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# Technology Tools for Today™

The **Only** Practice Management/Technology Newsletter for Financial Advisors.

Reprint from July 2009

## Guest Columnist: David Edstrom, Chief Marketing Officer, BridgePortfolio

### So Much More Than Just Reporting



**David Edstrom, CMO,  
BridgePortfolio**

A lot has happened since I last penned an article for *Virtual Office News* (now *T3*) in September 2007. I'm not just thinking about the bear market which began a month later, or the economic and market collapse that started in late 2008. Instead, I'm talking about all the enhancements to BridgePortfolio's back office outsourcing platform. Not only have we made great strides in our offerings, but advisors are finally awakening to the benefits of outsourcing their back-office work to focus more on what they do best.

There have been more enhancements to the BridgePortfolio system than I have room to mention, so I'll focus on the following: The Advisor Dashboard; Account/Data Management; Upgrades to our Portfolio Management & Trading; Software Integration; Data Sharing Security; Account Opening/Proposal Tools; Enhanced Client Reporting; our Custom Advisory Platforms/Small Account Services, for which we are receiving a great deal of interest, and our new Compliance Consulting Service.

As I explain to advisors every day, outsourcing is as much if not more about the people to whom you have delegated the back-office work, than it is about the technology itself. Outsourcing companies should be an extension of your practice — you must have trust in their ability to deliver the information to you when needed and in a clean and manageable manner. The technology itself is merely the means by which a firm like BridgePortfolio delivers its service. With that said, the look and feel, and ease of use of the platform is important — the more intuitive it is, the less technical support and training needed, the more likely the advisor is to use the tools to effectively reap the benefits of outsourcing. With that thought in mind, we developed the Advisor Dashboard, where advisors log in to view reports and use all the tools provided by BridgePortfolio.

The Advisor Dashboard (Figure 1) is built in .NET 3.5 and utilizes AJAX to increase the response time of certain components. Launched in 2008, and similar to a Google or Yahoo! Personal home page, the Dashboard offers access to an array of firm level data in the form of charts, graphs and quick reference tools. Separated into five main sections, the Dashboard offers Market Summary Information via live feeds from Yahoo Finance; Actions Items (alert advisors to operational issues requiring their attention); Firm Level Asset Allocation (chart and security ranking table by assets); Household Information (Top 10 households by assets, and an asset value search tool); Se-



Volume VII, Issue 7, July 2009

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curity Information (quotes and graphs on 10 largest holdings firm-wide, and security cross reference tools). All the household, asset allocation and holdings information is updated daily before market open.

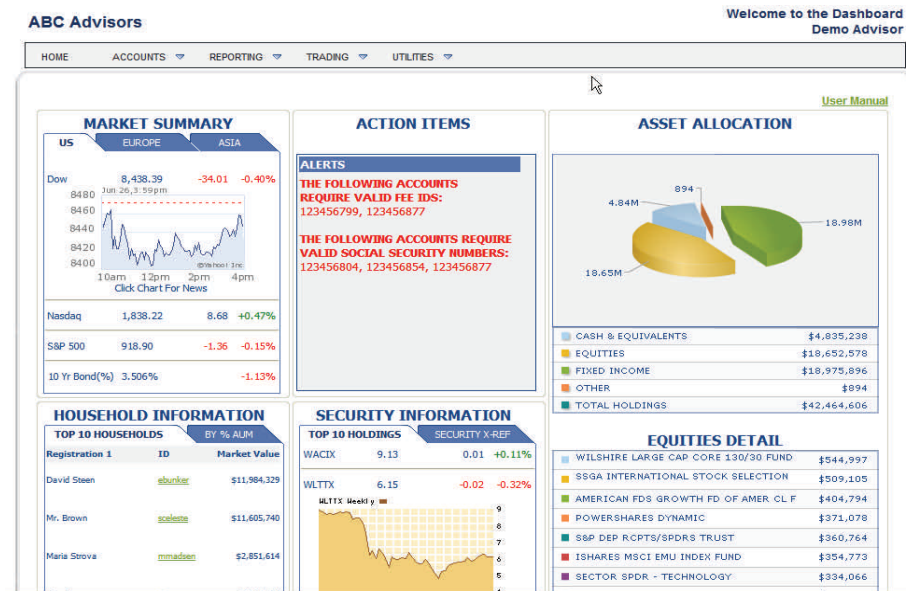


Figure 1 – Advisor Dashboard

It's from Dashboard that advisors access all the new Account & Data Management Tools that we provide, such as the Account Labels, which allow advisors to sort and filter their client databases based upon criteria such as custodian, fee ID, household, portfolio name, advisor, assets, domicile, etc. Columns can be moved, removed, and templates saved for future sorting criteria. All this data is updated daily, and can be exported into Excel, Word, etc. as a PDF or various other formats.

Another new tool is the Transaction Query tool (Figure 2) with which advisors can query transactions in virtually any imaginable combination. With advisor input, we developed four standard report templates: Buy & Sell Report, Cash Deposit & Withdrawal Report, Income Report, and Management Fees Report. If necessary, advisors can run their own custom reports and save those to stored templates. The most common use is the Management Fee report, which advisors used regularly to meet client requests during this past tax-season. As with the Account Labels, this data is updated daily, and can be exported into various formats.

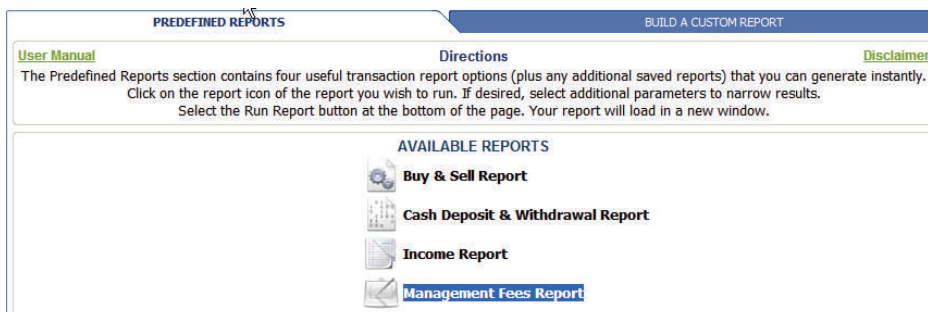


Figure 2 – Transaction Query

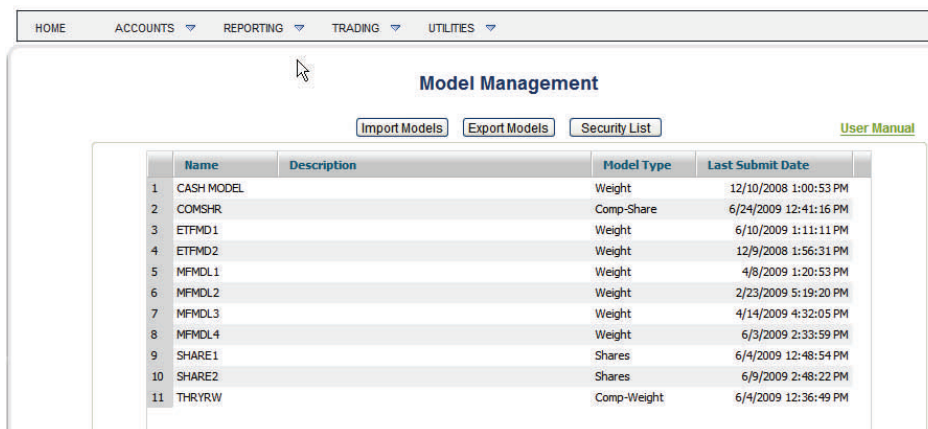


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Portfolio Management & Trading. The hallmark of what Bridge*Portfolio* offers advisors, is an easy-to-use, efficient, timely and accurate process for trading and rebalancing accounts. Rather than simply providing rebalancing software to help advisors make decisions, BP provides tools to buy, sell, rebalance groups of accounts, across multiple models, custodians and advisors, with no need to export trade files and upload them to into custodial trading systems. Via our network of trading interfaces, we manage the trade implementation process for thousands of accounts based upon model trading directions from over 50 advisor partners.

We offer multiple levels of trading tools which, like everything we offer, are accessible via the Advisor Dashboard: The Model Management System (Figure 3), whereby advisors set up investment models and manage them dynamically, allocating appropriate percentages at the security or asset class level. Advisors can manage multiple portfolio models more effectively, managing tens or hundreds of accounts as one. Advisors make additions, deletions or reallocation changes to the model(s) and the Bridge*Portfolio* system sends client trades to the respective custodian for execution. Although used by most advisors for all their accounts, some advisors use the modeling system specifically to efficiently manage their smaller accounts so they can spend more time on larger, more profitable, relationships (Small Account Solution).



|    | Name       | Description | Model Type  | Last Submit Date      |
|----|------------|-------------|-------------|-----------------------|
| 1  | CASH MODEL |             | Weight      | 12/10/2008 1:00:53 PM |
| 2  | COMSHR     |             | Comp-Share  | 6/24/2009 12:41:16 PM |
| 3  | ETFMD1     |             | Weight      | 6/10/2009 1:11:11 PM  |
| 4  | ETFMD2     |             | Weight      | 12/9/2008 1:56:31 PM  |
| 5  | MFMDL1     |             | Weight      | 4/8/2009 1:20:53 PM   |
| 6  | MFMDL2     |             | Weight      | 2/23/2009 5:19:20 PM  |
| 7  | MFMDL3     |             | Weight      | 4/14/2009 4:32:05 PM  |
| 8  | MFMDL4     |             | Weight      | 6/3/2009 2:33:59 PM   |
| 9  | SHARE1     |             | Shares      | 6/4/2009 12:48:54 PM  |
| 10 | SHARE2     |             | Shares      | 6/9/2009 2:48:22 PM   |
| 11 | THRYRW     |             | Comp-Weight | 6/4/2009 12:36:49 PM  |

**Figure 3 – Model Management System**

The Enhanced Trade Modeling or Browser Trading provides advisors with additional functionality. Advisors benefit from Straight-Through-Processing (STP) in which trades are directly routed to each account's designated custodian after trade and allocation files are confirmed. There is no need to submit trades for each custodian separately; one click of the mouse and trades are executed for everyone. With this tool, you can review block and client allocation files and edit them before submitting the block trades. Other features include the Cash Rebalancer used to allocate incoming cash to existing models or perform client trades; the What If Trade tool to run trading scenarios and review results before trade execution commitment; the Account Adjuster which is used to isolate accounts and make position changes within individual accounts; Gain/Loss Trading to take advantage of tax losses and unrealized gains; and Compliance and Restriction Processing that helps avoid costly trading errors by setting up global or account level restrictions.

Further, Bridge*Portfolio* offers additional trading tools for advisors to build and maintain customized Unified Managed Accounts (UMAs) and Multiple Strategy



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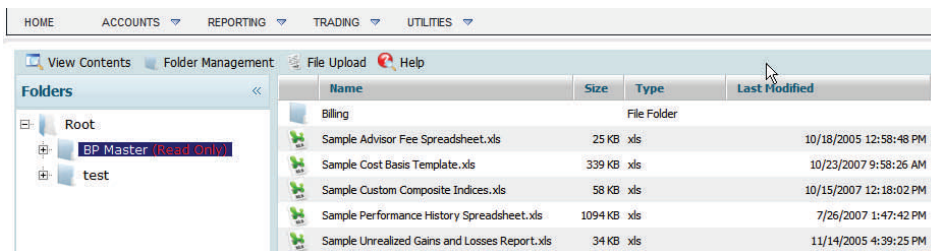
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Portfolios (MSPs). These allow advisors to use multiple strategies or outside managers within one brokerage account. Each manager or advisor manages a specific sleeve or sleeves of the account with performance calculated at both the sleeve and account levels.

In addition, to streamline the trading process we have developed Web-service tools that allow advisors and investment managers to simply update their models(s) from their desktops, kicking-off the trading process, without ever logging into the Dashboard.

Software Integration. Speaking of Web-services, we have been committed to working with other software companies, particularly Your Silver Bullet members, to integrate our applications. Integration has been one of the hottest topics over the past year and we are committed to providing advisors with a streamlined solution. We work to integrate with their CRM and Financial Planning applications of choice rather than just supporting integration with only one or a few CRMs and financial planning applications. Based upon advisor demand, we currently have multiple Web service integrations in place, including Redtail, Money-GuidePro and eAssist. In addition, we produce data export files for Junxure, Tamarac, Morningstar and ProTracker. Additional interfaces will be developed based upon advisor requests. Combined with these outside applications, an advisor using Bridge*Portfolio* can have a customized, integrated solution, including CRM, Reporting, Billing, Trading, Account Forms, Research and Compliance services.

As a back office provider, Bridge*Portfolio* is constantly working with files passed to us by advisors, such as historical data, cost basis, client brokerage statements for manual processing, etc. With the growing concern about Data Security particularly when sharing sensitive client information, instead of passing data via email, we developed our File Sharing Tool (Figure 4). The purpose of this tool is to share sensitive files with the BP Operations team via a secure transmission and to organize and store files in each advisor's customized folder structure.



The screenshot shows a web-based file sharing interface. At the top, there are navigation tabs: HOME, ACCOUNTS, REPORTING, TRADING, and UTILITIES. Below this, there are action buttons: View Contents, Folder Management, File Upload, and Help. The main area is divided into two sections. On the left, under 'Folders', there is a tree view showing a 'Root' folder containing 'BP Master (read only)' and 'test'. On the right, there is a table listing files with columns for Name, Size, Type, and Last Modified.

| Name  | Size    | Type        | Last Modified          |
|---|---------|-------------|------------------------|
| Billing                                       |         | File Folder |                        |
| Sample Advisor Fee Spreadsheet.xls            | 25 KB   | xls         | 10/18/2005 12:58:48 PM |
| Sample Cost Basis Template.xls                | 339 KB  | xls         | 10/23/2007 9:58:26 AM  |
| Sample Custom Composite Indices.xls           | 58 KB   | xls         | 10/15/2007 12:18:02 PM |
| Sample Performance History Spreadsheet.xls    | 1094 KB | xls         | 7/26/2007 1:47:42 PM   |
| Sample Unrealized Gains and Losses Report.xls | 34 KB   | xls         | 11/14/2005 4:39:25 PM  |

**Figure 4 – File Sharing Tool**

Account Opening & Forms Tool. In an effort to allow advisors to open accounts, complete forms and generate proposals quickly and accurately in one, streamlined process, we developed a customized account opening and proposal tool. By utilizing client data stored on BP's servers, or from outside applications, the Account Opening Solution includes advisor documents, such as client agreements and customized risk profiling, proposal and IPS tools. As an advisor steps through the account opening and assessment process, not only does he populate forms for clients to sign, BP's operations team is also notified and uses the client data to set up new accounts on the reporting, billing and trading systems. Our customizable, integrated forms and proposal tools come standard in all our platforms.



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Client Reporting. In 2008, we added a more comprehensive reporting package, offering daily performance data for advisors as well as clients. Previously, we offered performance only on a monthly basis. A highlight of our enhanced reporting is the Statement-On-The-Fly, which produces in seconds a full client reporting package as a PDF updated through the previous day's close. With both our enhanced daily performance and our standard monthly performance, advisors access daily household, asset and security data via the Dashboard and Account management tools listed above. To make client reports more complete, we pull in data from all major custodians and offer account aggregation via ByAllAccounts and DST FanMail. We can also report on non-standard assets such as private equity, hedge funds and other non-marketable securities. Recently we added, via a third party, print fulfillment and mailing services for quarterly client statements.

Custom Advisory Platform Services. Not only has the market upheaval given advisors reason to look toward outsourcing operations as an effective means to manage their practices, my discussions with advisors so far in 2009 has made it very clear that many are also seeking help with their investment research and selection processes. What does that have to do with technology? A lot. Although many advisors are looking for investment help, it appears many do not wish to give up complete control. Rather they desire the benefits of outside counsel but wish to remain in control of the process. So via the Custom Advisory Services and technology platform, advisors gain assistance in building portfolio models, access to independent research, and can select models managed by top SMA Managers and portfolio strategists. Just as an advisor can set up and manage his own portfolios on BP's systems, the advisor selects outside managers via the same process. The benefits to the advisor over using a TAMP are the platform is private labeled, the accounts remain where they are, the advisor sets the client fees, he uses his own forms (there is no advisory agreement between the outside manager and the client) and the advisor can easily move clients from one strategy to another. Note: BridgePortfolio does not manage any of the portfolios; rather, it supports the platform by which advisors can access outside investment expertise.

Lastly, our newest enhancement is an integrated Compliance Consulting Service, which is being rolled out in July. Integrated with our reporting, billing, risk profiling and trading tools, this new service will offer advisors complete outsourced compliance consulting including registration filings, ADV updates, document development, annual audits and other compliance assistance as requested.

To top all of this off, not only have we made dramatic enhancements to our platform offerings, we have been able to do so without out raising our prices – in fact, our pricing is more competitive now than ever, and our recent success at bringing new advisors on board our outsourcing platform is proof of the value we offer in the marketplace.

Visit us at [www.bridgeportfolio.com](http://www.bridgeportfolio.com) or email [marketing@bridgeportfolio.com](mailto:marketing@bridgeportfolio.com) for more information and to see a demo.



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