

Investment platforms: Who'll win the constructors' championship?



The McLaren MP4/4 is arguably the greatest F1 car of all time. It was so dominant that, in the 1988 season, it won 15 out of 16 races with Ayrton Senna and Alain Prost behind the wheel. On six occasions, the MP4/4 qualified first and second with a margin of a second or more. But even more amazing is this incredible pace was at no detriment to reliability. The MP4/4 retired just four times, two of which were a result of crashes.

So why was it so dominant? In 1986, a designer at Brabham by the name of Gordon Murray had a theory that, by lowering the height of the car and reducing the frontal area by around 30-percent, it would be more aerodynamic and allow additional air to pass over the rear wing creating more down-force. Therefore, on paper, the low-line car should be faster on the straight and have more grip on the bends.

Initially, the theory didn't work due to the limitations of the slanted straight 4 BMW engine. Upon moving to McLaren at the end of the 1986 season, Murray acquired the small, powerful Honda V6 to replace the reliability-hampered TAG motor, taking Murray's

theory to the next level. It was this innovation, plus the signing of Brazilian hotshot Ayrton Senna, that proved a potent combination.

The McLaren team garnered a powerful engine, enlisted the world's fastest drivers, and constructed an ingenious chassis that combined to produce a car that would lead the world. Still, today, getting the right component parts combined to produce the ultimate racing car is the biggest challenge.

So, what has this all got to do with Investment Platforms?

Platforms are like Formula 1 cars. Choosing and building the right components and having the right team to do so will determine how successful the platform will be.

In 2015, Ferrari and Mercedes supplied engines to seven teams, all with very different levels of success and failure, proving that having arguably the leading engines doesn't guarantee success. Choosing the right engine is important, but this alone doesn't make a successful car. Chassis, transmission, aerodynamics,

tyres and performance are all vital ingredients in a successful car, as are the drivers and team management.

Platforms are evolving in the same way – made up of a number of components, based around a choice of administration engines, provided by a relatively small number of technology suppliers. So, regardless of who the platform's engine is supplied by, I would argue the more important questions lie with the other components, like the digital interface. Like in F1, many of the platforms use the same engine supplier and you can see that makes good economic sense. Why build your own engine when you can choose one off the shelf?

So, like F1, platforms have very similar, if not the same engines. What will distinguish them from their rivals is what equivalent chassis, aerodynamics and other components they combine to make up their technology stack – plus the team dynamics of the client supplier relationships. Like in F1, engine suppliers just supply the engines. Technology is advancing so quickly that platforms need to be more like F1 cars where the component parts can be interchanged as technology advances. Choose an engine and build around it with the leading edge components – 'surround, supplement and replace' will be the winning formula going forward.

So when building/selecting your platform, what criteria will matter most?

Functionality, yes, but more a hygiene factor as there is very little to differentiate between the main suppliers here.

Usability – the quality of the user experience be it as an investor, adviser or employer is what really matters. Intuitive and engaging digital and mobile experiences will continue to play an increasingly more important role and differentiate the best from the rest.

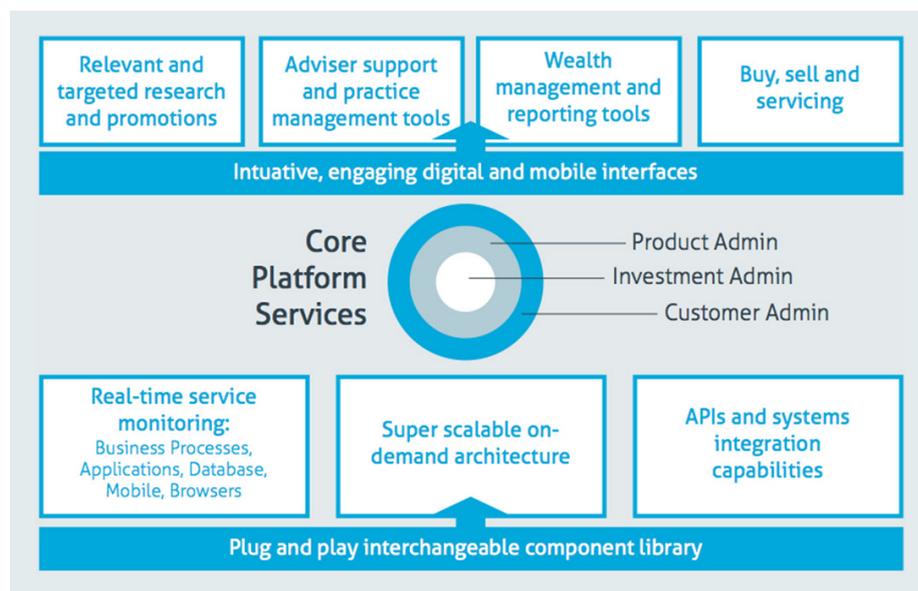
Seamless systems integration and interfaces to CRM and practice, management systems for advisers.

Incorporating relevant content on user specific portals and removing clutter.

Planning tools that incorporate both on and off platforms assets.

Supplier capabilities, capacity and behaviours – can you work with them as trusted long-term partners? You might use tried and tested engines, but your differentiation will come from the choices you make on the other components. Remember, engine suppliers make good engines, not good cars.

Finally, **Amazon-like experiences** – always on, fast and super scalable. Remember the right aerodynamics with the wrong engine will not get the right results.



Whether it be advisers, investors or workplace users, they will demand performance, reliability and, like F1 drivers, safety features to protect them. F1 teams also have the leading-edge monitoring systems so they know what will fail before the driver experiences it. Platforms can learn a lot from F1. Who wants to be at the front of the grid and on the podium at the end of the season? The engines alone won't determine that!

What brings it all together is the team of designers, engineers and management

to execute. In the platform space, the team must be one, not a traditional client-supplier relationship. Working in partnership with common goals and objectives as the McLaren team did in 1988.

And finally, F1 also deals with lots and rules and regulation changes and is continuously innovating. Always striving to maintain fans' enjoyment without compromising on driver safety. Another thing that the Financial Services industry could learn from!"



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