

Case Study

How Collins House Went Online

Melbourne-based Dominic Alafaci is an elder statesman of the Australian financial planning industry. Since founding Collins House in 1999, he has steadily built his profile and reputation, as well as those of his business.

Along the way he has been honoured as *Money Management's Financial Planner of the Year*, become a Life Member of the Financial Planning Association, and authored a popular book, *Grow, Manage and Protect Your Wealth*.

He's also widely recognised as the financial planning and investments expert on Melbourne's top-rating 3AW radio station – a role he has had for 25 years. As a result of his profile and standing, he receives a lot of inquiries from people hoping he can steer them in the right direction.

For some time, he didn't have a good answer for most of those looking for some way to get help with their investments.



Dominic Alafaci, CEO, Collins House

The Dilemma

"The blunt reality is that the personal advice process takes time to do properly, and to ensure an adviser is complying with the various regulations we are subject to, so there's a certain minimum cost involved," Dominic says.

"It's just not economically viable for those who don't already have quite a high level of investable assets to pay an adviser to take the time to give them personal attention."

Those who heard Dominic on the radio and approached Collins House looking for help with their investments weren't the only ones he wanted to have an appropriate option for. There were also adult children of existing clients for whom the high cost of personal advice made the equation prohibitive.

The problem is that there is a fairly large proportion of the population that doesn't have that level of investable assets but still wants – and would be significantly better off with – some help.

"We decided it didn't make sense either for our Private Wealth business or for these prospective clients to take them through the personal advice process unless they had investable assets of at least \$1m.

"But we wanted to be able to look after everyone else who was approaching us asking for our help. I also wanted to ensure the children of our long-standing Private Wealth clients were starting their investing journeys the right way.

"I hated the idea that I had to turn both groups of people away and leave them to their own devices, usually opening an online broking account and hoping for the best."

A Partnership With OpenInvest

Dominic thought it would be ideal if Collins House could manage investment portfolios on behalf of a broader audience. All he needed was a platform to deliver the right solution.

Melbourne-based investment platform OpenInvest was created with these very people in mind: the substantial cohort of Australians who would like to invest for the long term, with help from professionals, but who ultimately can't afford the high and increasing cost of personal advice.

OpenInvest had developed technology that enables people to sign up online and choose their own managed investment portfolio so they can be looked after by a professional firm. And to receive ongoing updates from that firm so they know that they're being looked after, as well.

"It was a lot simpler than we imagined. We didn't need to do a technology build or integration, change our licence or hire client services people," Dominic explains.

"OpenInvest provided a complete out-of-the-box solution.

"They configured their technology to give us a Collins House-branded solution, which they host and manage. Prospects come to our website to learn about our offering and sign up from there.

"But OpenInvest handles everything: the online sign-up process itself, the requisite AML and KYC checks, any client queries, compliance, trading, and reporting."

A Solution For Investors

The partnership with OpenInvest provides the ideal solution for Collins House - because it's an ideal solution for the investors that Dominic and his team are now able to serve.

Each investor gets his or her own portfolio that the Collins House investment committee manages. They also receive a regular flow of updates from the team.

“In particular, our online investors tell us they love seeing and engaging with their portfolio and our updates in their Collins House Online app,” says Dominic.

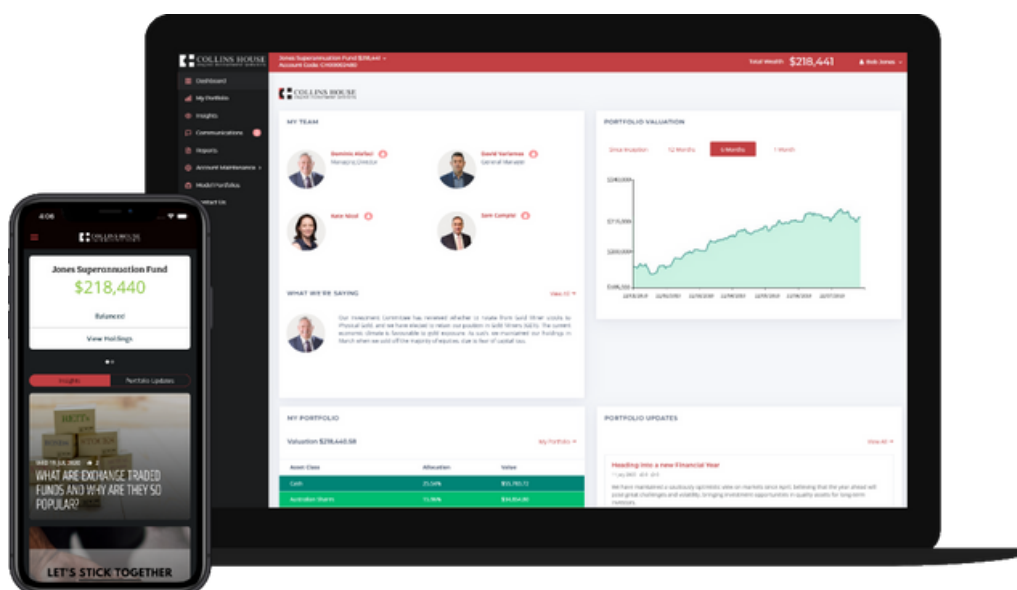
Collins House Online Investment Services is now managing investment portfolios on behalf of hundreds of investors.

"They know why their portfolio looks the way it does, when we've updated it and why, and how we're thinking, even when we're not making any changes to the make-up of their portfolio.

“We post regular updates that explain all this, all of which pop up in their Collins House Online app.

“Essentially, we're now distributing our intellectual property at scale, with no additional impost on our resources.

“At the same time, we're building relationships. These online clients can continue that relationship for as long as they like or, if they want to see us for personal advice when they're ready, that's okay too. We may not have met in person but, because they're an online client, they do know us, and as a result there's a high level of trust there.”





The Future Of The Industry

With increased regulatory requirements making personal advice even more expensive, there's a real danger that the industry will end up servicing ever fewer clients – essentially, only the already wealthy – making the already-large “advice gap” even wider.

“Advisers are leaving the industry in droves, and the cost of personal advice keeps rising. The industry needs to look to technology solutions to help reach and serve a broader audience.”

“This is particularly the case given the current online share trading and crypto craze, and the huge amount of advertising targeting young Australians with a very unhealthy message that trading is fun and easy. It's not – it can be very dangerous indeed,” Dominic observes.

“OpenInvest has clearly recognised this because they have built a solution that does exactly what's needed.

“Implementing it couldn't have been simpler or more painless, from our perspective. We just provided our logo, our portfolios, and relevant content, and OpenInvest did the rest in what was really only a matter of weeks.”

“I'm very confident that we're all set now... able to scale our business, bring on the next generation of clients, and most important of all, help the large number of Australians that want and need professional assistance.”