

Q&A with Terry Mullen, CEO and Founder of Truealytics the leading Business Intelligence Platform for Wealth Management Enterprises to Measure Advisor Performance, Empower Practice Management, and Benchmark Success



Terry Mullen
CEO & Founder

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Interview conducted by:
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“Currently, firms on our platform have a combined value of almost \$2.3B. The amount of lost value, what they are potentially leaving on the table, is over \$300M.” - Terry Mullen

CEOCFO: *Mr. Mullen, would you tell us the idea behind Truealytics?*

Mr. Mullen: Truealytics is the leading business intelligence platform for Wealth Management enterprises to measure advisor performance, empower practice management, and benchmark success. The core component of this platform is our growing database of independent financial advisory firm books of business (i.e., details around the firm's ownership, staff, clients, processes, revenue, and expenses.) This data allows us to generate over 40 KPIs related to the firm's business, client, and revenue stability. Most importantly, it enables us to quickly and accurately calculate valuations across the following methodologies: discounted cash flow, multiple of revenue, multiple of EBOC, and multiple of EBITDA. We are creating the most extensive database of financial advisory firm-level data, which we intend to maintain as a single version of truth for different stakeholders throughout the lifecycle of a business. We believe that our data set is analogous to personal health records.... but for businesses.

CEOCFO: *What do you look at when you are compiling your analytics that perhaps less comprehensive platforms do not take into account?*

Mr. Mullen: Our suite of eValuation Index™ models was developed by prominent industry thought leaders in response to the significant challenges facing financial advisors and wealth managers who are trying to accurately measure their success, plan for succession, and improve their bottom line. We start with comprehensive, technology-driven valuation metrics that go well beyond outdated valuation rules of thumb to measure value where it is truly created: at the client relationship.

CEOCFO: *Such as?*

Mr. Mullen: Such as average age of the client, concentration risk and whether you have too much of your revenue with just a handful of clients, whether you acquire new clients just through referral or do you have other sources and ways to get new clients.

CEOCFO: *Do most financial advisors recognize the need for this type of business intelligence?*

Mr. Mullen: The independent Financial Services Industry is on the cusp of “collapsing up” as a growing number of independent advisory firms see an extraordinary opportunity to collect additional assets and strengthen existing client relationships. For many other Firms in the industry, it is a frightening prospect to realize that their survival may be in question. The escalating cost of operational functions coupled with fee and revenue compression, rapid consolidation, the ability to win the war on talent, and the lack of succession planning is proving to be an overwhelming burden for many smaller advisors. When you couple this fact with the average age of the US financial advisor, which Cerulli Associates reports as 59 years, the demographic pressure for ownership transition solutions is high now and about to explode. On the flip side, an unprecedented number of younger W2 financial advisors have begun to transition to independent wealth management businesses. Top teams are migrating in large numbers away from large wirehouses to other major firms, and many others to any number of independent or quasi-independent models.

The aforementioned trends point to a great deal of transitions in the Wealth Management sector. Due to this, many in the industry see our solution as a way to maintain details around the health of their business. Indeed, our platform is emerging as the way many entities involved in a transition are able to independently agree to a single prime record (the Truelytics’ eValuation) and have real-time visibility into all of the potential next steps involved with transitioning.

CEO CFO: *How do you reach out?*

Mr. Mullen: We utilize a combination of Inbound and Account Based Marketing strategies. Overall, our brand is driven by our thought leadership that is published on our blog at blog.truelytics.com and our Valuations Podcast, that we launched earlier this year, which is available on iTunes and Alexa, etc. Last year, we made a pivot to start targeting Wealth Management enterprises. That has drove us to identify, prioritize, and profile both the firms that we wish to work with and the key decision makers within those firms. Our outreach is driven by that precise targeting and our communications is customized down to the specific roles we are engaging. So far, the strategy has worked. We grew by over 600% this year, almost entirely as a result of our pivot from direct-to-advisor sales to enterprise sales.

CEO CFO: *How does your platform work?*

Mr. Mullen: Right now they would gather information, things like how many clients they have, financial and revenue information, then they would take literally no more than 25 or 30 minutes to put in the information. With most of the enterprises that utilize us, they have about 30% of the information we need. We pull it directly from them either through a file or an API, so it will be pre-populated for the user when they log in for the first time. Regardless how we get the data, once the user completes our survey, we automatically calculate their scorecards and valuations. They may access that information across a number of dynamically generated reports and dashboards. Moreover, they may generate PDF reports of both their inputs into our system and our outputs.

CEO CFO: *What has changed as people have been using the system?*

Mr. Mullen: Since we purchased the software back in late 2016, we have made significant upgrades; I think we are on our seventh release.

One of our major accomplishments this year was significantly increasing capabilities for enterprises. Now they can directly manage their users. They are also able to stack rank users so they can start to focus on and prioritize firms that may need Practice Management support or understand who their top performers are. The second thing that we did that is significant is that we launched benchmarking.

CEOCFO: *How do you break down the benchmarking?*

Mr. Mullen: After an Advisor receives their score cards they can also see where they stack up against the industry and their peers on almost all of the different things that we are capturing and how many clients they have versus their peers and what their score is; how many clients they add; how many assets they have per employee or per advisor; how much they are charging on advisors versus others; how much they are spending on specific line items like marketing and business development, or rent, so they can start to see if they again are over spending or under spending. Benchmarking was also rolled out to enterprises; they can see how specific firms are doing versus their peers, and the market as a whole.

CEOCFO: *We came upon Truelytics from CIO Review where you were recognized as a promising business intelligence solution. Would you tell us about the recognition?*

Mr. Mullen: Most of the technology solutions in this space are focused on how they can help Advisors get more clients and get a bigger share of their clients' wallet. There are fewer solutions focused on how they manage their business. In most cases their business are the most valuable asset Advisors have and they have not really treated it that way. Having a software platform that can provide you with the information and business intelligence that you need to run a better business, is something that was needed and we filled that void and have been recognized as such. The platform is easy to use and the users love it and the enterprises love it because it allows them to help their advisors. Most of these advisors do not even think of themselves as business owners and we are trying to change that.

CEOCFO: *How often might an advisor look at the Truelytics information and does the data automatically update?*

Mr. Mullen: Our Monthly Active Use (MAU) has grown over 400% this year. A lot of that has to do with our enterprise sales and on-boarding success. It also is tied to listening to our customers and committing to monthly releases. On average, advisors will come in several times in the first month as they are putting it in and adjusting it and trying to understand what it means. Then they will come in typically on a quarterly basis to update the information. Clearly the firms with the people that come in more often are doing a better job of measuring their business and looking at their results. As we move forward as a software company, we are going to be launching things where they will want to come in more often, as we start to turn on our additional modules focused on continuity/succession planning, and private marketplaces. As I mentioned earlier, there is 40% of this industry that is expected to exit through either retirement or sale over the next 10 years. It is a very dislocated industry right now, but we think we can solve that or help to solve that to make the information more accessible and transparent.

CEOCFO: *When did you know you were on the right track at Truelytics?*

Mr. Mullen: That is a great question, because I have known from the very beginning that this is something the industry needed. Our pivot to focus primarily on Wealth Management enterprises was key. Today, we have enterprise agreements with firms that have over 40,000 advisors and we are in a process of onboarding those folks. When all is said and done, Truelytics is growing the largest database of online business e-health records for financial services in the U.S. Currently, firms on our platform have a combined value of almost \$2.3B. The amount of lost value, what they are potentially leaving on the table, is over \$300M. Helping firms capture that value has been and will continue to be our mission.

