

Case Study:

Maryland Capital Advisors



At A Glance

- Founded: 2005
- Headquarters: Chester, Maryland
- Website: www.marylandcap.com
- Services Offered: Portfolio management, wealth planning, and investment planning/consulting
- AUM: Nearly \$180 million for 83 client households*
- Clients: Select high-net-worth individuals, families, family offices, trusts, and company retirement plans
- Staff: Two principals and two client service/operations associates
- Primary Custodians: Charles Schwab & Co., Fidelity Investments
- Portfolio Management/Reporting: Advisor View™
- Portfolio Rebalancing: Advisor Rebalancing®
- CRM: Advisor CRM®

* Firm detail as of February 2017

A Case Study in Getting Things Done Faster, and with Greater Precision

When asked to describe the portfolio accounting and reporting software provider that boutique RIA Maryland Capital Advisors relied upon prior to year-end 2015, the Chester, Md.-based firm's founder and president, Mike Damas, shares a metaphor to relate his firm's experience.

Imagine drawing a straight line in chalk on the sidewalk. Then, position a live chicken face-down on the sidewalk so that its beak and feet align exactly along the chalk. When you let go of the chicken, it won't move because it will be completely transfixed by the line of chalk in front of it.

"They were focused on building things that looked nice, but they didn't really understand the securities and they didn't care about making sure return calculations were precise," recalls Mr. Damas. "Shortly after we got onto the platform, I realized that the way they did reconciliation was not transaction-based. They had developed a reporting system to make everything look pretty, but because of the way they were reconciling non-equity and non-mutual-fund securities, return calculations were wildly inaccurate."

““ They had developed a reporting system to make everything look pretty, but because of the way they were reconciling non-equity and non-mutual-fund securities, return calculations were wildly inaccurate. ””

After support professionals he spoke with didn't seem to understand the problem, and couldn't come up with a solution, Mr. Damas created a PowerPoint presentation and flew to the vendor's headquarters to meet with top executives. "I gave this whole pitch about how, in the RIA community, we tend to be smaller, entrepreneurial firms that are specialists in what we do, and we need to have accurate calculations and timely solutions to problems," he remembers. "I showed them how the system was using information from the custodian incorrectly, and coming up with wild, wacky returns, but their approach to system problems was based on how many people were reporting it. My point was, 'You shouldn't have to wait for 100 firms to notice an error before you fix it.'"

After leaving the meeting, Mr. Damas recalls, "What I could tell right away was that nothing was going to change. There must have been other advisors who noticed the same problem, but not enough for them to care. I hoped that the individuals I spoke with would see the resulting errors and work together to resolve them. Instead, they were all chalk-line chickens—each person focused only on their role in the processing of data and not on the resulting output."

Tech Support and Expertise are Key

At that point, Mr. Damas and his colleagues began searching for a new technology vendor. They decided to go with Envestnet | Tamarac (Tamarac) because the applications in its Advisor® Xi wealth management technology platform for independent RIAs are fully integrated and custodian-agnostic, enabling them to share and report real-time, accurate data from multiple custodians. Mr. Damas and his team members were also impressed with the in-depth, hands-on assistance and engagement from Tamarac’s technical support organization.

“Without a doubt, from the perspective of maintenance and technology, the biggest improvement has been the technical expertise of everyone we’ve encountered at Tamarac . When an issue does arise, the problem-solving process is efficient and during conversations with people, you don’t have to explain things more than once,” says Mr. Damas. “Many of the people we’ve interacted with at Tamarac have previously worked in advisory practices, either as actual advisors or in operations. There’s never been a case where we’ve raised an issue and there was confusion or lack of appreciation for what that issue was—they always start trying to get to the bottom of whatever is happening right away.”

““ **The biggest improvement has been the technical expertise of everyone we’ve encountered at Tamarac.** ””

On December 31, 2015, Maryland Capital Advisors (MCA) began running Advisor View™, the portfolio management and performance reporting component of Advisor Xi, concurrently with its previous system. After the firm had fully implemented Advisor View, the team of Tamarac tech support specialists that guided Mr. Damas and his colleagues through the process did the same to ensure smooth transitions to the other Advisor Xi applications, Advisor Rebalancing® and Advisor CRM® .

To learn how to navigate each Advisor Xi application, and understand how they work together to help advisors and their clients, Mr. Damas and his colleagues attended Tamarac University (Tam U) classroom-style training sessions at Tamarac’s headquarters in Seattle. “The people I met at Tam U were genuinely curious to hear how you want to do something, and then help you understand how to make their system do it,” says Mr. Damas.

Tamarac also provides online tutorials that enable MCA staff members to review how to use Advisor Xi applications, and become proficient with Tamarac’s regular updates to the Advisor Xi platform, which are rolled out every 60 days.

The MCA team tries to attend off-site Tam U training sessions held near Maryland whenever possible. Mr. Damas and his two client service/operations associates recently participated in a Tam U seminar in Washington, D.C. to familiarize themselves with Tamarac’s latest platform updates, and understand how to adjust their firm’s setup in order to take full advantage of the enhancements. Mr. Damas attended the classes devoted to Advisor Rebalancing, while his co-workers went to the trainings for Advisor View and Advisor CRM.

““ **Tam U is the perfect off-site setting for intense training to wrap your head around technology changes, and figure out how you can actually implement and use those new features within your practice.** ””

“There had been some enhancements to Advisor Rebalancing, and two days out of the office where I could tweak our models and absorb the expertise all around me was beneficial,” he says. “Tam U is the perfect off-site setting for intense training to wrap your head around technology changes, and figure out how you can actually implement and use those new features within your practice.”

Saying Goodbye to Excel Spreadsheets

The MCA team used to devote many hours to keeping track of all workflow processes for trading and rebalancing, portfolio management and reporting, and managing client relationships in Microsoft Excel spreadsheets. Since implementing Advisor Xi, says Mr. Damas, “All the spreadsheets are gone. We don’t need them because everything is saved in Advisor View, Advisor Rebalancing, or Advisor CRM, which is incredible.”

“**All the spreadsheets are gone. We don’t need them because everything is saved in Advisor View, Advisor Rebalancing, or Advisor CRM, which is incredible.**”

MCA professionals can now complete billing for all accounts in two days, a process which took a full week prior to the adoption of Advisor Xi. “With our previous technology provider, it was a major operational hassle to submit data to the custodian, double-check numbers, and massage them, and there was no easy way to make sure the numbers you uploaded matched the numbers in the client statement,” recalls Mr. Damas. “Now, we hit a button, and the billing is completed in minutes and everything is reconciled in a matter of 48 hours, as opposed to spending a lot of time and effort hand-checking numbers.”

The process of generating quarterly reports for all accounts has also been shortened to two days from a full week thanks to Advisor Xi. “We used to have to devote a lot of hours to double-checking numbers and manually looking at addresses and other information,” says Mr. Damas. “Now, just like with billing, we hit a button and all the reports are posted in minutes. Then, we can spend time on other things and one or two days later, we can reconcile everything to make sure the numbers match the numbers in the client statement—and it’s all automated.”

“**Now, just like with billing, we hit a button and all the reports are posted in minutes.**”

Mr. Damas finds the built-in auto reconciliation feature in Advisor View’s billing functionality to be especially helpful. “The system actually shows you, ‘Hey, this money came out of X,’” says Mr. Damas. “Then it marks each billing transaction as ‘paid,’ ‘partially paid,’ or ‘unpaid’—and shows you what the issue is for anything marked ‘partially paid’ or ‘unpaid.’”

The secure, interactive client portal in Advisor View also saves MCA a lot of time on reporting every quarter. Approximately 90% of MCA’s clients utilize the client portal to receive reports as well as store important documents, check account performance, and communicate with their advisors. Here, too, the MCA team no longer has to consult an Excel spreadsheet to remember which clients prefer to receive reports via the client portal or postal mail. Advisor View enables Mr. Damas to seamlessly assign clients to different reporting groups, and remembers these and other customizations.

90% of MCA’s clients utilize the client portal to receive reports as well as store important documents .

Many of MCA’s clients also log into the client portal through the Advisor View iPad app to remotely access account data, updates, and reports, and communicate with advisors, at any time and from any location—further personalizing their wealth management experience.

A New Rebalancing Frontier

After MCA successfully implemented Advisor Rebalancing, Mr. Damas and his colleagues noticed significant operational improvements not just for them, but also for their clients.

The trading and rebalancing software from MCA's prior technology vendor didn't allow Mr. Damas to quickly and efficiently take necessary steps to rebalance accounts in the event of sudden, drastic movements in the market. The old software required Mr. Damas to manually review rules and asset percentages set up for each portfolio, and check whether or not certain allocations had shifted beyond their established target exposures.

"When I look at what's out of bounds, I have to decide what I need to sell or buy, and for clients with taxable accounts, I have to be able to be very sensitive to potential taxable losses so I can harvest them later on, even if I don't rebalance," explains Mr. Damas. "We needed a lot of Excel spreadsheets to keep track of target exposures, trading and rebalancing, and tax-loss harvesting for every portfolio. I had an Excel spreadsheet set up for each portfolio, and I had to look at them one by one to identify gains and losses and the potential impact of trades. Each one would take a good hour-plus of work to wrap my head around what I needed to do, and then I had to upload the transactions—but it's so much easier with Advisor Rebalancing. It creates the trades, then you review and tweak them, and you're done."

It used to take between seven and 10 days for MCA to rebalance all accounts, and during periods of high market volatility, that amount of time is an eternity. "The market moves a lot during those seven to 10 days, especially in the wake of events like the Brexit vote, so Advisor Rebalancing greatly benefits our clients over the long term," says Mr. Damas. "It gives us the ability to be nimble, and accomplish complex tax-driven or market-driven rebalancing in a timely manner."

Easy Access for Remote Office

Mr. Damas and two associates focused on client service and operations work out of MCA's head office in Chester, while the firm's second principal, Paul Cucchissi, runs the MCA office in Greenwich, Conn., and manages relationships with clients in Connecticut and New York. Even though Mr. Cucchissi is not based in the head office, Tamarac's applications enable him to easily access up-to-date client and portfolio information remotely.

"Tamarac's technology is synchronized in such a way that someone working in a remote office and managing relationships in the New York-Connecticut area has access to information about all of the portfolio management and client interaction decisions we make in Maryland," explains Mr. Damas.

The integration between different Advisor Xi components allows Mr. Cucchissi to remotely view notes about the rationale behind portfolio management actions in New York and Connecticut client accounts—ensuring he stays informed and can adequately explain portfolio decisions to clients. For example, Mr. Damas can make notes outlining the reasons for executing a trade in Advisor Rebalancing, and Mr. Cucchissi can access those notes remotely through Advisor CRM.

More Detailed Reporting & Communication

MCA's two principals leverage their combined 50+ years of experience to assist select high-net-worth individuals, families, family offices, trusts, and company retirement plans with creating investment portfolios and wealth plans that help meet their overall financial and life goals. Mr. Damas and Mr. Cucchissi—who established the firm's Greenwich office in 2009—possess extensive backgrounds in trading, risk management, economic research, and fixed-income and credit-product structuring and marketing. Besides deploying their deep knowledge in these areas

to design and manage investment portfolios, they also engage each client's attorneys and accountants. This approach ensures that a client's investments fully align with all their wealth management needs, including estate and tax planning.

Tamarac was able to seamlessly incorporate MCA's customized asset-class categories into Advisor View and Advisor Rebalancing.

MCA incorporates a variety of investment products and strategies into investment portfolios. In order for clients to fully understand how each portfolio component can help them reach their financial and life goals, the MCA team breaks down asset allocations in account and model portfolios in far greater detail than the broad industry-standard "equities" and "fixed income."

MCA had already created a specialized asset-class schematic with specific categories that reflect the geographic and academic factors driving a portfolio's returns. Tamarac was able to seamlessly incorporate MCA's customized asset-class categories into Advisor View and Advisor Rebalancing. This achievement enables MCA's clients to view more detailed portfolio breakdowns in account reports and in the client portal, and allows Mr. Damas to set target exposures and risk tolerances in Advisor Rebalancing for specific types of equities and fixed-income products.

Tamarac's enhanced integration with MoneyGuidePro® further strengthens client engagement and collaboration. When MCA's clients log into the Advisor View client portal, their homepage includes an update on how they are tracking to their financial plans, which are created and maintained in MoneyGuidePro.

Tamarac's enhanced integration with MoneyGuidePro® further strengthens client engagement and collaboration.

Onboarding is a Breeze

MCA just recently completed its implementation of the third and final component of Advisor Xi, the enterprise-level Advisor CRM system, which has created a much more consistent, streamlined process for onboarding new clients.

MCA's previous CRM system had limited functionality, and was not fully integrated with the firm's portfolio management, performance reporting, and rebalancing applications. As a result, onboarding workflows were often haphazard, with MCA professionals needing to spend a lot of time consulting each other about what accounts to open for every client, and what steps to take to begin cementing the relationship.

However, during the setup and implementation of Advisor CRM, Mr. Damas and his colleagues worked closely with their dedicated Tamarac consultants to set up customizable workflows to onboard different types of clients. Today, every MCA staff member can easily find out what steps need to be taken to successfully onboard any new client, and jump in to assist at any point in the process.

"Working with Tamarac to create specific workflows in Advisor CRM was important for us because we were forced to sit down and codify what we need to do, set up, and consider when we're onboarding one type of client versus another type of client," says Mr. Damas. "We now know, for example, that we need to do A, B, and C if a new client's assets are custodied at Schwab, or do D, E, and F if their assets are custodied at Fidelity—and all of these steps are saved in the system and being assigned to team members. Our staff no longer has to worry about things falling through the cracks—we know we're not missing anything, and we know exactly what needs to be done next."

A Boutique that's Confident Enough to Execute an Acquisition

The operational efficiencies that the Advisor Xi applications have facilitated across MCA's business make it possible for one principal and two client service/operations associates in the head office and a second principal in a remote location to manage almost \$180 million in assets under management—and position the boutique for scalable, strategic growth.

“**Because of the systems we now have in place, I'm highly confident that we're primed for growth, and I wouldn't hesitate to take on additional clients with fewer investable assets than our norm [\$1 million],” says Mr. Damas. “We can handle more accounts without worrying about straining our resources.**”

“Because of the systems we now have in place, I'm highly confident that we're primed for growth, and I wouldn't hesitate to take on additional clients with fewer investable assets than our norm [\$1 million],” says Mr. Damas. “We can handle more accounts without worrying about straining our resources.”

In fact, Mr. Damas estimates that MCA now has the ideal balance of people and resources to expand its practice through an acquisition of another firm—if it wanted to do so. As a boutique with a highly specialized investment approach and skillset, MCA isn't likely to grow via M&A, but the knowledge that an acquisition wouldn't be untenable has boosted the morale, and outlook, of the MCA team.

“**If the right opportunity came along, we could confidently acquire another firm's accounts and clients because we now have systems in place enabling us to seamlessly onboard them—and then efficiently manage them going forward.**”

“If the right opportunity came along, we could confidently acquire another firm's accounts and clients because we now have systems in place enabling us to seamlessly onboard them—and then efficiently manage them going forward,” says Mr. Damas.

He adds, “We ended the relationship with our previous technology provider because we didn't just want to do things faster—we also wanted to get them done with greater precision. We've vastly improved our practice on both counts thanks to Tamarac's solutions and experts.”

The information provided herein is for informational purposes only and is not intended to constitute legal, tax, securities or investment advice or a recommended course of action in any given situation. Third party statements herein are applicable to the individual/firm depicted, regarding Envestnet's technology and services, and may not be representative of the experience of others. This is not a paid endorsement. Envestnet reserves the right to add to, change or eliminate any of its services without prior notice. © Copyright 2017 Envestnet | Tamarac™ All rights reserved.

ABOUT ENVESTNET

Envestnet, Inc. (NYSE: ENV) is a leading provider of unified wealth management technology and services to investment advisors. Our open-architecture platforms unify and fortify the wealth management process, delivering unparalleled flexibility, accuracy, performance, and value. Envestnet solutions enable the transformation of wealth management into a transparent, independent, objective, and fully-aligned standard of care, and empower advisors to deliver better outcomes.

Envestnet | Tamarac's web-based platform for independent RIAs, Advisor® Xi, deeply unifies portfolio management, modeling, rebalancing, trading, billing, and reporting with a client portal and enterprise-level client relationship management (CRM) system.

For more information about Envestnet | Tamarac's Advisor Xi, please visit www.envestnet.com/tamarac or follow [@TamaracInc](https://twitter.com/TamaracInc) (twitter.com/TamaracInc).