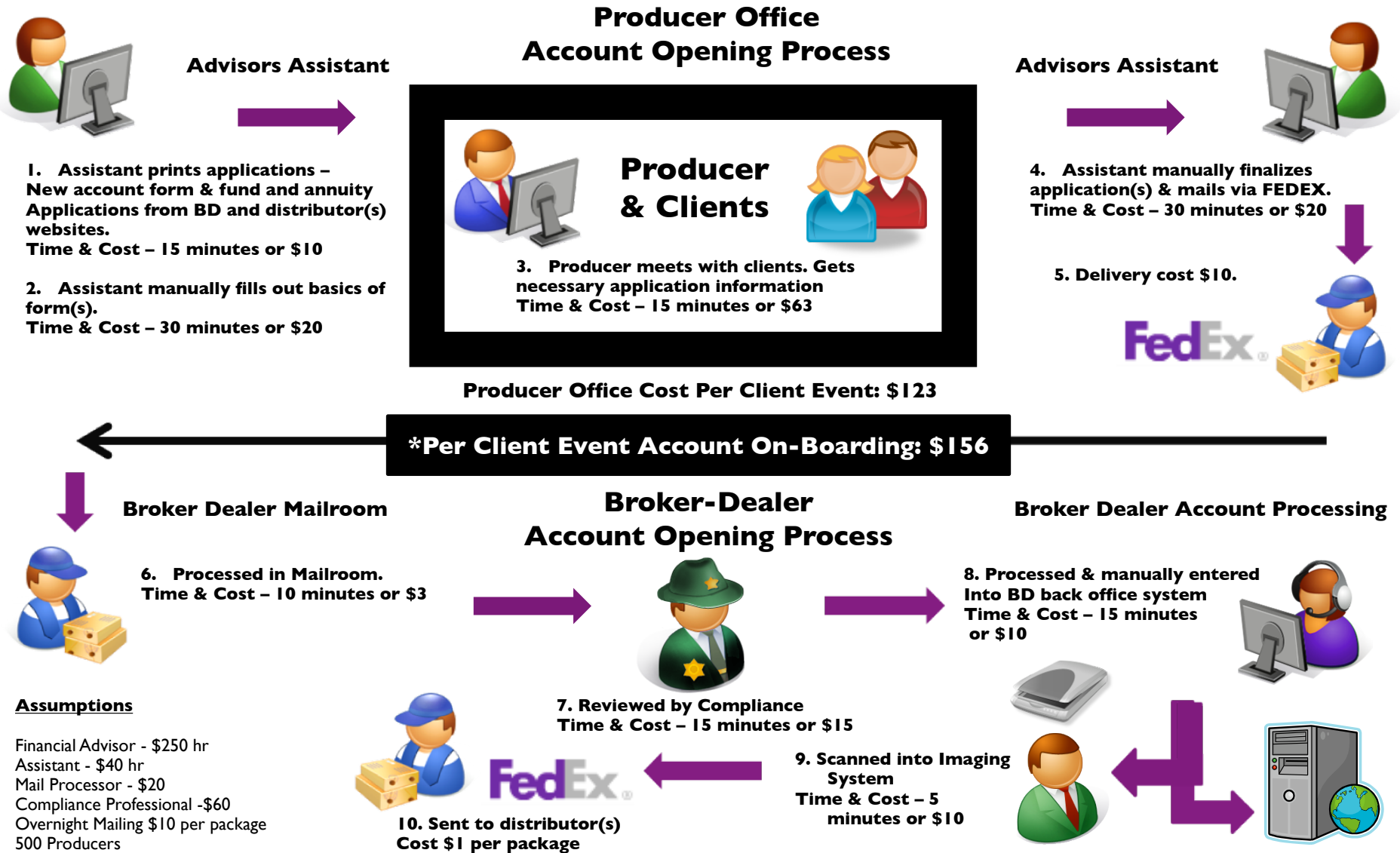
 The Cost of Time & Motion

 A Glimpse of The Future

 The Benefits of Evolution



# Time & Motion Studies



# Traditional Account Opening Broken Down

	Time (Minutes)	Traditional Method	Time (Minutes)	Traditional Method with LaserApp
<b>Producer Cost</b>				
Assistant Goes Out to Websites And Prints Applications	15	\$10.00	0	\$0.00
Assistant Manually/Digital Fills Out Form/Portal	30	\$20.00	10	\$6.67
Producer Meets with Client - Adds to Application	15	\$63.00	15	\$63.00
Assistant Finalizes Application(s) & Mails via FEDEX	30	\$20.00	15	\$10.00
<b>Delivery</b>				
FedEx		\$10.00		\$10.00
<b>Automation</b>				
LaserApp Monthly				\$17.00
	<b>79%</b>	<b>\$123.00</b>	<b>76%</b>	<b>\$106.67</b>
<b>Broker Dealer</b>				
Processed in Mailroom	7	\$3.00	7	\$3.00
Reviewed By Compliance Officer	15	\$15.00	15	\$15.00
Processed & Manually Entered	15	\$10.00	15	\$10.00
Scanned into Document Imaging	5	\$4.00	5	\$4.00
<b>Delivery To Distributor</b>				
FedEx		\$1.00		\$1.00
	<b>21%</b>	<b>\$33.00</b>	<b>24%</b>	<b>\$33.00</b>
<b>Cost Per Client Event</b>				
		<b>\$156.00</b>	<b>10%</b>	<b>\$139.67</b>
<b>Average Producer Processes Five Client Events A Month</b>		<b>\$780.00</b>		<b>\$698.35</b>



# How Do The Numbers Add Up?

Annual Account Opening Processing Costs

**\$1,404,000**

**\$4,680,000**

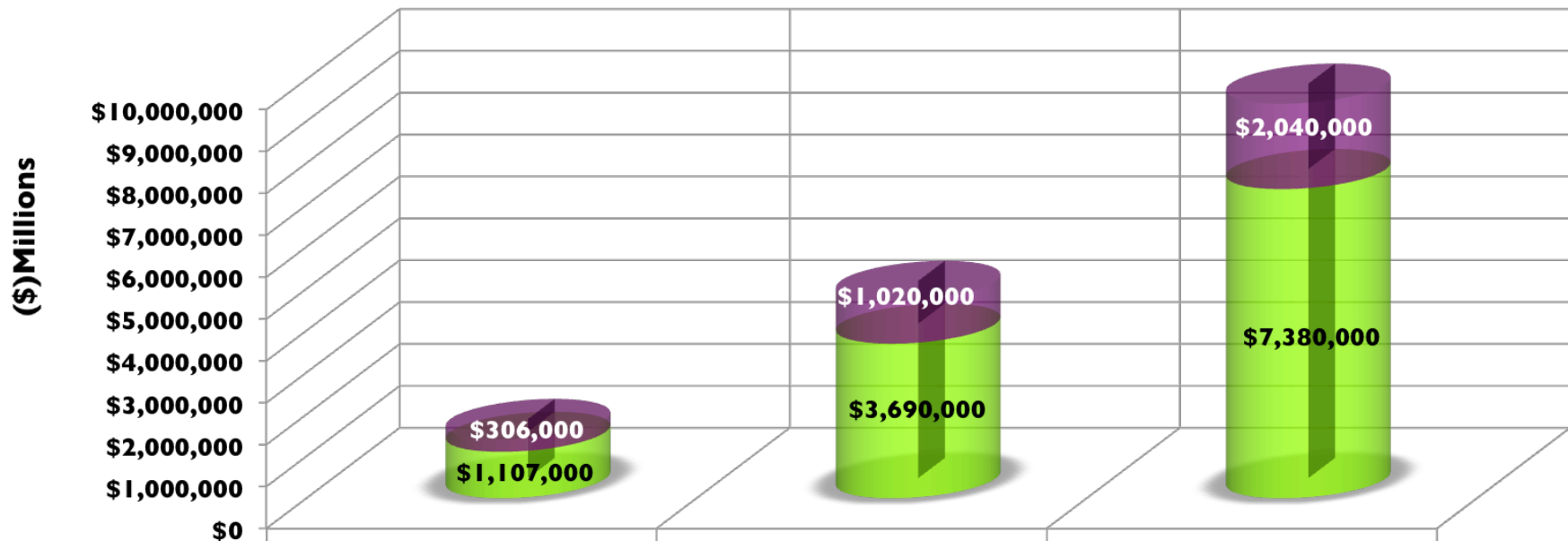
**\$9,360,000**

**79%**

■ **Producer Costs**

■ **Home Office Costs**

**21%**



**Producers**

**150**

**500**

**1000**

**Transactions**

**9,000**

**30,000**

**60,000**

# The Unseen Costs

- Not-In-Good-Order (NIGO)

20% - 60%

- Massive Amounts of Data Entry
- Duplicate Data Entry
- Multiple Systems

Incomplete & Errors

- **Lost Productivity for Producers**
- **Lost Productivity for Home Office**
- **Higher Cost of Doing Business**
- **Poor Holistic Data Quality**

Missing & Bad Data  
Paper Based Processes

Changing Markets'

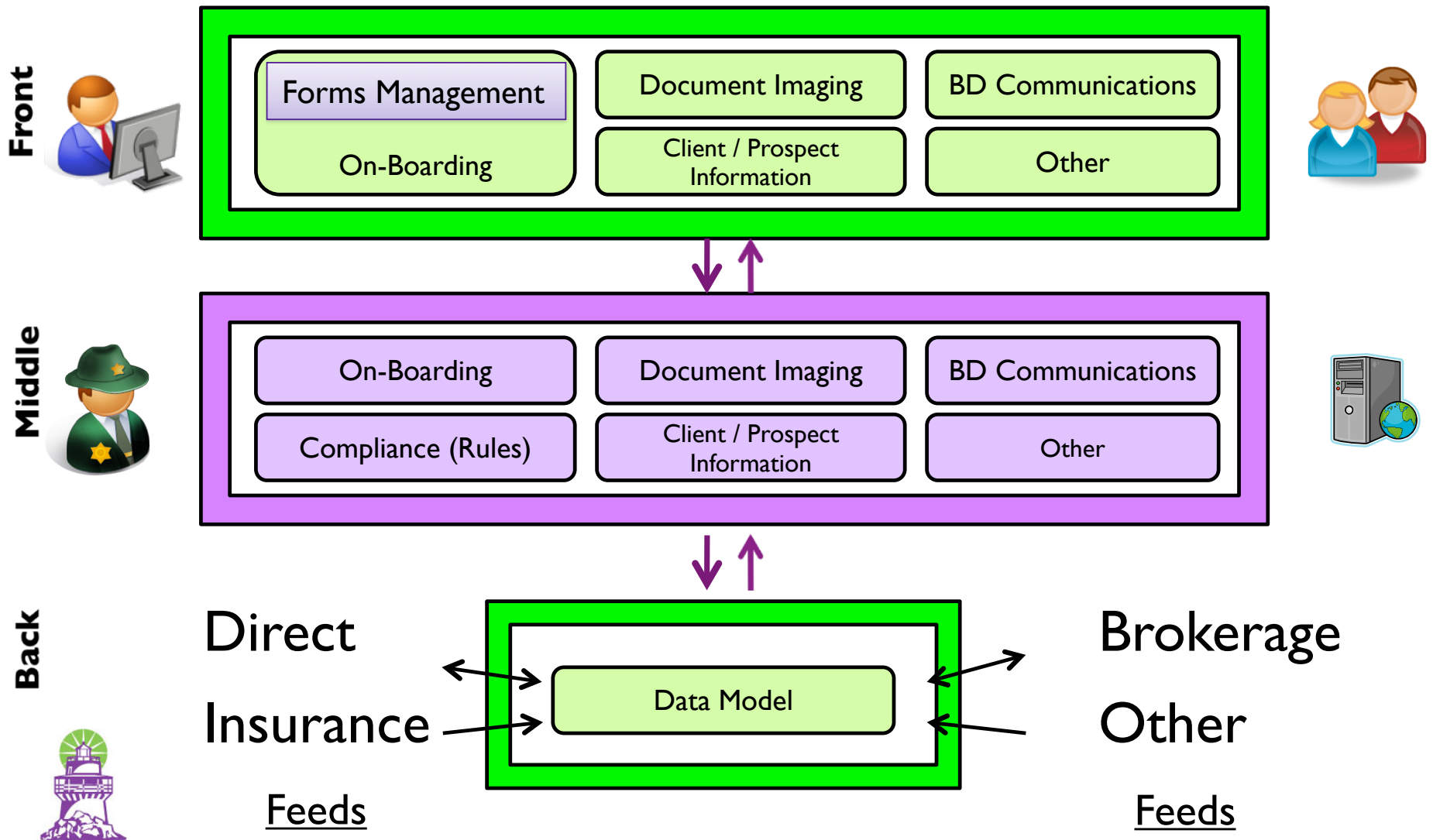
- Tortured Compliance Groups
- Expanded Compliance Staffs
- Limited Transparency

- Increased Risk Exposure



# Is An Automated BD System A Holy Grail?

## CRM or Centralized Portal Integration



# Roughly What Would It Cost?

## Organized Through Either a CRM or Portal Integration Strategy

	150*	500*	1000*
<b>Front Office w/ Assistant</b>	(1)	(1)	(1)
CRM	\$75	\$65	\$55
On-Boarding	\$50	\$42	\$32
Forms Management	\$23	\$18	\$13
Document Imaging	\$50	\$45	\$40
Human Input	\$50	\$50	\$50

Producer Total **\$248 \$220 \$190**

	(1)	(3)	(7)
<b>Middle Office</b>	(1)	(3)	(7)
CRM	\$75	\$195	\$385
On-Boarding	\$50	\$126	\$224
Document Imaging	\$50	\$135	\$120

Sub Total **\$175 \$456 \$729**

<b>Back Office</b>			
Data Model	\$7,500	\$20,000	\$30,000
Sub Total	\$7,500	\$20,000	\$30,000

Home Office Automation Total **\$7,923 \$20,676 \$30,919**

**Head Count (\$) Total\*\* \$4,167 \$13,889 \$27,778**

Monthly Transactions	750	2500	5000
Head Count***	1.0	3.3	6.7
Daily Client Events	37.5	125	250

	150*	500*	1000*
<b>Front Office w/ Assistant</b>			
Portal	\$40	\$35	\$30
On-Boarding	\$50	\$42	\$32
Forms Management	\$23	\$18	\$13
Document Imaging	\$50	\$45	\$40
Human Input	\$50	\$50	\$50

Sub Total **\$213 \$190 \$165**

	(1)	(3)	(7)
<b>Middle Office</b>	(1)	(3)	(7)
Portal	\$20	\$53	\$75
On-Boarding	\$50	\$126	\$224
Document Imaging	\$50	\$135	\$280

Sub Total **\$120 \$314 \$579**

<b>Back Office</b>			
Data Model	\$7,500	\$20,000	\$30,000
Sub Total	\$7,500	\$20,000	\$30,000

Automation Total **\$7,833 \$20,504 \$30,744**

**Human Element\*\* \$4,167 \$13,889 \$27,778**

Monthly Transactions	750	2500	5000
Head Count***	1.0	3.3	6.7
Daily Client Events	37.5	125	250

\*Cost Structure Represents the Mid Point Among Vendors in our database.

(cost deviation could be up to 50% +/- the above price point).

\*\*Head Count Calculations figured by cost of resource blend times number of transactions per month.

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# And The New Numbers Represent What?

**Potential % Reduction  
in Account Opening  
Cost**

**58%**

**63%**

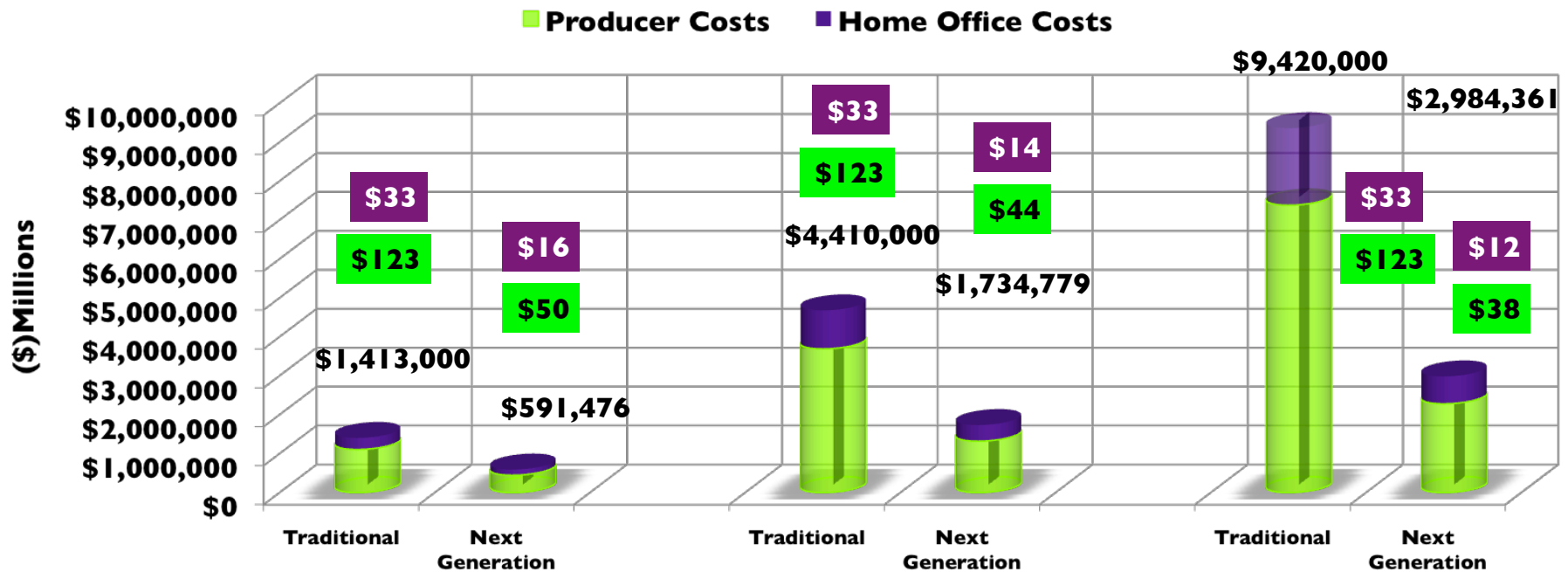
**68%**

**Potential Annual  
Account Opening  
Processing Savings**

**\$821,524**

**\$2,975,221**

**\$6,435,639**



**Producers**

**150**

**500**

**1000**

**Transactions**

**9,000**

**30,000**

**60,000**

# The Benefits of Change?



 More Dollars Hitting the Bottom Line





 Improved Infrastructure

 Improved & Easier Reporting Capabilities

 More Time To Focus On What's Important At Your Broker-Dealer





# What's Holding Up Change?

-  Economic Uncertainty
-  Adoption
-  Skewed Cost Perceptions'
-  Time & Single-Mindedness To Focus On Such A Complex Dynamic



# What's Holding Up Change?

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 If you are interested in our research or consulting please contact us at 720-259-3865 or email [consult@beaconstrategiesllc.com](mailto:consult@beaconstrategiesllc.com).



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