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Web regarded as most influential tech innovation

Increased transparency of data seen as key

By **Davis D. Janowski**
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Advisers and the vendors serving them agree the Internet — first as a communication tool and later as home to numerous hosted applications — is the single most important technology innovation affecting the industry in the last decade.

"There was a time when we had access to only proprietary networks and it was only brokers that could afford to use them at first. But over the last decade those walls have come down and you've got this standards-based network open to everyone that allows you to serve a larger audience at a reasonable price," said Suresh Kumar, chief information officer of Pershing LLC of Jersey City, N.J.

"Software as a service is more real now than ever before," he said. "Now, the thought of a small business person having to install software and hardware and keep it up to date is no longer a requirement. This access online to sophisticated technology ... is driving growth among advisers like never before."

Robert Klosterman, president and chief executive of White Oaks Wealth Advisors Inc., a fee-only firm based in Minneapolis and Sarasota, Fla., has come to the same conclusion.

"The biggest impact on technology over the last 10 years is the evolution of the ASP [application service provider] model into the software we use," said Mr. Klosterman, whose firm manages \$270 million.

"Nearly all of the applications we use are web-based," he said. "It's cut down dramatically the need to direct our internal resources, be they money or people, towards ever-changing technology needs."

This premise is simple enough to test, suggests Aaron Guidotti, chief executive of Big Brain Works LLC. "Unplug your Internet connection for even a day," said Mr. Guidotti, whose West Chester, Pa., company last year launched Grendel, an online information management system for financial advisers.

"Now try to run your practice as you do every other day — make some trades, get a prospectus for a new product, get updated account information for your clients, etc. I can't think of anything that would be more disruptive to everyday operations," Mr. Guidotti said.

Others find increased access to information as important as the Internet itself.

"You no longer have to be part of Wall Street to have access to market information. It can be disseminated efficiently to anyone with a computer or a handheld device, mostly for free," Prakash Subramaniam, a Tulsa,

Okla.-based portfolio manager and analyst for LPL Financial of Boston, wrote in an e-mail.

Donald B. Cummings Jr., a principal with Geneva, Ill.-based Blue Haven Capital LLC, makes a similar argument.

"The greatest milestone has been the increased transparency of data," he said. "Granted, the amount of the data is almost overwhelming these days ... but at least the data out there [are] on a somewhat-level playing field."

While the Internet is universally deemed to have been of major import to the industry, a number of technological innovations are cited as having had a significant effect.

"You can't discount processing power," said Darren Tedesco, director of business systems and strategic development at Waltham, Mass.-based independent broker-dealer Commonwealth Financial Network.

"When I started at Commonwealth 15 years ago, I used to start a complex spreadsheet calculation and go to lunch. Compare that to today — when our website pages take more than two seconds to load, we hear about it. That's a good thing, of course, but it just goes to show you how far things have come," Mr. Tedesco said.

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