NEXTWEALTH

Platforms Unpacked

Selecting a model to fit your firm

aegon embark group THIRD FINANCIAL PLATFORM

February 2025

Introduction letters

Choosing the right platform model is one of the most important strategic decisions an advice firm can make, but it's not always a straightforward one. With a large variety of platform models available—from third-party providers to fully customised solutions—advisers must carefully consider which option aligns best with their business needs, client expectations, and regulatory requirements.

We're delighted to support this guide, which offers a thorough examination of the opportunities, benefits, and risks associated with different platform models. By fostering healthy debate and sharing insights from industry peers, we hope this report will help advisers make informed decisions that align with their long-term goals and enable them to deliver efficient, compliant advice that results in the best possible outcomes for clients.

The platform landscape for financial advice firms is more dynamic than ever, shaped by evolving client needs, regulatory pressures, and advances in technology. To meet these demands, we believe there are three key areas that will define the next phase of platform evolution: integration with workplace savings, adaptability, and excellence in service and support.

Firstly, the continued growth of the workplace market is driving even greater engagement with savings. Savers now want a holistic, more personalised, view of their savings – with the ability to view workplace and personal savings in one place. Platforms, like Aegon's, that offer a single core platform solution, will enable advisers to support their clients throughout a multi-stage life.

Secondly, platforms must be able to quickly adapt to evolving regulatory scrutiny and technological advancements. With our scale and financial strength, we're able to continually modernise, working in partnership with leading technology providers like GBST to ensure our platform remains flexible, able to grow and adapt in response to changing client needs and regulatory demands.

Finally, exceptional service and support—both online and offline—will be a key differentiator. The most successful platforms will be those that excel in delivering a high-quality user experience and providing invaluable support to advisers. Our commitment to investing in technology and automation ensures that we deliver a modern, easy-to-use platform that helps advisers support clients through every stage of life.

Ultimately, the right platform decision is one that enables firms to focus on delivering high-quality financial advice. By working in partnership with advisers, we aim to offer the tools, support, and flexibility needed to help clients achieve their financial goals in an ever-evolving landscape.

Stephen Crosbie,

Managing Director - Adviser Platform at Aegon

Embark is delighted to work with the NextWealth team to bring the 'Platforms Unpacked' report to life. While the bulk of client assets in the UK are concentrated with advisers on third-party platforms, the platform space continues to offer a bewildering array of opportunities.

For some advice firms a platform is a function of necessity for operations. For others, it is integrated into the advice process. This report helps advisers to start the process of working out what is right for their business.

At Embark Group, we strive to solve the key problems facing advisers and the wider savings market. We deliver a utility platform solution, providing simplicity and digitisation to firms that want to scale their business by having their own branded platform and products, without enhancing their regulatory burden.

NextWealth have worked with a number of advisers to get insights into what are the key drivers when building a platform strategy. These considerations include:

- The changing needs of clients,
- Managing the regulatory environment
- Finding partners with the capability to evolve the technology.

These factors will be central to helping advisers decide which model best fit their business. There are several models to choose from, including our Platform as a Service solution, and the decision-making process can be far from straightforward. Ultimately the right platform choice should help advisers focus on giving good advice.

Planning is key and raises some questions.

- Does the provider understand the regulatory responsibilities?
- Can the provider support a user-friendly client experience?
- Does the provider offer a cost-efficient solution?

In the ever-changing platform landscape, it's never been more important to have a solution that works with you, and for your long-term needs. Embark understand that no two advice firms are the same; we are leading experts at providing investment technology solutions with £39bn AuA and over 559,000 individual accounts across our platform partners.

Our wealth platform proposition enables advisers to launch platform capability for their customers, both quickly and securely. Our Platform as a Service model offers an attractive range of options that will suit advisers needs including:

- The ability to deliver platform capabilities to your desired target market based on your proposition requirements.
- Our plug and play functionality that can enable advisers to develop bespoke propositions for their customers and will support their digital innovations.
- Reducing the risk, oversight and associated costs incurred with other types of arrangement, such as full platform ownership.

Whether you're looking for a business-ready white labelled platform solution or a bespoke solution, we have the credentials you are looking for.

Take a look at our recent platform activity to learn more. Case Study - Liverpool Victoria - Embark Group

**Data as at 31/12/2024*

Dan Giddings,

White Label Partnerships Lead at Embark Group

P1 Platform are delighted to have worked with NextWealth on the creation of Platforms Unpacked. Deciding on which platforms to work with has become a crucial choice for an advice firm. The right platform can help to make an advice firm more efficient and improve the end client experience. The wrong platform can destroy productivity and cause significant frustration.

The platform landscape has evolved significantly in recent years, driven by technological advancements, shifting regulatory requirements, and the ever-growing need for efficiency. At P1 Platform, we understand that advisers are looking for more than just a place to open accounts and manage assets—they need solutions that empower them to take control of their business, streamline operations, and focus on what truly matters: delivering great advice, not managing administrative burdens.

This guide explores the changing dynamics of platform models. The findings highlight a clear trend—advisers are demanding more flexibility, lower costs, and greater control over their client experience. No longer is a one-size-fits-all approach sufficient. Instead, firms are looking for platforms that work in harmony with their business, not the other way around.

At P1, we pride ourselves on our commitment to innovation. Our platform is designed to help advisers break free from outdated, rigid models and embrace a new way of working. By leveraging cutting-edge technology, we provide a cost-efficient, highly adaptable platform that puts advisers in the driver's seat. Whether firms want to enhance existing workflows, improve client engagement, or reduce costs for their clients, P1 offers the tools and flexibility to make it possible. By removing unnecessary complexity and giving advisers direct access to the data and tools they need, we ensure that their focus remains on clients rather than administration. This aligns directly with our core belief: platforms should serve advisers, not dictate how they work.

Platforms Unpacked provides valuable insights into how the market is changing and what advisers should consider when selecting a platform model for their business, and of course their clients.

We hope you find the guide both informative and thought-provoking.

James Priday
CEO at P1 Investment Services

To say the platform space is dynamic would be an understatement. This is a good thing. The diverse and evolving needs of clients deserve a range of diverse and flexible businesses to serve them – and thanks to technology, adviser demand and a growing cohort of scale advice firms, innovation is thriving.

For some advice firms, a traditional retail platform will always be a necessity, a background service that enables efficient operations. For others, it's a core part of their proposition, integral to how they deliver advice, and they want to take more control over how this is delivered. Either way, the role of the platform in driving business success is undeniable. Nearly half of firms with more than £250m in AUA now operate a fully customised platform. Whether your business remains independent or joins a consolidator, you are likely focusing on a more integrated, efficient operating model and your platform strategy plays a key role in delivering this as well as being integral to delivering good outcomes for your clients.

This is why choosing the right platform model is no longer a straightforward decision. The easy choice might be to default to familiar options, but is that really the best outcome for your business and your clients? Consumer Duty regulations are intensifying the focus on fair value, making cost, value, efficiency, and service quality more critical than ever. A platform partnership should align with where your business is today – and help you get to where you want and need it to be in the future.

Some firms are deepening existing partnerships, while others are rethinking their approach or moving towards a more bespoke and integrated platform model. The most successful firms are those that move forward with intent, leveraging data, expertise, and a clear strategic direction. But while technology and innovation are vital, they only deliver sustainable success when combined with a provider's expertise, consistency, and long-term stability.

That's where this guide comes in. We're delighted to be partnering with NextWealth to explore the evolving platform landscape, bringing together detailed insight, in-depth research, and real-world experiences from firms that have navigated these decisions.

If you find yourself weighing up different platform models, second-guessing your choices, or simply wanting to understand what has worked for others, this guide is for you. Now is the time to ask yourself: What do you truly want to achieve? Is your current platform strategy helping or holding you back? What is the cost of not making a change?

Change can be daunting, but the right decisions today will help future-proof your business for whatever comes next. Let's get started.

Chris Williams
Managing Director of Third Financial

Contents

Introduction	**5**
Methodology	**7**
2/ Six lessons learned by fellow financial advice firms	**8**
3/ A dynamic platform landscape	**9**
3.1 Key shifts impacting platform propositions	**9**
3.2 Your place in the changing landscape	**11**
4/ A spectrum of platform models	**12**
4.1 Models available in the market	12
4.2 Current usage of each platform model	13
5/ Which model is right for you?	**14**
5.1 Decision-making frameworks	14
6/ Planning for now; preparing for what's next	**19**
7/ The big trade-offs	**20**
8/ Seven steps to create your platform strategy	**21**
8.1 Why do you need a platform strategy?	21
8.2 A seven-step process and detailed considerations	22
9/ Roles and responsibilities	**32**
9.1 What do you do (as advisers) and what do others in the chain do?	32
9.2 Co-manufacturing rules under the Consumer Duty	33
10/ The economics of platforms	**34**
10.1 Costs in focus	34
Conclusion	**36**

Introduction

Around £1 trillion is managed by UK advisers on behalf of their clients, according to most estimates, and the majority of these assets are held on platforms. Financial advisers bear the responsibility of ensuring that decisions about where these assets are housed are defensible, requiring a well-documented and thorough review of the available options.

It used to be relatively easy to choose a platform. You did an annual due diligence exercise to make sure that the platforms your business recommends to clients were competitively priced, financially secure, offered a good service and had a suitable range of wrappers and fund choices.

Today, advisers have an array of options - from running a panel of preferred platforms, choosing a DFM that operates a platform, right through to operating their own platform.

This is a dynamic market and a review of platform models is never a 'one-and-done' task. If platform providers are reviewed annually, we suggest that platform strategy should be formally reviewed at least every three years, but always with a watchful eye on market changes and developments.

Each platform model comes with its trade-offs and there is no right answer.

The current debate across the press and social media is often dominated by discussions of 'this platform model is best for businesses like these...,' often influenced by politics and personalities.

In this guide, we aim to cut through the noise, critically examine the underlying assumptions, and share valuable experiences and lessons from fellow practitioners.

The purpose of this guide is to help you ask the right questions:

"It will come up every three years, a refresh on platform strategy. Every three years is a deep dive into the decision made, who we're using, why we're using that, what are the alternatives?"

- Financial planning firm, 75+ employees

"The other big bit that's actually prompted us to bring forward our thought process is the counterparty risk. Our thinking has changed somewhat, given the market's moved on."

- Financial planning firm, 100+ employees

"I think there are a lot of evangelical people and it's amazing how polarising it is. I want it to just work like a really good platform that the client barely even notices. The platform I use seems to have the cleanest structure in terms of me being able to use it as a white label platform. A lot of clients probably just think it's a tool that we use to facilitate things and hold their portfolio."

- Financial planner, sole trader

1. What are you as a business? What is your vision and core function?
2. Who are your clients? What are their similarities and differences and needs?
3. What is your firm's culture? What are the interests, passions and ambitions of your people?
4. What are your 'problem statements' - what specifically is holding you back from delivering the service you want? And can a different platform model solve that problem or is there another solution?
5. What platform strategy fits your business model?

We'll look at key considerations that should be factored into the decision-making process on platform models, including regulatory risk and responsibility, scaleability, cost structures, data accessibility and operational efficiency.

Making platform model decisions requires a careful balance of knowledge, context, and a clear understanding of purpose. Without these, businesses may default to conventional models, which can limit growth, or go out on a limb to adopt new models without adequate preparation, exposing themselves to unnecessary risks and a lot of wasted effort.

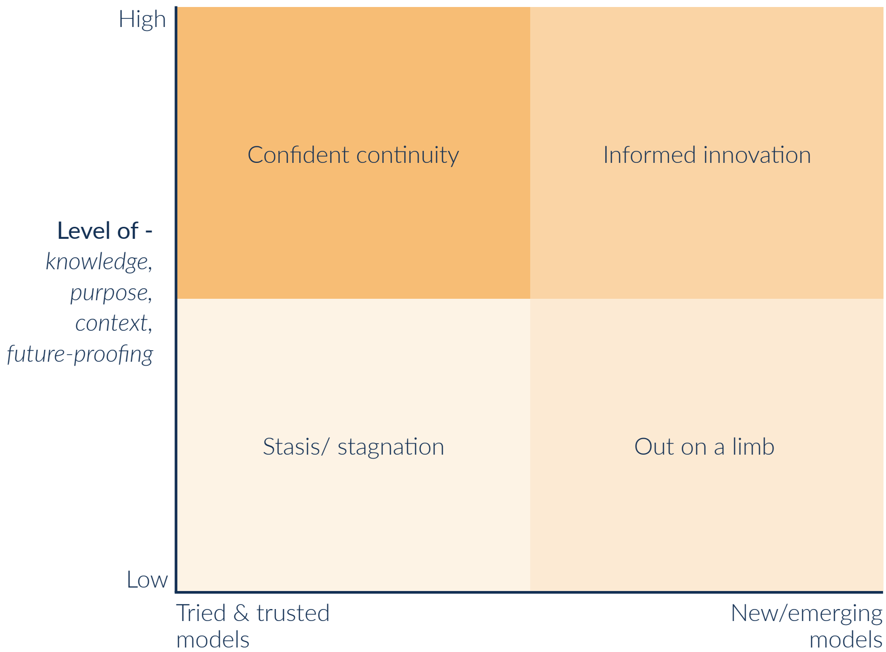
> *"One of our key pillars of culture as a business is to disrupt. Really challenge what's possible. It's not to say this decision was taken lightly. There was an incredible amount of due diligence. But ultimately, it came down to, is the client's money as safe on whatever platform you choose as it is on another platform?"*
>
> **- Financial planning firm, 50+ employees**

This guide is designed to support you in moving beyond these reactive approaches toward more intentional outcomes:

- **Confident continuity:** After evaluating both conventional and alternative models, you conclude that your current approach is the best fit for your business and clients.
- **Informed innovation:** With a well-rounded understanding of the options, risks, and opportunities, you choose a new direction supported by sound data and insights.

The matrix below outlines this spectrum, helping you identify your current position and explore a path toward informed and confident decision-making.

Figure 1: Positive and deliberate outcomes from an informed decision-making process



If you find yourself stuck between options, second-guessing your choices, or wanting to know what has worked for other advice firms, this guide is for you.

Methodology

The findings in this guide are based on:

- Nineteen in-depth interviews with senior executives representing: four vertically-integrated financial advice firms; three consolidators; seven planning-led financial advice firms; three external compliance specialists, plus two independent industry consultants, conducted December 2024 and January 2025.
- Quantitative data analysis is based on an online survey of 340 financial advice professionals, conducted between June and August 2024.

Thank you to our contributors

Our deepest thanks to those who gave their time and invaluable insights to inform this guide. If you are tasked with making strategic decisions for a financial advice firm, we think you couldn't wish for counsel from a more knowledgeable and experienced group.

2. Six lessons learned by fellow financial advice firms

Six highlights from the lessons shared by financial advice practitioners and decision-makers:

1 **Advisers are central in shaping their clients' priorities:**

"Clients care about what we tell them they should care about. If advisers are spending a lot of time telling clients about who is providing their platform, then clients will care about it. That said, platforms matter more than some people would say."

2 **Any platform switch is more than a 'lift and shift':**

"We've been very used to our old platform provider's reports, how they do things, and that's almost culturally baked into our annual process. So bringing in a new platform has been a bigger shift than we first anticipated. Even though a lot of the functionality is similar, we've had to revisit some of our processes and make sure we're not losing time on some of the prep at the cost of saving time on onboarding, for example. So that's been a big learning curve."

These six lessons highlight just some of the key topics covered in this guide. If you're specifically looking for input on any of these topics, you can find more as follows:

Roles and responsibilities: Understand your role as an adviser and the responsibilities of the entities delivering the platform on page 32.

Platform economics: Explore key insights into platform economics on page 34.

The power of data: Discover why data is becoming a growing priority for advice firms on page 27.

3 **Know who is involved in delivering what:**

"The only thing I would say is that it's just knowing the roles and responsibilities of each of the entities that you're partnering with. So if you're partnering with someone as a custodian, for example, knowing exactly what you're engaging them for and where their responsibilities lie, but then also bringing the costs into that as well."

4 **Challenge popularly-held assumptions:**

"There's this idea that your exit value as a business is somehow anchored to having more control of the value chain. And I can see that to some extent, but increasingly, it isn't."

5 **Be realistic on targets:**

[If you're looking at the adviser-as-platform option:] "There is a point, and this depends on how you price the platform, but I think £100m is where the platform starts to become profitable, or you're not losing money every month. So I'd encourage whoever's doing it to make sure that, unless they're willing to bankroll something for years without making money, be really clear how you're going to transition and onboard clients to get to that figure."

6 **No solution is a silver bullet:**

"Because a platform or a CRM system isn't necessarily always fit for purpose, you have to then get creative around the edges. So that doesn't mean you're developing one of those things yourself, it means you have to think about the gaps and what you need to build. We still have the issue of data not flowing freely between providers and platforms. And so we have to manage our data in a different way to overcome that challenge."

3. A dynamic platform landscape

3.1 Key shifts impacting platform propositions

The role of the platform in your business has undergone vast change already since the early fund supermarkets of the early 2000s.

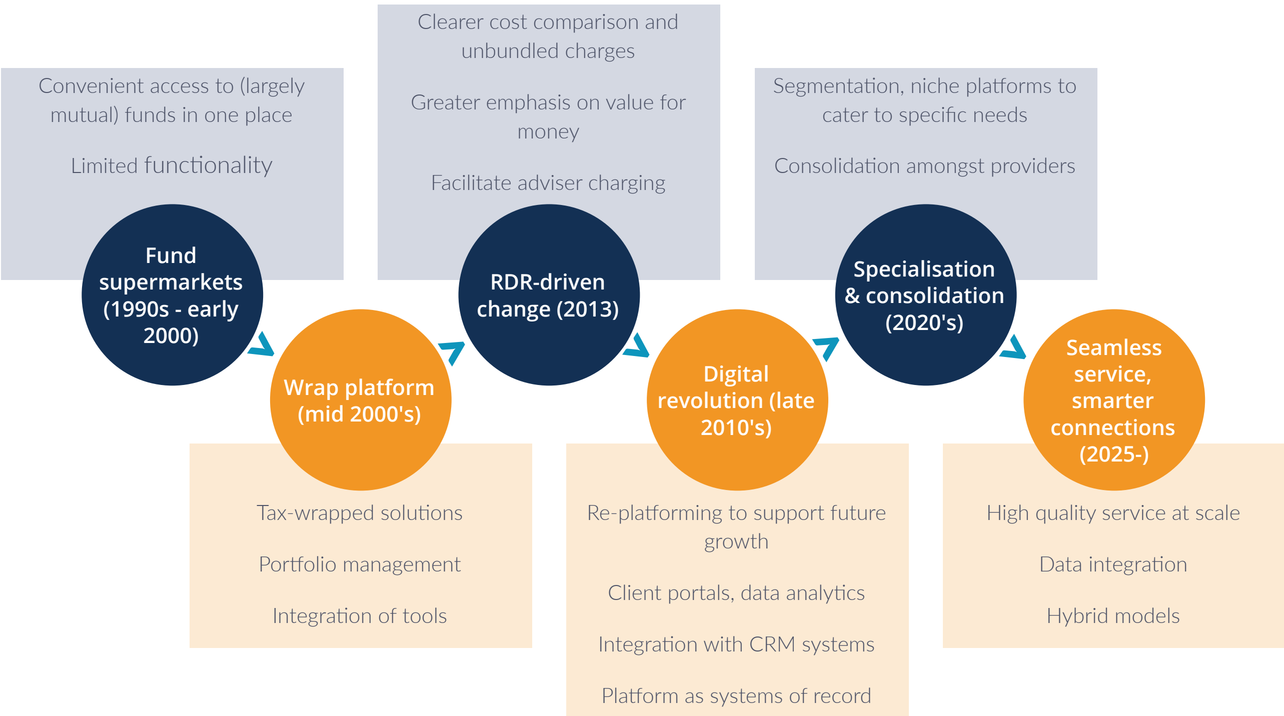
More recently, change has been spurred by technology advances, adviser demand for better integrated systems and a growing cohort of scale advice firms as a result of consolidation.

For some advice firms, a platform is simply a necessity, a background service that enables efficient operations. For others, it's a core part of their proposition, integral to how they deliver advice.

Some firms highlight their partnerships with bigger name platform providers as a key part of their client offering, while others prefer to integrate the advice journey more seamlessly under their own brand.

Aligning your long-term business objectives with the right platform strategy requires not only assessing your current needs but also understanding how platforms will continue to evolve—and ensuring your chosen model supports where your business is heading.

Figure 2: A timeline of platform development



What can we expect from platforms in the future?

In essence, platforms of the future will move beyond being tools for safeguarding assets to becoming service-driven hubs that support advisers in delivering efficient, integrated and compliant advice.

To succeed, platforms must excel at their core function: efficient, reliable investment administration with a high-quality service experience that feels "white glove," even in a commoditised market.

"Platforms would just add new technology, new reports, new third party systems, new products, all these things were coming on, loads of which were completely irrelevant to us. Quite frankly, all we wanted was a platform that was really robust, swift, good reporting, good transactional operations, all these other bells and whistles, all these reports, things like a really sexy front end, is irrelevant to us, because we're using our own portal."

- Financial planning firm, 100+ employees

Key characteristics will include:

1. **Data integration:** Platforms will provide data to advice firms (valuation and transaction level data) and take in data, with a notetaking capability to facilitate reporting of client assets in one place - without need for custody of those assets.

2. **Smarter client visibility:** Rather than trying to house every asset type (annuities, smoothed funds, private assets), platforms should focus on building integrations with systems that do hold these other assets. This ensures advisers and clients can view total wealth in one place—whether through the platform or a back-office system.

3. **Hybrid advice models:** Platforms will support hybrid approaches, blending traditional adviser-led models with robo-advisory capabilities for cost-effective solutions.

4. **Regulatory and data-driven compliance:** Platforms will leverage data-enabled compliance tools to automate and evidence suitability reviews, stress testing and regulatory reporting.

In short, the role of the platform in taking your business forward is evolving and undiminishing. This underscores the importance of getting these partnerships right for now and for your business' vision for the future.

> *"It's your biggest supplier, and you're their salesperson."*
>
> - Financial planning firm 10+ employees

3.2 Your place in the changing landscape

The UK advice market is evolving, and platform strategies are increasingly shaped by the type of firm you operate. While no two firms are identical, and many won't fit neatly into a single category, broad trends have emerged. Recognising these can help you better assess where your business sits today and how your platform strategy aligns with your future ambitions.

We broadly see three key segments. Understanding this segmentation is not about fitting into a box—it's about recognising the broader forces shaping the market.

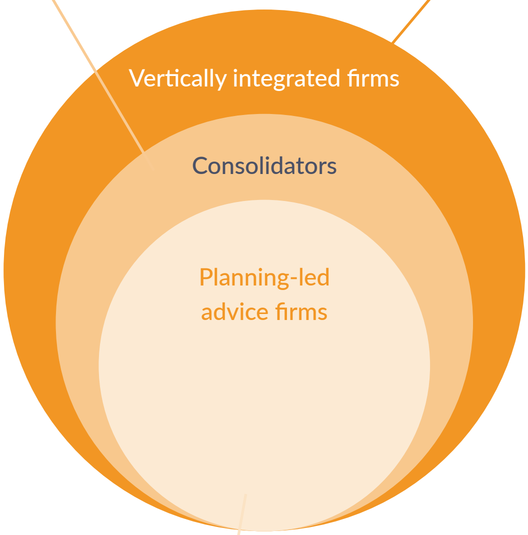
Your choice of platform model should align not only with your current needs but also with where your firm is heading.

Whether you remain independent, join a consolidator, or move towards a more integrated model, platform strategy plays a critical role in defining your business's efficiency, profitability, and client experience.

Mainly PE-backed. Multi-platform strategy. Many will pursue adviser-as-platform model, particularly for clients with simpler needs. Need for consistent data from platform partners. Ambition to offer intergenerational wealth. Need for integration into other tools and reporting engines for client reporting and reporting to PE owners.

Custody of assets may positively impact valuation in the case of a trade sale.

"Put yourself in the stead of the buyer and look at it from their end of the telescope. What can you do to make your business more attractive and to take out points of friction?"



Planning-led, typically outsource to a DFM, concerned with efficiency, reducing risk, focus on planning as core function. Multi-platform strategy.

Restricted advice model with majority of assets on owned platform. Firm earns revenue from advice and product.

"Once you get to that scale, where running your own platform works, why would you be paying some margin away? Why wouldn't you actually just build the whole thing yourself"

"If you do have vertically integrated services that capture more EBITDA, then actually what it's going to do is likely increase the valuation multiple on your firm."

"If they're vertically integrated and they're already operating as a discretionary manager, they will be, by definition, a MIFIDPRU firm, which means that they're already subject to having higher capital adequacy, and they've also got to do this ICARA process, which is to assess the risks and decide whether you're going to hold additional capital."

4. A spectrum of platform models

4.1 Models available in the market

Outside of vertically integrated wealth managers, represented by the 'Platform Software' end of the spectrum, most advice businesses are choosing from one of four models: traditional third-party platforms; branded portals; white-label platforms and model-b.

We present the models as a spectrum because there is overlap between them.

Individual propositions are best understood by a review of all the functions they perform, both regulatory and tech, and in section 9 below we offer a checklist to inform this review.

Figure 3: A spectrum of choice in the platform market

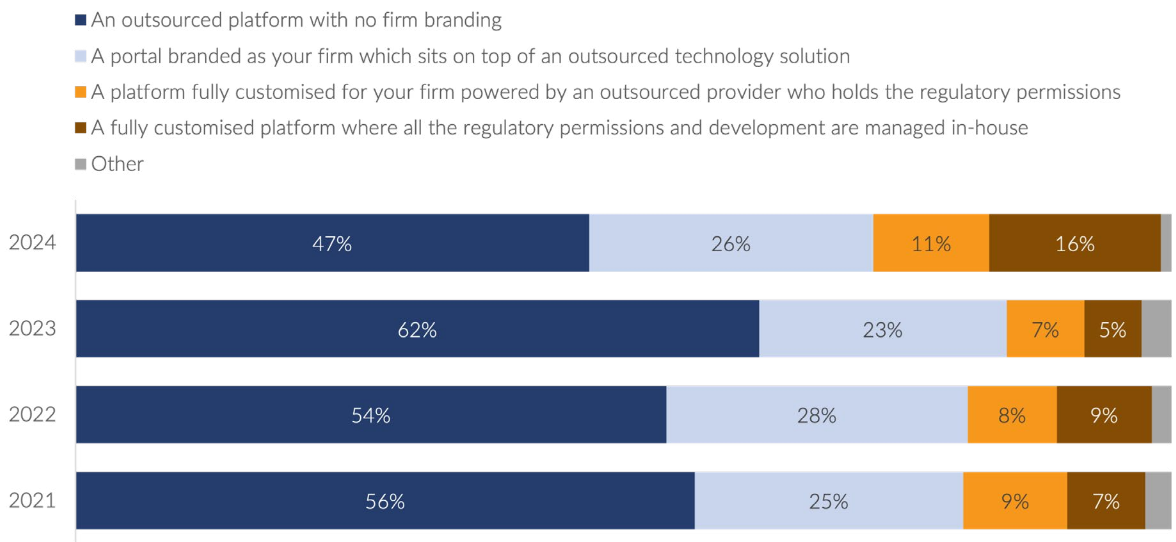
Platform model	Description	Examples of firms offering this option
Third-party platform	Fully outsourced model where the platform holds all permissions and fulfils all roles. The end-client signs a contract with the platform provider.	abrdn wrap, Aegon, Fidelity, Quilter, Transact, AJ Bell Investcentre, Scottish Widows Platform
Branded portal	Branded client portal alongside fully outsourced third-party platform. For example, Aviva offers some firms the ability to include their branding within the MyAviva app and 7IM offer a branded version of the 7Imagine app.	7IM, Aviva, AJ Bell, Fundment, P1, Scottish Widows Platform
White-label platform	The advice firm earns a fee for services provided as part of the platform, such as first-line service. The investment proposition is fully embedded and there are usually deep integrations to back-office systems and bespoke reports.	Nucleus, Embark, SS&C Hubwise
Adviser-as-platform / Model-b	The advice firm typically establishes a separate legal entity to operate the platform. This entity has safeguarding and arranging permissions and first-line service responsibility. The tech and custody provider has client money responsibility and typically provides the tax wrappers. All regulatory or legislative changes are signed off by the tech/ custody provider. The platform cannot be customised, but data feeds and integrations can.	AJ Bell Custody Solutions, Platform One, Seccl, SS&C Hubwise, Third Financial,
Platform software	The advice firm sits within a fully vertically integrated wealth management business. They are the custodian and the nominee, provide the SIPP, and are the ISA manager. They hold full permissions. They take the platform tech as a software solution.	FNZ, Pershing, SEI, SS&C Hubwise Implementations: True Potential, St. James's Place, Schroders Personal Wealth

4.2 Current usage of each platform model

Over the last four years, the number of financial advisers who are primarily placing client assets on outsourced third-party platforms, with none of their own branding, has declined.

The chart below shows a trend of a falling proportion of advisers using outsourced platforms. In 2021 56% of advisers said they were primarily using an outsourced platform with no firm branding. This has fallen to 47% in 2024. The consolidation of smaller advice firms has fuelled this trend as FCA data show there was a 10% fall in the number of single adviser firms between 2023-2022, and a 2% drop from 2022-2021.

Figure 4: Fewer advisers are using third party platforms with no branding



Financial advice firms with between 6 and 50 advisers are the most likely to have adopted platform models with a degree of customisation, although without taking on the regulatory responsibilities themselves.

Nearly half of firms with more than £250m in AUA have a fully customised platform.

There is no one-size-fits-all platform model however.

The two quotes to the right reflect the perspectives of two large financial advice firms—one that has strategically chosen to use third-party platforms to align with its business objectives, and another that has determined platform ownership best supports its goals.

While certain business types may gravitate toward specific models, the right decision ultimately depends on defining what the firm aims to be.

"Let's be intentional about what we do and who we are, and let's be intentional about what we don't do and what we're not. We're here to service our clients, drive good client outcomes, and we're not here to become a substitute CRM system, platform or anything else. That view definitely hasn't changed."

- Financial planning firm, 100+ employees

"Control was the main driver for us launching our own platform and client experience. Although we use a lot of well-respected names in the industry, and they do a very good job, ultimately, we're putting their name in our advice reports, and if they mess up an onboarding for example, ultimately that reflects poorly on us, because we're making that recommendation. We still use and we still onboard clients to other platforms where it's in their best interest, but where possible, we do use our platform because it's more competitively priced, and we feel it's a better customer experience."

- Financial planning firm, 50+ employees

5. Which model is right for you?

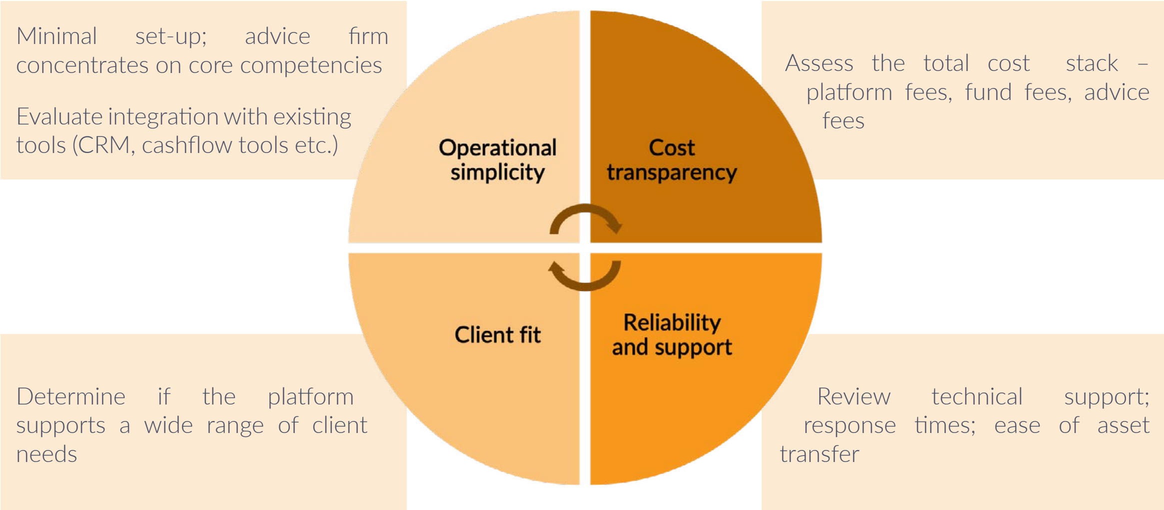
5.1 Decision-making frameworks

Choosing the right platform model is a complex decision, shaped by multiple factors unique to your business. While every firm will have its own priorities, certain key considerations stand out for each approach.

In this section, we introduce four frameworks that highlight the most important priorities to consider. These are not exhaustive or exclusive checklists, but rather lenses through which to evaluate how well a particular model aligns with your firm's objectives, operational needs, and future ambitions.

By applying these frameworks, you can assess not only the immediate implications of your platform choice but also its long-term impact on your business, your clients, and your ability to adapt in an evolving market.

Model: Third party platform



The phrase *"Nobody gets fired for buying IBM"* has long reflected the rationale behind choosing established, reliable vendors to mitigate risk. For many advice firms, third-party platforms continue to offer a proven, efficient, and low-risk solution, allowing them to focus on their core business of financial planning while benefiting from well-supported infrastructure and established service models.

At the same time, the platform landscape is evolving, with new entrants bringing fresh capabilities. As one industry consultant observed, *"I would have agreed 18 months ago, but some of the newer vendors are now far more viable partners."*

That said, if your firm has reviewed the options and found that a third-party platform model remains the best fit for your business and clients, the focus shifts to optimising your platform strategy. Your biggest considerations are:

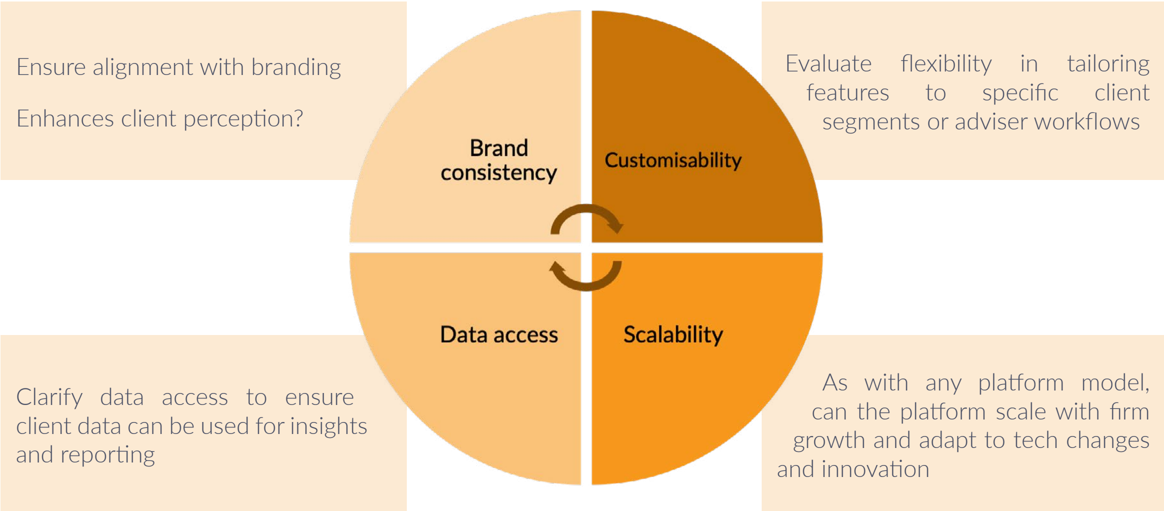
- Does a multi-platform strategy address your clients' needs best in order to access specific products or reporting functionality, for example, or does working more closely with fewer or one partner give you a concentration of assets in one place for simplicity and potentially a better deal on costs? See section 8.2, page 25: Consider your clients' needs: now and in the future.
- How to address any operational concerns around integrations, access to data and inefficiencies. See section 8.2, page 26: Get specific on your operational problems

"Platform models are an area for me where I feel people are very 'rose-tinted glasses'. I never truly understand what the firm's motivations are for wanting to do [white labelling or adviser-as-platform]. I think people see it as a solution to a problem I don't necessarily know they have."

\- Compliance Consultant

"To be a true IFA, you must have access to the full market; anything less creates conflicts of interest. You can't be independent and running your own platform. Clients bring existing arrangements, and you can't always dictate the platform. Independence means doing what's best for the client, considering the entire market."

\- Financial planning firm, 10+ employees



The next step along the spectrum of platform models is to offer a branded portal experience to your clients to improve the continuity of the client experience and reinforce your identity throughout that experience.

- Will clients associate their end-to-end investment journey with the advice firm, and if something goes wrong, who will they hold responsible? See section 9, page 32: Roles and Responsibilities.

"It's really straightforward - the client logs in, they see our logo in the corner. I think it's a really good thing, and it was really easy to do. [My platform provider] just said, give us a logo and we'll stick it on. Which is great."

- Financial planner, sole trader

If this is an option you are exploring, then arguably your biggest considerations are:

- What role does branding play in the client experience and where will it be used in practice?

"There's this thing about, oh, the platform needs to be branded. Or the reporting to the client needs to be branded. That's a completely different thing. Most advisers don't use the platform to do the reporting because it doesn't cover everything that the client has. That's very different from saying, my platform needs to be white labeled. Your paraplanners don't need to see that your name's on the platform. Who cares? You only need it branded depending on what you're using your platform to do for you. Where does it sit within your overall advice process?"

- Financial planner, sole trader

"We probably wouldn't want to try and pass off a platform as our own, because it's nice sometimes to have somebody else to take the responsibility when something maybe doesn't work quite as well as you would hope."

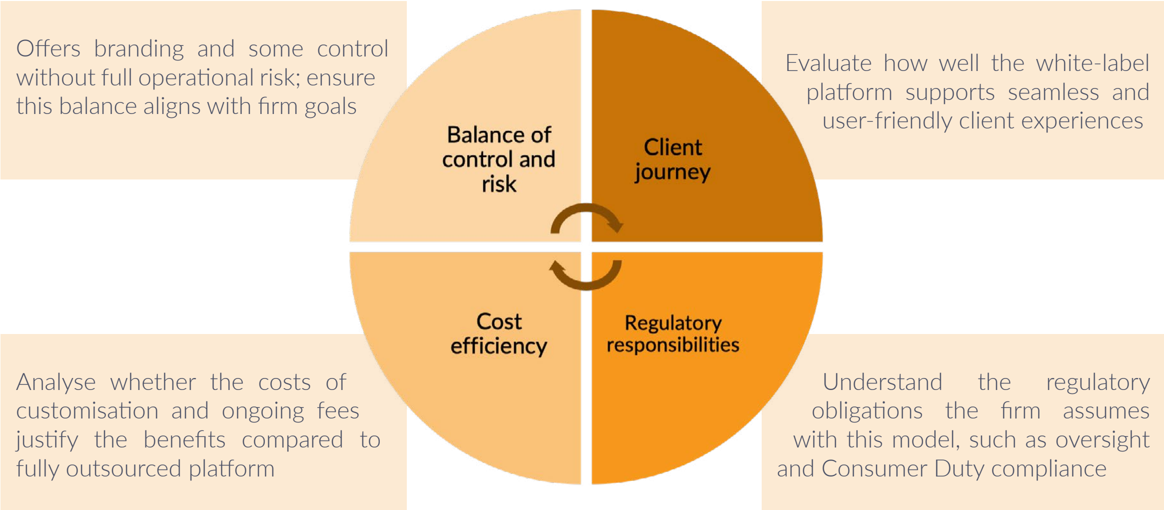
- Financial planning firm, 25+ employees

"Clients do need to understand that it is a separate person or separate entity they're paying their small platform fee too, in order to get the ability to hold the investments that they have."

- Financial planning firm, 25+ employees

- How to address any operational concerns around integrations, access to data and inefficiencies. See section 8.2, page 26: Get specific on your operational problems.

Model: White labelled platform



Taking a step further, should your firm opt to capture some client fee for certain services provided as part of the platform, then your biggest considerations are:

- How do propositions compare based on who takes responsibility for which services? See section 9, page 32: Roles and Responsibilities for a comparison checklist.

  Propositions vary, and under white label models, advice firms may have influence over areas such as:

  - Products and features: including wrappers, investment options, levels of contributions, family-linking and pricing structures
  - Integrations: ability to integrate with portals, CRMs and to build client/adviser journeys
  - Reporting: customised reports and data feeds
  - Development roadmap

- How do the layered costs of customisation stack up against the benefits? See section 10, page 34 on Platform Economics.

"I want it to just work like a really good platform that the client barely even notices. The platform I use seems to have the cleanest structure in terms of me being able to use it as a white label platform. I know some platforms say we can white label it for you, but it's got to be worth our while, you've got to promise us £100 million, all that sort of stuff."

- Financial planner, sole trader

"We're fairly agnostic about it, we don't do a major play in terms of white labeling. The platform is there to provide a particular function, within the grand scheme of things. Arguably, it's secondary to the planning and making sure the client's always going to be okay from a money perspective."

- Financial planning firm, 75+ employees

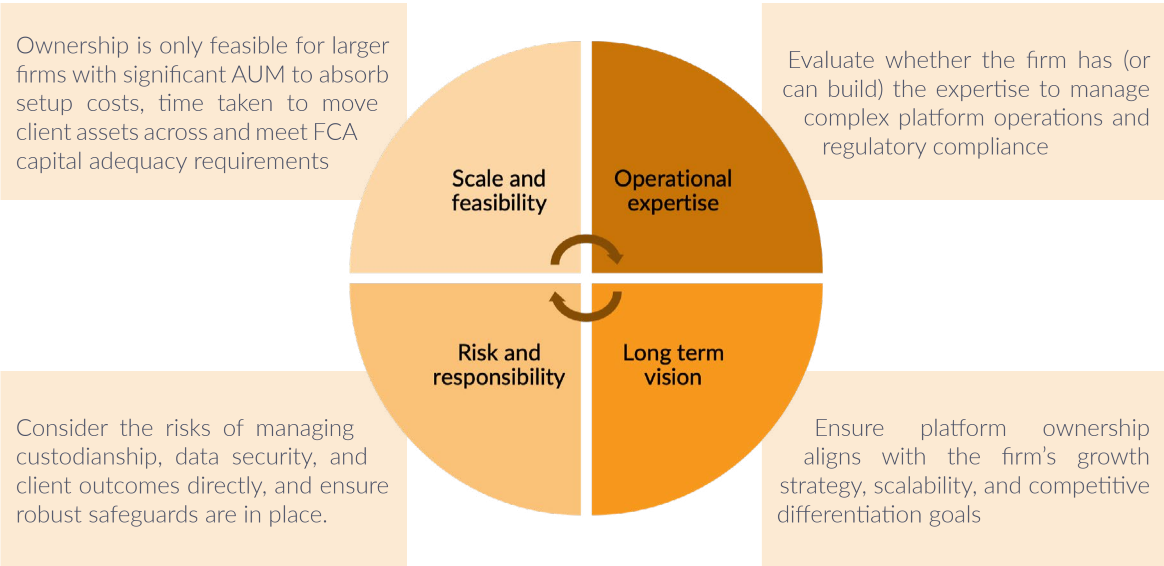
"I get the thinking – we'd be in control of client experience, admin, what clients see, where the support comes from. But why would we think we'll do it better than the platforms, whose primary job it is? I think good working relationships with platforms is the most important thing and that goes a long way towards addressing some of the frustrations."

- Financial planning firm 10+ employees

"White label is simply putting a sticker over someone else's product. It doesn't increase the value of your business, because it doesn't impact your bottom line. However, it takes you out of the regulatory crosshairs and all the work you'd need to do to justify to the regulator."

- Financial planning firm, 100+ employees

Model: Adviser-as-platform



Key considerations:

There is an obvious point here about size. Full platform ownership is clearly only feasible for larger firms who can absorb the set-up costs, meet the ongoing resourcing requirements and hold the additional funds for capital adequacy.

"You wouldn't do it unless you thought you were a scale player."

- Industry consultant

"Platform permissions as a relatively small business seems crazy. How is it not a distraction to our core business? I can see there is a critical mass though when it starts making sense, not to be so beholden to a third-party."

-Financial planning firm 10+ employees

Beyond size, other key considerations for this model are:

- Understanding the scope of the transition project and how long it might take: **See section 8.2, page 31, to learn from other firms who have undertaken similar projects.**
- Advisers get a neat solution that is easy to present to clients and maximises the time available to focus on financial planning
- Getting clarity on what permissions are required: **See section 9, page 32: Roles and Responsibilities**
- Operating your own platform doesn't necessarily answer your operational challenges. For example, in **section 8.2, page 28 see why some firms have invested in building a data warehouse**
- Capturing margins versus running costs: **See section 10, page 34 on Platform Economics**

6. Planning for now; preparing for what's next

So far, this guide has outlined key considerations in determining which platform model best suits your firm. However, making the right decision requires looking beyond the immediate factors. It's important to approach this in three stages:

1. **Short-term needs and challenges** – addressing the immediate objectives and pain points that may be driving the decision.
2. **Long-term ambitions** – ensuring the chosen model aligns with your firm's broader strategic goals and future vision.
3. **Medium-term implementation** – Recognising that transitioning to a new platform model is rarely instantaneous; it involves a phased approach to execution, integration, and adjustment.

Balancing these three perspectives will help ensure that your platform strategy is both practical today and sustainable for the future.

Short term:	Medium term:	Long term:
Ease of implementation	Operational efficiency gains	Strategic fit – tech vision
Current client servicing and product needs (client segmentation)	Data accessibility (BI and data-driven FCA supervision)	Business plans and economics (growth ambitions, exit strategy and valuation, capital requirements)
Focus on core competencies	Regulatory compliance	Integration
Embedding regulation; alignment with Consumer Duty expectations	Target client servicing and product needs; e.g. self-servicing capabilities, family groups	Personalisation and segmentation – tailoring technology to client segments
Reducing complexity	Change management	Scalability
Addressing specific pain points around operational efficiency		Cultural fit
		Market position - potential sources of fintech innovation; impact of consolidation

"Getting to this utopian position where we've got an integrated system? I'd certainly put that in a 2-5 year camp. So that's not medium term, rather long term. Just to get the basics would probably be a phase of custody platform, with the integration into the back office and our client portal. But then it would be an incremental development, which is probably more in the five to 10 years space."

- Financial planning firm, 100+ employees

7. The big trade-offs

Each platform model comes with its trade-offs and there is no right answer.

The six trade-offs that follow are not intended to be an exhaustive list but highlight some of the key balancing acts that need to be considered in shaping a platform strategy.

1 Simplicity vs. Customisation

Simplicity of a single platform:
Easier administration, reduced training needs, and streamlined processes.

Risk: A single platform may not cater to all client needs, especially for complex cases or niche requirements.

Multiple platforms to fit client needs:
Allows for tailored solutions for diverse client segments (e.g., younger inheritors, high-net-worth individuals).

Risk: Increases operational complexity, higher potential for errors, and inefficiencies.

2 Control vs. Delegation

Control through platform ownership:
Greater influence over client experience, branding, and data.

Risk: Significant operational and regulatory burden, capital adequacy requirements, and potential business distraction.

Delegation to third-party providers:
Access to proven infrastructure and expertise while avoiding high setup and maintenance costs.

Risk: Less flexibility in adapting to firm-specific needs or client preferences.

3 Cost efficiency vs. Enhanced features

Low-cost platforms:
Helps manage total client costs, aligning with Consumer Duty.

Risk: May lack advanced features or the ability to handle complex investment needs (e.g., bespoke portfolios or CGT reporting).

Platforms with enhanced features:
Offer sophisticated tools, integration with adviser tech stacks, and support for diverse wrappers.

Risk: Higher costs may not align with all client segments, reducing perceived value.

4 Operational Simplicity vs. Innovation

Simplified operational models:
Focus on maintaining core advisory services without platform ownership distractions.

Risk: Missed opportunities to innovate or differentiate client propositions through bespoke tech solutions.

Pioneering innovation:
Investing in white-label platforms, APIs, or custom-built tools for a unique proposition.

Risk: Requires resources, expertise, and ongoing updates to keep pace with market trends.

5 Short-Term Feasibility vs. Long-Term Vision

Short-term feasibility:
Outsourcing or using existing platforms minimises initial costs and efforts.

Risk: Limited flexibility to pivot in response to future growth or regulatory changes.

Long-term vision:
Building or white-labeling a platform can align with future goals like scalability or vertical integration.

Risk: High upfront costs, delayed ROI, and operational challenges.

6 Broad Adoption vs. Niche Solutions

Broad adoption models:
Platforms designed for a wide range of client needs and scalable for larger client bases.

Risk: May lack the specialisation needed for niche client needs like offshore investing or highly tailored portfolios.

Niche platforms:
Ideal for specific client segments or investment strategies.

Risk: Limited appeal across the broader client base, increasing per-client costs.

8. Seven steps to create your platform strategy

8.1 Why do you need a platform strategy?

We heard many opposing views across our in-depth interviews for this guide. One point of unanimity was that a logical and robust platform strategy, whatever form that takes, is better than not having a clearly defined strategy at all:

"I think firms generally do gain from having a proper, structured platform strategy. If it's just anything goes, it will put [potential buyers] off. If you have a defined platform strategy and there's some logic to it, it's fine."

- Industry consultant

From a compliance perspective, full disclosure showing a recognition of the risks, roles and responsibilities involved and detailing a logical process that has been followed to arrive at a particular model is key:

"The risk lies with the adviser firm. They are the ones who are advising their clients. They are the ones who are meant to be operating in the client's best interests. They've got Consumer Duty obligations, and to shoehorn clients into one particular platform remains an issue. It can work, particularly if somebody says, 'This is our proposition, if you come to us, we'll give you the advice. You'll get our discretionary management solution. And by the way, that's going to be hosted on a platform. We've got the platform permissions. In reality, we're subcontracting some of that tech back to a third party, but as long as it's all disclosed, we can see there was a logic to it."

- Compliance specialist

8.2 A seven-step process and detailed considerations

The following steps will help you clarify your thinking and develop a platform strategy tailored to your business and clients:

1. Define your business vision and priorities
2. Understand your business culture and find a partner that fits
3. Consider your clients' needs: now and in the future
4. Get specific on your operational problems
5. Agree your due diligence criteria to evaluate potential partners
6. Build a business case
7. Plan your resources

STEP ONE:
Define your business vision and priorities

Without a focus, everything becomes a distraction.

Consider the owner of a small independent restaurant business. Large-scale online platforms such as Uber Eats, DoorDash and Deliveroo have transformed the restaurant industry by opening up access to consumers who may never have discovered them in person. Online platforms saved many small restaurants during the pandemic by facilitating home deliveries, and countering the pressures of rising rents and business rates and the competition posed by big chains with much bigger marketing budgets.

However, many small restaurant owners are frustrated by the commission fees charged by these platforms, lack of control over the client experience and poor integration between their systems.

"You need support from your business partner, and for us Deliveroo is like a business partner," one restaurant owner told The Economist[1]. "I feel they let us down when we really needed them."

In response, new online ordering systems have sprung up that can be licensed by individual restaurants to build their own client interactions and reclaim some of that margin. Or, restaurants can choose to build an online ordering system themselves, hire delivery drivers and create their own direct marketing strategies.

Each shift though comes with its own set of challenges. Managing logistics and technology can become time-consuming distractions, when most restaurateurs just want to focus on food and customer experience.

The same is true for financial advice businesses. Some will have clear ambitions to drive a tech-based proposition, in which case directing energy and resources into building data warehouses, apps and portals is a challenge they are happy to embrace.

"I've been thinking about it on the basis of trying to get to this utopian position of a fully integrated back office tech stack, basically where you can get the efficiencies in the processing of business, right through from the fact find, suitability report and opening of accounts on a platform."

- Financial planning firm, 100+ employees

"We should be getting to a point where, if you look at the likes of Starling Bank, you're able to open a bank account on your phone without having to sign a form, face ID, all of that stuff. That's the absolute dream. And then who's going to really help us get to there. Realistically that's not going to happen in the next couple of years, but knowing what we know, and knowing who's out there culturally, who's going to be best fit to help us with that."

- Financial planning firm, 50+ employees

For other firms, the opportunity cost of taking on more of the roles and responsibilities in the advice delivery chain (see section 9) is too great:

"When you take on something as big as a platform, you've got to then think about what you need to stop doing so that you can absorb that work."

- Financial planning firm, 100+ employees

"A white label platform, to me, is fraught with difficulty, especially when it's not what you're doing for a core proposition. Our unique service proposition is the financial planning and investment management. So if we're then trying to offer or pass off the platform and the way that works, as our own, that's not something that's unique to us. It never would be, because anybody could go out there and create what we might create as a platform, and it's probably going to be worse than you could get somewhere else with someone who specialises in it. So it's a very difficult thing to make a difference in, I think, the platform."

- Financial planning firm, 25+ employees

"I was never aware of any advisers sitting around saying, 'we need to be a platform', before you saw this happening and why would any adviser whose core function is surely to give advice and to derive good customer outcomes? Why would you bother having to do whatever it is you need to do to run your own platform, and then you get into all these different models, some where you've got to go as far as being the ISA plan manager. Why would you want to do that? Unless you're actually not an adviser, you're a different type of business. What is it you are there to do? What are you as a business?"

- Vertically-integrated financial planning firm

[1]https://www.economist.com/1843/2021/01/26/gulp-the-secret-economics-of-food-delivery

"It's your biggest supplier, and you're their salesperson. Cultural alignment is a nebulous concept but it matters most. I like the people who run it and how they run it. It matches the way we work."

- Financial planning firm 10+ employees

On the face of it, assessing the structure of a potential platform partnership and getting the economics, regulatory and tech bits right might seem like the most important steps.

Our interviewees disagreed. Most partnerships' success depends on a good alignment of the people behind each business and their values, ambitions and ways of working.

"We want to partner with companies that are aligned to our values, that's a big thing for us. I place a lot of emphasis on the quality of the relationships that you have with the people there. Other platforms I've worked with, the functionality itself might be great but they're not very good at consistently looking after advisers, it's just a culture."

- Financial planning firm, 10+ employees

More than just a vital step in the process, for some financial advice businesses, cultural alignment was the driving force for choosing a platform model and partner:

"Our search for a new platform had been going on for about five years or so. It wasn't so much we wanted that Model B/ adviser-as-a-platform solution. It was that we were looking for the right firm culturally to grow with. One of our key pillars of culture as a business is to disrupt, push the envelope. Really challenge what's possible. There was an incredible amount of due diligence. But ultimately, it came down to, is the client's money as safe on whatever platform you choose as it is on another platform? And the answer is yes."

- Financial planning firm, 50+ employees

Another interviewee spoke of finding a partner that espouses their values as a B Corp business.

Platform ownership structure can be a defining cultural factor, influencing the business's strategic direction and long-term prospects. Shareholder priorities, particularly those of private equity, play a crucial role in shaping these outcomes

Another deal that may be front of mind for some financial advice business owners will be the one they strike with a buyer for the business at some point. On that note, we share this food for thought on bringing platform permissions into the mix:

"People who decide that they want to take platform permissions, the owners will probably be relatively strong-minded. And the question is, How well will they fit with a buyer? It will probably mean that the number of buyers they will be interested in and vice versa will actually reduce. So I actually think taking platform permissions will reduce probably the number of people who will consider buying them, but on the other hand, of those that are left, it may actually strengthen the level of interest."

- Industry consultant

"You've got to think about what your own strategic end game is as a firm. Who is it you're ultimately going to sell to? What are their needs likely to be? And who are they? What does that market look like? Because they may already have their own platform, in which case they're going to be simply wanting to move your platform assets onto their platform assets. What's the synergy?"

- Financial planning firm, 50+ employees

STEP THREE:
Consider your clients' needs: now and in the future

Whatever the decision on your platform operating model, you need to be able to robustly defend that decision as one that meets the needs of your clients and supports you in delivering fair value and good outcomes.

You'll have your current client bank to consider in the short term, and looking ahead, do you hope to offer a different proposition for other types of clients? What are their needs?

> *"It might be that you need more than one partner, depending on your business model, because it could be that you're dealing with very high net worth clients, and there could be a platform model that offers better pricing for those clients. Or you could be operating at a more mass market level, and therefore you need to partner with a platform that has a pricing that works from a fair value point of view. Or you could have more clients transitioning from accumulation to decumulation. And some platforms are better than others in terms of that space. Or you could have clients that potentially are going to be doing more by way of investment bonds, onshore, offshore, is there the right product selection?"*
>
> -Vertically integrated financial planning firm

We see more firms segmenting clients as a result of Consumer Duty into groups that are defined not just by their level of investible assets, but by their needs, preferences and other characteristics that might influence the outcome of their experience:

> *"You have to deal with different clients in different ways. The segmentation piece is so important. If you look at Prince Charles and Ozzy Osborne, they are the same age. They are both very wealthy individuals, but do they have the same requirements? You could have people with the same money but very different needs. Through your client segmentation work you consider whether your platform, your products, are suitable for that client segment."*
>
> - Vertically integrated financial planning firm

Single or multi-platform strategy

Some advice firms interpret the Consumer Duty rules as favouring a single platform strategy:

"We struggle with the idea of two clients who have broadly similar funds under management and broadly similar risk profiles and objectives, arriving at the end of their journey having suffered two different price points. One being on one platform, another being on another. We have to operate through the lens of Consumer Duty and fair value. And I find it difficult to understand how you can do that using multiple platforms."

- Vertically integrated financial planning firm

Others consider the needs of different segments and arrive at the conclusion that multiple platforms best fit their client bank.

"It's difficult to think about the scale of moving or replatforming so much business, especially as we are quite heavy users of onshore and offshore bonds, which means they're stuck.. So it would be GIA, ISA and pension clients that we would be looking to move. And to be honest, if you look into the pension offering of most of these platform-based firms, it's not great."

- Financial planning firm, 25+ employees

As always, the focus is less on the final decision—since you can often argue both sides—and more on how you evidence your considerations and thought process to reach that decision.

> *"Whatever's the least difficult for a client to interact with is probably the better option. So if you're going to be doing quite a narrow proposition where you're only really looking at GIA, ISAs and pensions, then you've probably got a lot more choice than if you're doing the full suite of products. If you're looking at the full suite, there's probably only a couple out there that can do it."*
>
> - Financial planning firm, 25+ employees

STEP FOUR:
Get specific on your operational problems

1 2 3 4 5 6 7

Operational efficiency, integrations, control, and data accessibility are among the most frequently cited concerns when advice firms consider a change in platform strategy.

"At one point we had about 28 platforms that we had inherited. So 28 different headaches; 28 different ways of working; 28 different new product launches; 28 different replatforming; 28 different trying to remember the login codes; 28 different trading changes. It's a nightmare. We've tried to consolidate that number down to a more manageable number. Being operationally efficient and having multiple platforms is a contradiction."

- Financial planning firm, 100+ employees

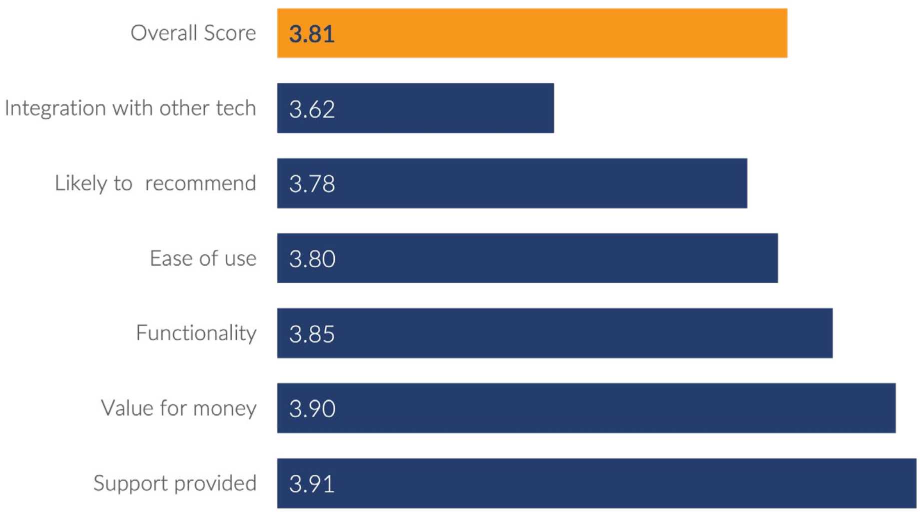
"A platform provider and custodian needs to be risk-averse to a degree, but we felt they were too risk averse, and that other platforms were able to be more nimble in terms of digitally onboarding clients. They weren't willing to take any unnecessary risks, and as a result, our client experience was suffering."

- Financial planning firm, 50+ employees

"When I set up on my own, I did do quite a lot of replatforming because I realised that as a one man band, you don't want to be having to remember how to do processes across umpteen different platforms. I've settled down at a point where new clients will go to one of two places - my primary platform, and one new option that cost-wise works for smaller accounts and early funders where the wrapper fees aren't making it a difficult sell."

- Financial planner, sole trader

Figure 5: Financial advisers score their platforms lowest for integration with other tech (although it's worth noting that platforms generally score higher for satisfaction than other parts of the tech stack)



Q: Please rate your platform on each of the following factors, with 5 being 'excellent' and 1 being 'very poor'

"Definitely control was the main driver for us launching our own platform. So although we use a lot of well-respected names in the industry, and they do a very good job, ultimately, we're putting their name in our advice reports, and if they mess up an onboarding or something, ultimately that reflects poorly on us, because we're making that recommendation."

- Financial planning firm, 50+ employees

Create a problem statement

To frame your decision-making process, we suggest beginning with a Problem Statement (or Statements).

A Problem Statement is a clear, concise description of the issue or challenge that any solution is intended to address. What's the gap between the current state and the desired future state?

It's important to be really specific here about the problem and the metrics to measure any project against:

"We created a business case which was 20 pages long, and that was the basis of our application to the FCA. The main problems that we outlined were: the application of funds, so how quickly money is applied; transfer timescales outside of our control; paperwork; branding; service, and then data and digital transformation. Those are the seven problems most of our issues had fallen into.We assessed whether becoming our own platform service provider solved those problems, and they did. One of the examples of seeing the art of the possible is the application of funds. Some platforms if they receive money today, it wouldn't show into your portfolio until 9, 10 o'clock tomorrow morning., With another provider, if you send money now, it would show in your account within six or seven seconds. That's one example of some of the process efficiencies that we're looking for."

- Financial planning firm, 50+ employees

The power of data

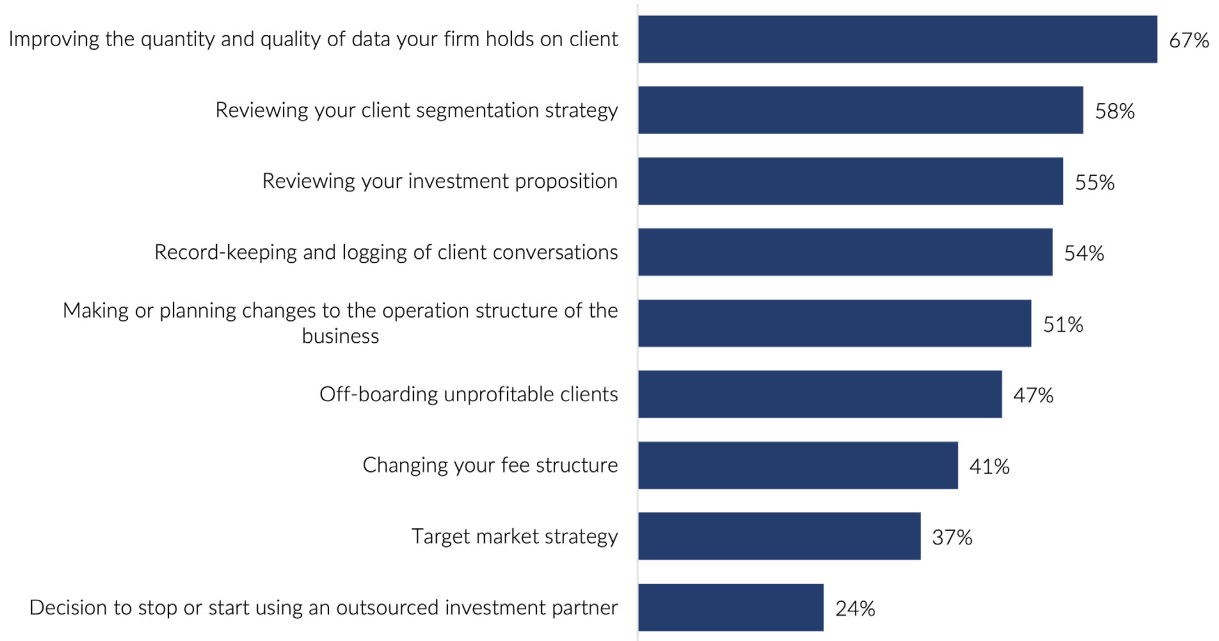
Holding accurate, complete and interrogable data on clients is becoming more and more of a priority for four main reasons:

- To meet regulatory requirements
- To inform business decision-making
- To support future proofing for future tech and AI innovation
- To deliver improved client reporting

Data to meet regulatory requirements

Figure 6 illustrates that advice firms are more likely to have made changes to their data strategy than any other business area as a result of Consumer Duty:

Figure 6: The Consumer Duty is most likely to have prompted financial advice firms to make changes to their client data collection



Q: To what extent has Consumer Duty prompted changes for the following areas of your business?

"Consumer Duty is very challenging, in terms of annual reviews and consistent client outcomes and fair value and consumer understanding. All of those things, in my opinion, pretty much force firms into partnering with a small number of providers, if not one, for all the challenges around managing data, evidencing data."

- Vertically integrated financial planning firm

The FCA has clearly stated its intention to pursue a more data-driven supervisory path in future, and that will require advice firms have ready access to the necessary data.

To support future proofing for future tech and AI innovation

Leveraging data effectively is crucial for future-proofing the business, enabling firms to harness AI and technological innovation. AI is set to play a transformative role in advice delivery, enhancing efficiency, personalisation, and overall business performance.

Data to deliver improved client reporting:

"We probably are going to be building out client reports from our databases as well. At the moment they come out of our back office. We're looking to leverage Power BI a bit more and get that to work on building client reports as well."

- Financial planning firm, 25+ employees

"Family linking is a great example. We had a workaround using our CRM and our data warehouse just to link those clients and make sure that we're charging them appropriately. We're still not using data as well as we could. But it future proofs us so that we can tap into it as and when we need to. "

- Financial planning firm, 50+ employees

Valuation data is typically more readily available than transaction data, and the latter is particularly important to support robust cashflow modelling:

"If adviser firms want to do cashflow planning really well, you need all the transaction history for every single asset that client holds. Not everybody supports transactions; back offices can't all support transactions. I think they're getting closer to it."

- Platform provider

Data to inform business decision-making

Any business owner knows the value of good data to inform business strategy and decision-making. Businesses need data to understand the health of the business - separating organic versus market growth is critical to report KPIs to boards and shareholders. We think more advice firms will be looking at Business Information tools to support this:

"We have a team of three data specialists that work in the insight department in the finance team, and they are responsible for a database of all sorts of data that runs alongside the back office system that we have."

- Financial planning firm, 25+ employees

Access to quality client data is a key reason some advice firms choose to take control of their platform. However, it's important to note that firms we spoke to who have taken this step often still needed to build a data warehouse to consolidate client data, as most still have clients with holdings on other platforms.

"We've got our own data warehouse, and we found some of the default fields within the CRM weren't sufficient. You had to create others. And then we've had third party providers to pull in the valuations. We've brought in a CTO to try and get all of this stuff right for us. It's been a big piece of work. And this is before we layer on top a custody platform. This is basic data from an advice perspective, let alone custody."

- Financial planning firm, 100+ employees

Certainly we expect data to factor increasingly in partner selection. As this interviewee highlights:

"The questions that we ask in our due diligence have definitely changed. So we ask lots about APIs and connectivity and data availability."

- Financial planning firm, 25+ employees

STEP FIVE:
Agree your due diligence criteria to evaluate potential partners

1 2 3 4 5 6 7

In step four, above, we discussed the need to get specific about what problems the business is trying to solve as that will inform the criteria for assessing potential platform partners and models.

"When we start out deciding whether a platform is the right investment vehicle for our clients' needs, our research is aligned to a criteria. We don't want to work with anybody that's not been operating for more than five years. We don't want to work with anybody that's not well known. We don't want to work with anybody that's had issues with the regulator. You apply that criteria to the whole of the platform market, and that will narrow down very quickly to a handful of platforms, and then you say, how am I going to select from this six that I've got left? I'm going to take three out because they don't have the specific features that my client's going to need. What are the features a client would need an accumulation and in decumulation. Is there a difference? And actually, can we find a platform that just does everything? We want to be able to negotiate costs as well, because that cost gets passed on to the client. And then you might just select one. It's not unknown, just to have one platform or build your own platform."

- Financial planning firm, 100+ employees

"It was an evolving document; to sit down and write out everything that you think you need from a platform, there's going to be hundreds of rows of criteria. And even now, there's some things that we probably haven't considered as fully as we might have, just because of the infrequency of how often we do them. What worked best for us was giving a red, amber, green rating, because we know if we class something as a red, unless they made developments and they improved on it, it was a no-go. We couldn't move forward."

- Financial planning firm, 50+ employees

You will also need to do your due diligence on the roles and responsibilities involved in whichever model(s) you are evaluating. If you are going to need to take on additional FCA permissions, this can take some considerable time and may require external guidance:

"It's reasonably well known in the platform industry that there is no consensus, either in the industry or from the FCA, about what permissions are actually required to operate as a platform service provider, which is a defined term."

- Compliance specialist

"This is where the compliance team, we really sat down and sought external guidance. I think we had three permissions we had to get in addition to what we already had on the advisory side."

- Financial planning firm, 50+ employees

"Obviously we had to get approval from the FCA, and they're not just going to approve anything without having a solid business case."

- Financial planning firm, 50+ employees

If you are proposing to run your own platform as an advice business, the audience for your business case document is three-fold:

1. Your senior leadership team
2. The FCA
3. Your staff

Even if you don't require FCA approval for the change you are making, audiences 1) and 3) will need to see robust reasoning for the new strategy, together with solid metrics on the benefits to be gained.

As a rule of thumb, for every £1 of impact on your business from rolling out a new tech solution (platform or otherwise), expect just 10% of that impact to come from the tech solution itself. 20-25% of impact will be derived from the process and how well the business and use cases have been defined.

So what drives up to 75% of impact? Change management. If staff aren't brought along on the journey, there's a risk that all this work will have been wasted.

Every firm is different, yet we know it can be helpful to hear some specific timelines that other financial advisers have followed as a general benchmark.

The following two examples are from firms who have either completed a project to launch their own platform or who are currently scoping out this piece of work:

"I oversee the other platforms, but this project pretty much took up 80% of of my time. From researching the providers, then also being that go-between for presenting to leadership and providing updates, and then presenting the final recommendations as well. I'd probably say end-to-end, about six months, from drafting the business case to then making a decision on who we went with."

We made the decision, then the application went in a few months after that, and then I think we got approval within about seven or eight months. So from the decision to launch was probably 12 months.. But it allowed us to set up some more stuff in the background and use those 12 months to get ready."

Essentially it was me and another member of staff working on the migration project full time, so that was keeping assets up to date, moving the clients from one platform to another. But then there was the requirement to create that advice, send it to the clients and get their agreement. That was embedded as part of our annual process;we felt it worked better from a migration point of view to tie in with a client's rebalance."

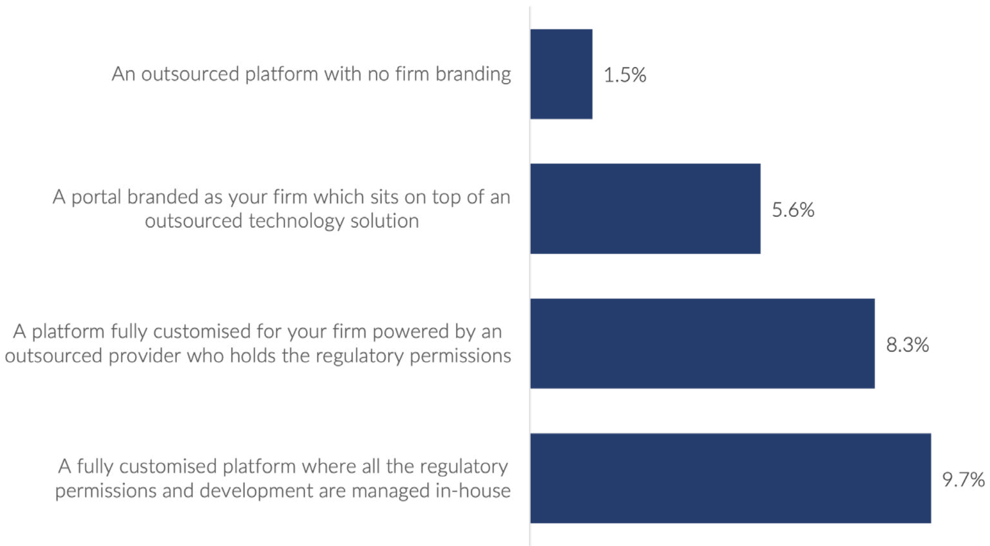
- Financial planning firm, 50+ employees

"We think it's probably a two-year project. I expect we're going to spend the first six months just scoping out the cost implications, resource requirement on this project, what are the regulatory permissions, and then a much longer period for implementation to get it done right. Some of the feedback we've been getting from some of the people who have done it is - don't underestimate the size of the project to get this put in place."

- Financial planning firm, 100+ employees

Unsurprisingly, the further that financial advice firms move along the spectrum towards taking on more of the roles and responsibilities to customise or run their own platform, the more likely it is that the firm has an in-house IT team.

Figure 7: Advice firms operating customised platforms have a higher proportion of IT staff as part of their headcount



Q: Of the staff at your firm, approximately what proportion are...? I.T.

9. Roles and responsibilities

9.1 What do you do (as advisers) and what do others in the chain do?

Platforms are a collection of regulatory services and tech services pulled together in a digital infrastructure that enables financial advisers to manage and administer client assets efficiently.

Understanding the division of responsibilities in each platform model—what you handle versus what the provider manages—is essential. In some cases, the differences between models may be less distinct than they first appear, particularly when you break down who is delivering each function. As the following quote illustrates, mapping out these responsibilities can be more straightforward in some cases than in others.

"It was a case of reviewing each provider's due diligence pack; most of them will have roles and responsibilities, and then collating that. Some providers will be clear on some parts and some not clear on others."

- Financial planning firm, 50+ employees

Each platform you use, whether that's an outsourced third party platform, a whitelabeled platform or a model-B solution, will comprise a different set of services and service providers.

Some of these services will be provided by the platform itself, and some from external partnerships.

For example, a third party platform may engage a firm such as Winterfloods Securities to handle dealing and/or custody. The platform may operate its own in-house pension or use an external pension administrator.

If you are taking on platform permissions and functions yourself, your firm's name will go in some of these boxes.

"It's an issue across the industry that advisers don't look at the custodian. However, if you're running your own platform, you'll be doing all the front end stuff, but you're very unlikely to be holding the client money and assets, for example. So the custody has to be done by a third party. And people need to know who that third party is, and take a view on it."

-Compliance specialist

We offer the following template to populate as part of your due diligence process to help compare and contrast the propositions on offer to you.

Figure 8: A template to list out the regulatory and tech providers involved in delivering platform services

Function	Regulated provider	Technology/support provider
Dealing (ETIs)		
Dealing (Funds)		
Custody (safeguarding and administration of assets)		
Client money (hold and control client money)		
Pension Administrator (Establishing, operating, winding up a pension scheme)		
ISA manager		
Platform operator (arranging safeguarding and administration of assets)		
Adviser/client support		
Professional /adviser user interface		
Client user interface		
Client mobile app		
Portfolio management software		
Client reporting		
Adviser MI		
Third-party tech integrations		

9.2 Co-manufacturing rules under the Consumer Duty

Under the Consumer Duty's co-manufacturing rules, understanding an advice firm's responsibilities within platform operations is critical because it directly impacts accountability, risk management, and compliance.

The lines here are blurred. If an advice firm plays a role in designing or influencing the platform service—whether through operating its own platform, white-labelling, or integrating custom elements—it could be considered a co-manufacturer under FCA rules. This has significant implications in regulatory accountability.

From a client perspective, if you are operating an adviser-controlled or co-branded platform, clients may see the advice firm as the service provider, even if a third party sits behind the technology and operations. This increases reputational risk if anything goes wrong.

10. The economics of platforms

10.1 Costs in focus

The cost of delivering and receiving financial advice is under intense scrutiny, particularly in the context of meeting the Consumer Duty requirements to ensure fair value. Advisers are increasingly focused not only on their advice fees but on the total cost borne by consumers.

At the same time, advisers are grappling with rising operational expenses driven by heightened regulatory compliance, which puts pressure on their margins. One of the contributing factors to the increasing cost of delivering advice is the use of multiple systems with different processes, and the challenges of reconciling data from multiple sources.

When developing a platform strategy, the following cost-related considerations are key:

1. **Improving efficiency to reduce operational costs**

Platforms are a key part of the puzzle when it comes to operational costs and there is a drive to improve efficiency in the way the firm uses platforms.

Consolidating assets to a smaller number of platforms increases the opportunity for advice firms to negotiate on fees, as well as improving on operational efficiencies.

2. **Capturing margins vs. running costs**

Controlling your own platform allows you to capture more of the margin, but it comes with significant operating costs. In some cases, this might leave you with no more than an additional 5 basis points after accounting for the expense of running the platform:

"You can make money, but the amount of effort and the number of people makes it at best cost neutral [at £100m of assets]. And the first few years while you're moving assets across, you'll be losing money. Let's say you are paying 10 or 12 basis points for the platform and you can charge it out at 25 basis points. You'll spend 8 to 10 basis points internally on governance, people, and so on. You might outsource some of the functionality, but you'll be making four to five basis points margin at most. It's not going to change the face of the business."

- Industry consultant

3. **Blended platform models**

If you're moving along the spectrum of platform models from a straightforward third party platform to an offering that combines multiple services, it's important to fully understand and account for any additional costs involved due to the layered delivery of these services:

"Different models give you different things. So there are some models where you can choose to pass on some of the costs to the client, or not, so you can increase your margin or pass on but the cost of moving into that world is huge, and there's a reason why all of these existing platforms haven't been making profits for a period of time. You've got to go into that wide open and be very specific about what it is."

- Financial planning firm, 100+ employees

"Know the roles and responsibilities of each of the entities that you're partnering with. If you're partnering with someone as a custodian, knowing exactly what you're engaging them for and where their responsibilities lie, but then also bringing the costs into that as well. There's a fixed custody fee, but then maybe quarterly valuations. If you add on a built-in SIPP, that's another fee. These blended models, invariably have more charges than the typical platform fee that a retail platform would charge to the end client."

- Financial planning firm, 50+ employees

4. Fee compression and competitive pressures

The industry's ongoing race to the bottom on platform fees creates constant pressure to keep costs low, which may impact your ability to balance value with profitability if your firm is looking at operating a platform:

"The regulatory implications seem to be growing, and we're also nervous, because at a time when you're thinking about doing something such as that, we're in an environment where competitively, the number of providers get smaller and smaller and there seems to be a chase to the bottom on fees, so if your reason to offer a platform was to capture greater EBITDA, then that gets squeezed against the cost margin. You've just got a really expensive job to do, but not much difference. If the costs keep going up for delivering it, and the revenue from delivering a platform goes down because of price pressure, it may well be that you actually get no more EBITDA at the end of the day. You've just increased the complexity of your business."

- Financial planning firm, 50+ employees

5. Switching costs and client impact

If you've negotiated favourable terms with your current platform, moving clients to a new platform may require you to lower your fees to justify the switch. While of course cost isn't the only factor, any change must deliver clear benefits for clients, especially given the administrative burden and potential disruption involved in transitioning to a new platform:

"We wouldn't probably want to try and make money out of a platform. We've got fees reduced at [our platform provider], so that it's quite a tricky thing - to find an offering which is significantly cheaper, which means that we would have to basically take no margin on that platform in order to justify moving people onto it in the first place, which means that then we'd only do it for a control element, and if we feel as though we've got enough control working with [our platform provider]why would we then opt to do it ourselves?"

- Financial planning firm, 25+ employees

Different platform models, charging structures, and business strategies mean there's no one-size-fits-all solution.

Some businesses are successfully making customised platform models work—typically for a clear, secondary purpose. This might include gaining greater control over the client experience, influencing platform development through closer partnerships, or driving operational efficiencies. It's rarely just about capturing additional margin.

"This depends how you price the platform as well, but I think around £100m is where the platform starts to become profitable, or you're not losing money every month. So I'd encourage whoever's doing it to make sure that, unless they're willing to bankroll something for years without making money, be really clear how you're going to transition and onboard clients to get to that figure."

- Financial planning firm, 50+ employees

For some firms, the platform is not a primary focus of energy or resources. As long as it functions effectively, they prefer it to operate seamlessly in the background, enabling them to concentrate on other areas of their business:

"A platform is irrelevant. I've seen so many firms, so hung up on, 'Oh, my client loves this platform, loves this'. No, they don't. They don't care. What they care about is, have they got enough money to retire?"

- Financial planning firm, 100+ employees

"I'm really all about purity in the platform offering. It's just about hygiene. I want it to just work like a really good platform that the client barely even notices."

- Financial planner, Sole trader

Others suggest that financial advice firms that are seeking to capture margin might instead look to running a discretionary fund management arm rather than a platform:

"If you've got your own in-house DFM, which some of them have got, spend your time and your money on building that up, because it's higher margin, it's easier. Running the DFM is actually relatively easy to do. You've already got the skills internally. You don't have to hire somebody with platform operator qualifications. You don't have to reconcile client money and all the crap that comes with the platform stuff."

- Industry consultant

11. Conclusion

The platform landscape for financial advice firms is more dynamic than ever, shaped by evolving client expectations, regulatory pressures, and advances in technology. As this guide has outlined, choosing the right platform model is no longer a straightforward decision. The variety of options, from third-party platforms to fully customised solutions, demands a more strategic approach, ensuring alignment with a firm's operational needs, client proposition, and long-term business goals.

Key lessons from firms that have navigated these choices highlight the importance of careful planning and clear decision-making. Advisers play a crucial role in shaping client perceptions of the role of the platform in delivering their financial plan, and advice firms should give due consideration to bringing the whole advice team along on the journey too. Change management is an often-overlooked but vital step in the process.

Any platform transition requires more than a simple 'lift and shift' of client assets—it demands a reassessment of processes, integrations, and efficiencies.

No single model is a silver bullet either; even the most well-structured platform strategy will likely require some creative problem-solving to bridge gaps in functionality, data access, and compliance.

Ultimately, the right platform decision is one that enables your firm to focus on what matters most: delivering high-quality financial advice while maintaining operational resilience and regulatory compliance. Whether your strategy involves deepening existing partnerships, re-engineering your approach, or exploring a more integrated platform model, the most successful firms will be those that move forward with intent - leveraging data, expertise, and a clear understanding of their core purpose.

This guide serves as a framework to help financial advice businesses cut through industry noise and make informed, confident platform decisions. While the platform landscape will continue to evolve, one principle remains unchanged: a well-structured, forward-looking strategy is always a better choice than simply defaulting to the status quo.

Evolving to support you and your clients

Our story started over 190 years ago, when we were founded as Scottish Equitable here in the UK. Today we're part of Aegon group – an international provider of life insurance, pensions and asset management.

Our UK team are focused on providing pension, savings and investment solutions for over 4 million customers[1] throughout their lifetime. We know your needs – and your clients' – are evolving at pace along with the market. So we're evolving, too.

As we all live longer, your clients will need help navigating a new 'multi-stage' life, so they can make the most of their 'second 50' – we're here to provide in-depth insight and practical resources to help your clients live a happy, meaningful life.

And because life is more complex, our digital platform is now even simpler to use. A seamless experience that makes it easier than ever to manage your clients – from saving in the workplace right through to retirement.

One platform for life, built on next-gen technology that can grow, adapt and flex with your needs.

To find out more visit aegon.co.uk/advisers

[1] *As at 31 December 2023*

Embark Group is a leader in providing expert wealth technology solutions. With £39bn in assets under administration, we are trusted by our partners to support over 559,000 individual accounts.

We offer cutting-edge platform technology solutions, including all the building blocks and tools required to evolve and scale your wealth propositions while enhancing the client experience.

Our white label proposition delivers everything that a business needs for a comprehensive platform proposition, including the provision of first-class customer service and support.

Embark has a proven platform proposition that is already supporting several key white labelled partners, including large banking institutions, insurers, wealth managers and fintech's offering a Self-Invested Personal Pension (SIPP), Stocks & Shares ISA, Junior Stocks & Shares ISA and General Investment Account (GIA).

In January 2022, Embark Group became part of Lloyds Banking Group, one of the largest retail banks in the UK. Being part of the Lloyds Banking Group (LBG) provides us with access to their expansive resources whilst leveraging the financial strength of the wider Group.

Whether you are looking for an out-of-the-box white labelled platform solution or seamless integration with an existing front-end, we can tailor the Embark Platform to provide you with the right solution.

Data As at 31 December 2024

Third Financial is part of Nucleus Financial Platforms, one of the UK's leading independent providers of investment platforms, products and wealthtech software. As the only large-scale group offering a comprehensive range of bespoke platform solutions, Nucleus is uniquely positioned to help meet the evolving needs of firms of all sizes.

For large advisory firms and consolidators, it offers a powerful enterprise solution that enables them to take control of their platform, products, operations and client experience. By consolidating multiple systems into a single, scalable technology engine, firms can simplify their operations, reduce cost, and enhance client outcomes. This unified, bespoke platform model reduces complexity, improves efficiency and ensures a seamless client experience.

Nucleus now powers some of the industry's leading product providers, discretionary investment managers, and institutions through its enterprise solutions by leveraging the wealthtech expertise of Third Financial and Dunstan Thomas.

It also operates the Nucleus Wrap and James Hay Online retail investment platforms, and through Curtis Banks and Talbot and Muir is one of the UK's largest administrators of SIPP and SSAS products.

Partnering with over 5,300 financial advice firms, Nucleus administers over £100 billion in investments for 230,000 UK customers, delivering the technology and service needed to help make their financial future more rewarding.

The P1 Platform enables advisers to concentrate on what truly matters, providing a fantastic financial planning experience to their clients. Designed to reduce costs for clients while saving time for advisers, we eliminate the administrative burden typically associated with legacy platforms. We achieve this through paperless processes, seamless integrations, market leading adviser support, first class technology, and an extensive reporting suite.

We are committed to driving innovation in the platform industry. We've won Schroders UK Platform Awards for Leading Innovation in 2024 and Best Platform Technology in 2021. In Platforum's Adviser Platform Selection reports we consistently rank #1 for 'general opinion and rating', 'value for fees charged', 'usefulness of online tools', 'quality of reports', 'technical support', 'BDM support', and 'general web usability'.

With a 0.15% platform fee, and £0 account fees for ISA, GIA, JISA, SIPP (in accumulation), we know that low-costs, great technology and fantastic adviser support can go together.

With the option to white label the platform, client reports, and client app, we seek to be a true partner to the advice firms we work with.

NEXTWEALTH

www.nextwealth.co.uk

enquiries@nextwealth.co.uk

At NextWealth, we work with firms in retail wealth management to adapt to what's next in wealth. We help technology providers, fund and asset managers, discretionary managers and providers harness the emerging trends for competitive advantage.

We offer research, consultancy, thought leadership content and we also host events.

Our interests include financial adviser business models, the changes in technology powering wealth management and the investment proposition and factors influencing investment choice among financial advice firms.

We track assets in discretionary MPS, adoption and functionality of wealth tech, approaches to retirement advice and approaches to sustainable investing.

At NextWealth, we are able to draw on insights from across the market to help our clients thrive amid disruption.

Get in touch | enquiries@nextwealth.co.uk