

The Ten Reasons Why Wealth Managers Outsource

State Street Wealth Manager Services

Private Wealth Magazine

Creating a Multi-Family Office Practice Workshop 2011



STATE STREET®

Top Ten Reasons To Outsource

1. Benefit from a comprehensive cost reduction

2. Align costs with revenue stream

3. Integrate technology

4. Get the most current technology without the hassle of upgrades and maintenance

5. Re-allocate and more effectively target staff resources

6. Increase scalability and flexibility

7. Appreciate that outsourcing provides a service, not just a software

8. Respect financial stability and longevity of outsourcing partner

9. Strengthen relationships with use of more products and services

10. See an opportunity to transfer risk

Myths About Bundled Outsourcing Revealed

1. Fear of Losing Control

- Good outsourcing vendors work with their clients to ensure the clients objectives, goals and day to day deliverables are successfully attained and/or achieved
- Collaboratively developed Service Level Agreements, Client “Report Cards” and Surveys evaluating satisfaction enables firms to have control over their outsourced services

2. Sub-optimal technology not geared to a particular firm

- State Street has surveyed the industry and picked out the best vendors and technologies that clients can get
- State Street provides modular options for clients, it is not an “all or nothing” agreement

3. Lack of Customization

- Private labeling and customization is available

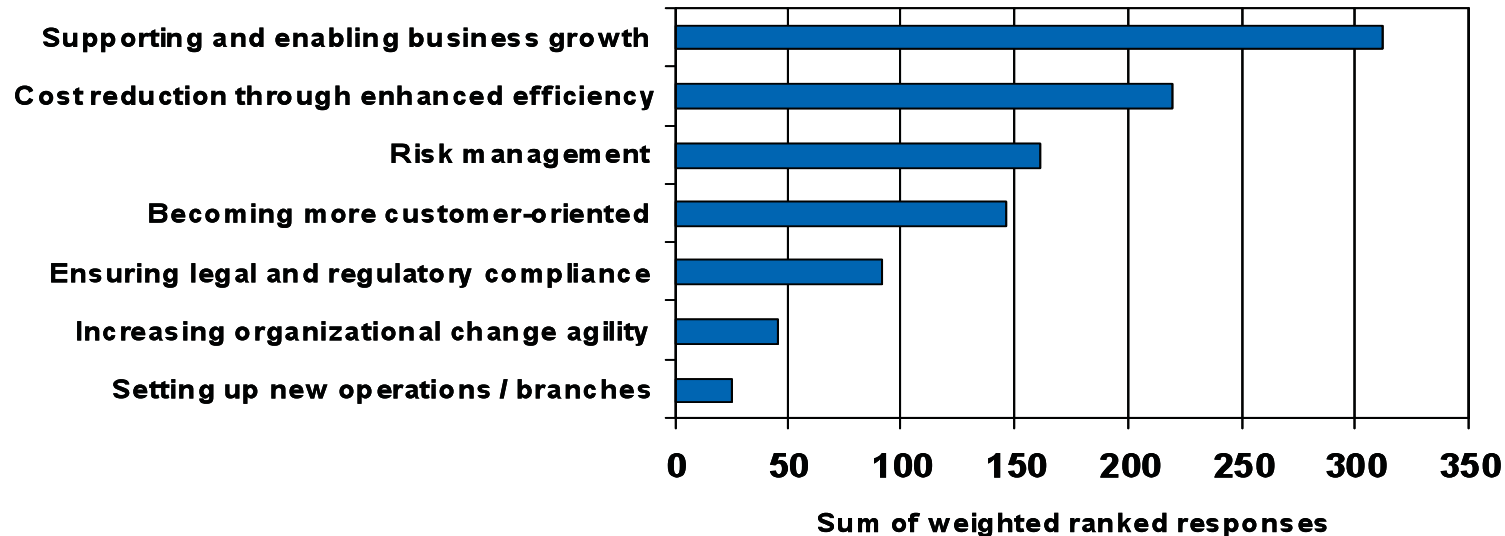
4. Dilution of Client Service

- Actually allows for more focus on clients

Feeling the heat today

For wealth managers of all types — from family offices to trust companies —today's volatile and complex environment is occupying their attention, and leading to consideration of new options.

Top business objectives for wealth management COOs

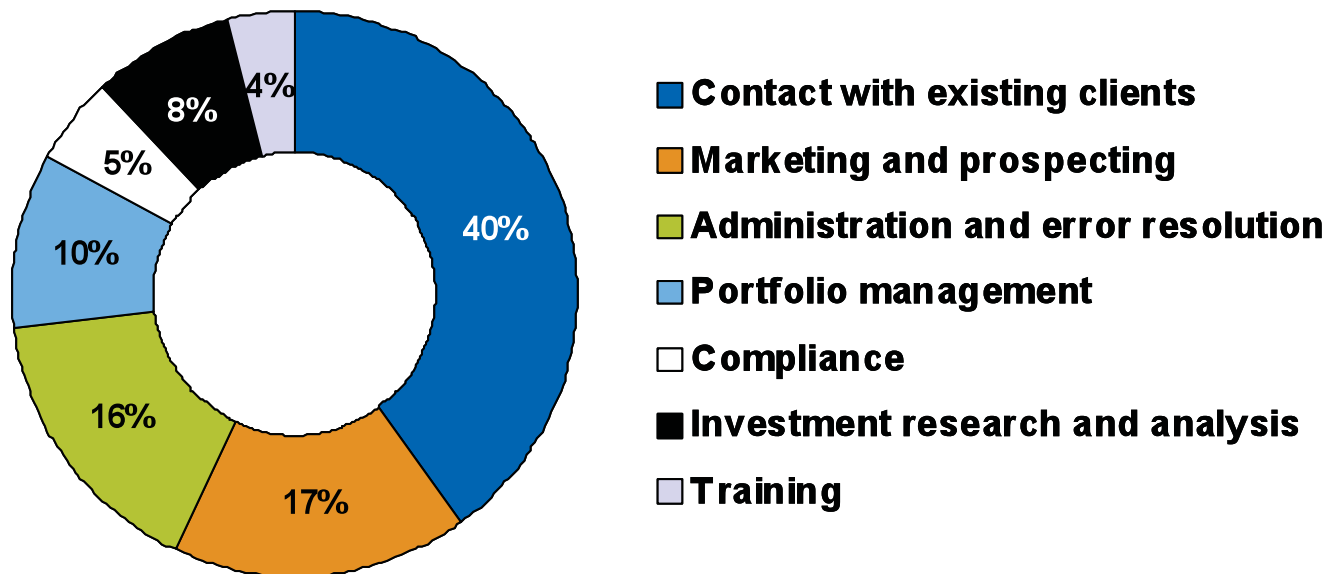


Source: PricewaterhouseCoopers Global Private Banking and Wealth Management Survey 2009

Two cost drivers in particular — maintaining and upgrading technological infrastructure and ensuring a stable of talent to meet future needs — account for some of the most severe pressures on overhead, in addition to the expense of mitigating operational risk.

Complex Compliance Burden

As reporting and transparency requirements expand, similarly, private wealth clients are voicing new expectations. Their revised attitude toward risk management spurs them to seek greater transparency as well, not only about what is in their portfolios, but also about the health of their wealth manager's operations.



Source: PricewaterhouseCoopers Global Private Banking and Wealth Management Survey 2009