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# CONTEXTUALIZING IS IN BUSINESS: \$ R US FINANCIAL PLANNING – A MODULAR TEACHING CASE FOR INTRODUCTORY 1ST YEAR GENERAL BUSINESS MIS COURSES

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### Recommended Citation

Riemer, Kai and Bunker, Deborah, "CONTEXTUALIZING IS IN BUSINESS: \$ R US FINANCIAL PLANNING – A MODULAR TEACHING CASE FOR INTRODUCTORY 1ST YEAR GENERAL BUSINESS MIS COURSES" (2010). *ICIS 2010 Proceedings*. 165.

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# CONTEXTUALIZING IS IN BUSINESS: \$ R US FINANCIAL PLANNING – A MODULAR TEACHING CASE FOR INTRODUCTORY 1ST YEAR GENERAL BUSINESS MIS COURSES

*Teaching Cases*

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## **Abstract**

*This Teaching Case has been developed to assist students in introductory first year MIS courses to develop an understanding of business context, while building practical expertise in IS modeling techniques and problem solving. The case has been formulated around a small financial planning practice, in order to work in a learning environment where students may not have had any (or limited) exposure to organizational business operations. In focusing on a small organization students are able to very gradually build their knowledge of organizations in an easily understood and controlled fashion. The case is composed of self-contained vignettes/modules. While the case takes students on a journey with the establishment of the business and its growth, it is also flexible and possible to alter the selection and sequence of modules to fit a particular course outline. The case covers the breadth of entry-level MIS courses and works with typical MIS introductory textbooks.*

**Keywords:** Data modeling, Process modeling, IS Decision Making, Undergraduate MIS

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<sup>1</sup> Please contact the first author for gaining access to the accompanying teaching note.

## Introducing the Company: \$ R Us Financial Planning Pty Ltd<sup>2</sup>

Murray Williams is sitting at his desk in his North Sydney office, overlooking beautiful Sydney harbour. He lets his eyes wander over to the city, where the big banks have their headquarters in shiny office towers. Murray is contemplating the massive changes the past year has brought to the financial industry: the global financial crisis and the resultant contagion that swept the international markets had taken its toll. While other parts of the industry were facing turbulent times, the financial planning sector also had its share of incidents to deal with. Murray feels that changes to the financial planning sector are imminent.

Together with a business partner, Murray founded *\$ R Us Financial Planning Pty Ltd* (“\$RU”) last year. In the decade preceding the establishment of the business Murray and his partner had built a successful financial planning operation within a large bank in the Sydney CBD. Murray and his partner then decided to “go it alone” and bought the business off the bank. At the time, Murray and his partner decided that they wanted to be more flexible in the ways in which they ran their business strategically, and not be restricted by the formal governance structures of a large bank. While this part of the plan has been a definite success, they now find themselves having to organise everything, from running the office, keeping track of Client data and dealing with Suppliers, to compliance with government regulations. Luckily, Kerrie de Havilland, Murray’s office manager at the bank had agreed to make the big step with him, leaving the more stable and secure bank to work in a dynamic small business environment.

Today, \$RU has two partners and three support staff, who are spread across two Sydney suburban locations: one in an office tower in North Sydney; and the other in an office atop a large shopping centre in Parramatta in western Sydney. The decision to split the operations between the two sites was motivated to a large extent by the partners’ life style choices. While Murray lives in the north of Sydney, enjoying the northern beaches, the other partner loves the seclusion of the Blue Mountains, a beautiful alpine region that is 2 hours to the west of Sydney. Two more partners might join the practice soon, and Murray is wondering how to grow the business while still maintaining the benefit of running a small financial planning practice.

While the business is reliant on the knowledge and experience of the partners (Planners), who are advising their Clients in matters of wealth management, the business wouldn’t be able to function without the Office Managers located in North Sydney and Parramatta. The North Sydney office also has a Receptionist, Tracy, who answers the phones and looks after the Client files. Kerrie is the Office Manager in charge in North Sydney. The following scenarios give us a “window” into the everyday working business that is \$RU. We are able to see what motivates the partners (Planners), office staff (Office Managers and Receptionist), the Clients and the \$RU Suppliers against the backdrop of the dynamic financial planning industry.

### *The \$RU business model*

Core to \$RU’ business model is its niche focus on independent and life-long financial advice. The partners see their role as one of a counsellor to their Clients as they make major financial decisions throughout their lives. At the heart of this focus is their ability to maintain their independence from investment product vendors (their Suppliers). The financial Planners are not affiliated with any group or provider and are free to offer the best products to their Clients. More importantly, the \$RU team does not see its role solely in picking and blending the best investment products, but in designing the right investment strategy and a balanced portfolio of investments, which fits the clients’ strategy. They see their role as one of a life-long financial counsellor rather than just a financial service provider. As Murray puts it:

*“It depends where financial planners feel they add value. There are a lot of financial planners that you’ll sit down in front of and all they’ll talk about is the funds that they’ve selected and ‘I’ve blended this fund with that fund and I’ve got a return which is... blah blah blah... and I’ve moved this here and I’ve bought shares and sold shares’, and*

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<sup>2</sup> Please note that, while the case (and its actors) are based on a real business in Sydney (Australia), all names have been disguised and the authors have taken some liberty in setting the stage for each scenario and in developing the case further, especially with respect to later modules. Moreover, while the case is self-contained and can be used with any introductory MIS textbook, \$RU also appears in the (Kroenke et al. 2010) textbook and has been developed by the authors to specifically work with this text.

*that's all they'll talk about, that's what they think their value is. Our position is: that's basically βv!#\$#+! That you can't beat the market and so we don't buy and sell shares for clients because, quite frankly, fund managers do a much better job at that than what we can do with our limited resources. And we're indexing more and more of the portfolios because we're finding a lot of the fund managers can't beat the index. So you won't see any of us getting too excited about talking to fund managers or getting excited about...yeah.... good stock for a client. But there are a lot of advisers that see that type of activity as their core business."*

Currently, \$RU has about 250 Clients, most of which are older and already retired, or are about to retire and who have large amounts of money to invest in order to generate adequate retirement income. During their time with the bank, the two \$RU partners (Planners) have built lasting relationships with these Clients. They also know that in order for the business to be a sustainable proposition into the future, that they must now start building a base of younger Clients that can see the benefit and impact of financial counselling from the beginning of their working lives rather than only when they retire. The same holds true for the other two potential partners (Planners) who are thinking about joining the business. These potential partners will bring about the same amount of Clients (as already exists in \$RU) with them, when/if they join the business. They must also have a similar underlying value proposition (as \$RU) in order to fit to the \$RU business model and direction.

### **So, how does financial planning at \$RU work?**

The first contact with a prospective client (Prospect) is an intensive face-to-face meeting, in which the Planner receives all of the information needed from the Prospect to put together a financial strategy for them. This meeting is also a vehicle for "getting to know" the Prospect in order to be able to offer the most effective counselling for their immediate and long-term financial situation. At the end of this contact with the Planner the Prospect receives a Statement of Advice in exchange for a one-off fee. At this point Prospects often enter into a relationship with \$RU, especially if trust is built between the Planner and the Prospect in this very early stage of the relationship. If the Prospect becomes a Client they sign a contract, which is called a Retainer.

The implications of this contract are that a \$RU Planner: 1) implements the recommendations made in the Statement of Advice; 2) looks after this Client's portfolio; 3) monitors the markets on this Client's behalf; and 4) meets with the Client at least once per year; or 5) meets with the Client in case of any upcoming event that changes the Client's financial status (e.g. the client buying real estate, receiving an inheritance or having a sum of money to invest). \$RU achieve these steps by taking a pro-active role in the Client's financial decision processes.

In signing a Retainer agreement the Prospect becomes part of the \$RU Client base. By creating this relationship, \$RU is able to generate recurring revenues for the business from their Client base. This is important, as \$RU operates solely on a fee-for-service model; it does not receive any commissions from any of the product vendors. The Retainer is also important as it represents a commitment from the Client to "stay the course" of the Planner's advice. This is especially important for the achievement of a Client's long-term financial goals through the building of a solid and valued relationship with \$RU.

### **What are typical investments?**

A \$RU partner would argue that the primary investment by their Clients in \$RU is in the counselling, advice and strategy development that \$RU provides. This can assist their Client, not only with direct investment decisions that they have to make, but also with understanding of, and referral to, accountants, tax and estate planning specialists as well as providing suggestions on general day-to-day budgeting issues. When a Planner invests money on behalf of a Client they do not buy or sell shares. Instead, investments for Clients are placed in investment products such as managed funds. These funds are run by funds management organisations and are based on an active management philosophy – the funds managers carry out market research and then buy or sell shares of a business, which they perceive as undervalued. The aim is to perform better than the reference market. Investors essentially can buy stakes in these funds either directly, via brokers or via the stock exchange.

At \$RU, a total view is taken of the Client's finances and their personal values and plans for the future, i.e. what they want to do in their lives and what they consider to be the most important things. Only after the \$RU Planner gets to know their Client can an effective plan be put in place. The concrete choice of funds for a particular Client's financial strategy is the result of matching the right funds (and their management philosophy) with what a Client wants to achieve in terms of value choices and the risk they are willing to take with their investments to gain a re-

turn. In doing so, \$RU has a range of preselected or preferred suppliers, however, \$RU does not receive any commission fee from the investment company or the broker, as it operates an independent business. Instead, \$RU charges the clients a fee for every transaction, which is taken from the client investment account directly.

### ***Financial Services Supply Chain***

\$RU is part of a financial supply chain. \$RU acts as the gateway to this service chain for their Client, providing counselling and advice on what products the Client should invest in. It does not, however, provide any of these investment products and services itself. Rather, it relies on various suppliers (like funds managers) to providing investment products, access to these products, as well as for research information about these products.

### **Where do the Clients come from?**

The \$RU business model is essentially a professional service model, which is based on client referrals and word-of-mouth. If a Client is happy in the relationship and trusts that \$RU is acting in their best interest, then they are usually more than happy to recommend their family and friends to \$RU. The company does not invest any significant amounts of money in traditional advertising as a result. While a range of approaches are available and quite common in the industry (such as magazine ads, Internet marketing, public relations, telephone calls, product placement etc.), \$RU does not make any use of these approaches. \$RU operates a high quality niche business model at the upper end of the market, with wealthy clients, based on personal relationships. Murray is very outspoken about how he perceives advertising:

*“If advertising worked, banks would have the best financial planning businesses in Australia. But we just – we’ve got endless numbers of people coming to us with ideas with internet marketing and all that sort of stuff. It’s [non-sense]...”*

Instead of traditional advertising, Murray stresses the importance of getting the existing Clients to spread the word, e.g. to refer the business to their friends and family:

*“You’ve got to build a culture of referrals in your client base. So you have to explain to them that you do want referrals. When a referral does come in you’ve got to phone the client up and say thanks for the referral, that you appreciate it.”*

Moreover, \$RU prides itself for its approach to nurturing its relationships. Whilst Clients are encouraged to make an appointment with a planner for a review, many also drop in to the office to catch up with the staff and have a few minutes of chat with them. Planners also run client functions (special events) such as Christmas parties, golf days and end of financial year lunches. In addition to these functions, which are available to all Clients, special functions are also held for top Clients (also referred to as ‘A’ clients - those with the largest portfolios, which generate the most revenue for the organisation):

*“But then we have selected events for the A clients... Every half year we hire a private room in a restaurant and there’ll be probably 15, 20 of us and we’ll get someone – one of the fund managers – to come along. So we have a couple of functions that the clients know they’re being singled out for and we explain to them that this is very special, not everyone gets invited to these things and they’re sort of branded as being special and then you’ve got the functions, that everyone gets invited to.”*

### **Where do the Products come from?**

The Clients’ money is invested in Financial Products such as different types of managed funds (e.g. funds that are invested in the share market, real estate, government bonds etc.). Obviously, the funds management organisations have a vital interest in as much money flowing from planning businesses (like \$RU) as possible, as they make money from the management fees that they charge upon investing in these funds. These management fees depend on the volume of money that a planning business invests in a fund.

As Murray states: “Fund managers come knocking on our door and say, well: ‘we want you to buy our products.’” While Murray might decide to invest in a certain fund, however, \$RU does not invest the money directly with the funds company. The reason is that it would simply be too cumbersome to deal with a multitude of funds management companies directly. That’s why all transactions are made through an intermediary, a so-called aggregator. The

use of an aggregator is beneficial to the funds management organisations as well, as they don't have to deal with individual orders that come in. Essentially, they want bulk business in order to keep their costs low. The use of an aggregator is simply cheaper to them, as it lowers financial transaction costs. The aggregator is called Asgard Wealth Solutions and it has its headquarters in Perth. Asgard plays many roles in this supply chain. First of all, it offers an Internet-based platform for the management of investment accounts. Secondly, on this platform it provides access to a wide range of investment products (e.g. about 400 investment funds), which can be ordered online. The Aggregator does a lot of negotiations with the Funds Managers and facilitates access to their investment products. Thirdly, Asgard provides research and information on these investment products (ratings, advice etc.) and other market information.

Asgard is pushing for a larger role, however, as it wants to extend its reporting business (on Client accounts) to provide more value adding services (directly to \$RU Clients), for which Asgard want to charge extra fees. This represents a challenge for a business such as \$RU, as any third party provider that they deal with, must also have a similar view of the \$RU Client and business model i.e. that of life-long financial counsellor. Simply adding extra reporting services to the mix, may satisfy Asgard's business model of charging for bulk service provision to \$RU Clients, but this may not necessarily add to \$RU value proposition of personalised financial counselling to their Clients.

### **Who else is involved?**

Besides the aggregator and the funds management companies there are also other businesses that deliver important services as part of \$RU's value creation. These businesses do for \$RU, what they cannot do for themselves and are, by necessity, trusted strategic partners. For example, an important relationship exists with a company, which provides the licensing for the financial planning business. \$RU pays a fee to obtain their "Security and dealers license", which is a government requirement. As Murray explains:

*"The licensor also is bound by law to negotiate compliance with each financial planning group as well. So part of having your licence and maintaining it is in case of being audited that you're complying with financial regulations and all the rest of it."*

This licensing company also provides research information, which the planners use to make their investment decisions. Essentially the company provides a list of hundred preselected funds, which is then screened by the \$RU planners to derive a list of preferred funds.

Moreover, a partnership exists with a one-person business providing transcribing services. All Client meetings are tape-recorded and then sent to this person for transcription. The resulting text (a word document) is then printed and becomes part of the client file. Furthermore, another important partnership exists with what is called a Para planner, a company, which provides legal assistance in crafting the Statements of Advice for the customers. Again, this is a small business; Murray notes:

*"We've got this woman, who runs her own business and she does all the plans for our firm. (...) It was pretty important to us to outsource the Para planning because it's too expensive for us to have someone dedicated to this activity in our firm. It's very cost effective for her – she creates our SOAs and also those for a few other firms so it works very well."*

Essentially what happens is that the \$RU planners send all their text fragments, which contain the actual Client advice, to this woman and she adds all of the legal phrases necessary to comply with government regulations and license obligations and turns the text into a fully compliant Statement of Advice.

Finally, \$RU has a contract with a small IT service company for the maintenance of their IT infrastructure, and freelancers and part-time consultants provide Murray with advice in IT matters.

All of these businesses need to work as strategic partners with \$RU to deliver the \$RU value proposition to their Clients. As they are also independent businesses trying to make a profit in their own right, their own value propositions can at times be in conflict with that of \$RU. The same relationship issues of risk, trust, quality and integrity, underpin relationships that \$RU has with their suppliers, in the same way that they underpin the relationships that they have with their Clients.

## Module 1: The financial planning industry

This section gives a brief overview of the financial planning industry. It introduces 1) Financial Planning as a profession, 2) the players in the financial planning industry, 3) matters of regulation and public perception in the face of the financial crisis, 4) and the changing nature of the industry in generating revenue. Links to further online readings with background information are provided in Appendix A.

### *What is financial planning?*

A financial planner “is an expert advisor who develops a relationship of trust with an individual to assist them with major financial decisions that affect their lives and relationships with others.” (Kroenke et al. 2010, 2) The outcome of financial planning is a financial plan, i.e. a document outlining a strategy with regards to a client’s holistic financial situation, often making concrete suggestions for investments. Hence, the purpose of financial planners is to advise clients in all matters of personal financial (money) management, often referred to as wealth management. In doing so, a planner assesses the financial situation and the needs of their clients and helps establish short-term and especially long-term goals. The planner then identifies investment options that correspond with these goals. This usually involves setting up an initial consultation meeting, in order to obtain information from a proactive client and then to create a comprehensive financial plan, called a *statement of advice*.

In the past, the financial planning industry has been very much skewed towards older people; those who have large sums of money to spend. Some people need advice because they are about to retire and have a superannuation payout to invest, while others have received an inheritance. All in all, the industry has grown in this segment of wealthy seniors that need advice, typically when a certain event happens, which makes them look for a financial planner for assistance. However, the industry is orienting itself towards younger clients, and towards building relationships with clients earlier in their lives in order to develop these clients into higher value customers over time. That’s why today’s financial planning comes in many different forms such as: education and career planning, retirement planning, investment planning, risk management and insurance planning, and real estate planning. All in all, financial planners help clients with a range of personal financial issues.

### *Who are the players in this industry?*

Financial planning as a service is offered by a range of players in the Australian marketplace; first and foremost by the banking and insurance giants (ANZ, Commonwealth Bank, Westpac, NAB, AXA, ING etc.). These large businesses employ financial advisers and offer planning as part of their service portfolio. Then, a range of specialised financial planning businesses exists, among them a few larger groups, many small businesses and single person businesses. Some accountants also offer financial planning advice. While the banks provide a fairly standardised range of services, the smaller businesses, such as \$RU, are in a position to offer more personalised services for their clients. All in all, the approaches to financial planning are different and not every business is the same.

### *Regulation and public perception*

The financial planning industry in Australia is regulated by the Australian Securities and Investments Commission (ASIC). As they offer advice to the public on the purchase of financial products, financial planners need to either obtain an Australian Financial Services Licence (AFSL) themselves or work as so-called authorised representatives (trained employees) of other licence holders.

Recently, the industry has come under a lot of public and government scrutiny, after a number of high profile cases of mismanagement and bankruptcy, which left many clients with their investments in tatters. The most widely discussed of these cases was Queensland-based financial planning group Storm Financial, which went into administration in early 2009, leaving the savings of 13,000 clients in ruins - a total of A\$4 billion in invested money. The Storm business model was certainly not typical of the financial planning sector, as their planners advised clients to borrow large amounts of money for speculating in the stock market. While such an approach increases performance of investment portfolios when markets are rising, when the markets turn, portfolios move into a debt phase. The timing of the establishment of the Storm business coincided with the global financial crisis of 2009 and so the business subsequently defaulted. Storm was certainly an extreme case, but the problems that were inherent to its busi-

ness model have shaped the public perception of the financial planning sector to a great extent (cf. Ripoll Inquiry – see Appendix A for more background information).

In more general terms, the way the industry earns its money has changed. In essence, financial planners used to earn their money from commissions offered by product providers (e.g. investment funds). Hence, many planners frequently offered the products with the highest commissions, instead of choosing from the wide range of products available in the market place. Consequently, the general perception was that these financial planners were acting more as sales people for investment providers than as independent advisers to the clients. But the industry is changing towards a fee-based model, whereby the clients pay for the services provided, such as the statement of advice. Many planners are still affiliated with banks, insurance companies or funds management organisations. Hence, they still have significant restrictions on the kind of advice they offer to clients. That's why one of the most persistent issues discussed in the popular media (and also the subject of the Ripoll Inquiry) is the independence of the advice offered by financial planners.

## **Module 2: Information management at \$RU**

\$RU is a small business. When Murray and his partner started the business they not only left behind the rigidities and product restrictions of a large bank, they also left behind valuable office management support and modern information systems. Essentially, this meant that Murray, Kerrie and their colleagues at \$RU had to create a new way of keeping track of Clients, Product and investment information from the ground up.

### ***How does \$RU manage its information?***

In her day-to-day work of managing the \$RU North Sydney office, Kerrie mainly uses standard office software, such as Microsoft Word, Excel, and an Internet Browser, as well as MS Outlook for her email and to manage Murray's diary (calendar). Kerrie is also responsible for the accounting side of the business, e.g. keeping track of office finances as well as revenue generated by Clients. For doing so, she uses a software product called MYOB.

At present, information is managed as a mix of physical documents and electronic lists, which are being kept as spreadsheets in Excel. Also, some information about Clients and their Investments is stored on the aggregator's (Asgard's) online platform, where all the Investments for the Clients are carried out. While basic Client information is stored in Excel spreadsheets, the majority of information about Clients and any related documents are filed away in a paper-based file. This means that information about Clients is kept in at least four different places: on Kerrie's computer, in the client file (which is usually safely locked away in a fireproof locker), on the Planners' laptop computers and on Asgard's online platform. Client information, especially the information collected in the Client file, is critical to \$RU's operations, since the relationships with their Clients are \$RU's most valuable asset.

### ***What information needs to be kept?***

First and foremost, \$RU needs to keep track of Client information, such as names, address, contact details, and date of birth. Currently, \$RU has about 250 clients. Each client is associated with a single financial planner. \$RU is structured as a profit centre organisation, which means that each financial planner has his or her own client base. Kerrie figures that, as the business grows, they will also have to keep track of each financial planner's personal details, in order to more effectively and accurately track the relationships between each Planner and his/her Clients.

The statement of advice (SoA) is the single most important document in \$RU's business model. For every Client a SoA is issued after the first meeting (called the discovery meeting as it is used for the financial Planner to discover the Client's personal circumstances). It summarises the personalised advice and investment strategy developed for the Client. While initially every Client receives one document, over time whenever something changes in the Client's circumstances, another statement of advice has to be issued. For legal and compliance purposes \$RU needs to keep track of all SoAs over time.

The Planners also rate their Clients according to value for the company; a Client is marked as either an A Client (most valuable to the company), B or C Client. This information is currently also kept in Kerrie's Client spreadsheet (one spreadsheet exists for each Planner).



On the Investment side, \$RU operates with a range of preselected investment funds; each fund is provided by an investment company. Kerrie keeps information on each of these companies, especially contact information of the funds representative, as this person from time to time comes and visits \$RU to give the Planners an update on their various managed funds. Moreover, \$RU needs to keep a description of each fund and research information.

As part of the investment strategy, \$RU buys for the Clients shares in one or more of the managed funds. Today, a list of all transactions is kept on the aggregator's platform, where Kerrie can access information on each transaction, such as the date on which the transaction was executed, its volume (number of shares), the funds price at the time, fees charged, and the total amount invested.

### ***What are implications of the current information management practice?***

Murray is concerned. Currently, a lot of information is being kept in different places and in people's heads. Kerrie once joked about this: when Murray asked her what she thought the most valuable piece of data for the business was, her reply was: "Me". And she was right! At least to a certain extent; a lot of information floats around in people's heads and in various places. While this is not a big problem while the business remains small, Murray feels increasingly agitated that when the business expands they will no longer be able to manage information in this hands-on manner. Also, some inefficiencies are already creeping into the business. For example, in the North Sydney office Client files are kept in a fireproof filing drawer. As a consequence, whenever a Client calls, Tracey or Kerrie have to first leave the phone and retrieve the Client file from the locker. At the same time, this Client file is the only copy of this information; there is no backup! And some information is not even in this file. When a Client wants to inquire about their portfolio, Kerrie has to first log on to the aggregator's platform and access the Client's account. This can sometimes take a while, as the platform is not always as responsive as they would like it to be. Also, what if this platform had a complete outage and was unavailable? What if the Internet was temporarily unavailable? Swift availability of this investment information is critical to \$RU's philosophy of superior customer service.

Murray starts wondering if a database solution could solve their problems and make the company fit for future growth. If this is true how will they get there? What needs to be done? What needs to go in the database? Murray decides to give Martin Skyesdale a call. Martin is a consultant in the IT industry and an old friend of Murray. Murray explains to Martin what his plans are and Martin replies that they should start by creating what is called a data model, in order to map out \$RU's information needs, as a first step to designing a database or investing into a computerized system.

## **Module 3: Enabling change through Information Systems**

Kerrie is very satisfied with the initial data model and the prospect of having all data electronically. "This will be amazing", she thinks, "a real help and improvement." But she also starts wondering: Why should they only keep those data electronically that they currently keep on paper or in Excel? With a new database they could do so much more...

Why not think about other information that might be helpful? Kerrie asks Martin Skyesdale about it, who helped with the initial data model. Martin strongly argues that "Now is the time to act!" Before the database is being designed, changes are easily incorporated, he explains. But once the new system is in place, it'll be much harder, much more costly or outright impossible to change! Martin explains that \$RU should take this step seriously; it is called *Requirements Analysis* and the corner stone of every business systems development project. Kerrie and Murray should think hard about what else should go in the data model. And so Kerrie starts thinking: What else should they keep track of? How could this improve the way the Planners are working?

Kerrie knows that she wants to keep a list of Client meetings. At present, she books and prepares all Client appointments (the meetings) with the help of Microsoft Outlook. However, they do not yet keep a list of past meetings. Quite often, Murray or the other Planners might come back and ask about the meeting, or a Client might call, and sometimes it is hard for Kerrie to recall the specifics of a particular meeting. After the initial discovery meeting, at least one follow-up meeting takes place with every client every year. On top of this, meetings take place whenever a Client needs advice at any stage during the year. Normally, the Clients meet with their assigned Planners, but whenever one of the Planners is unavailable, another Planner might take the meeting. Most meetings are tape-recorded; the recordings are then transcribed and the text is kept as a document in the Client file.

This raises another idea. Kerrie has previously discussed with Murray the possibility of having all documents scanned and kept electronically. Why not keep them in the database in an orderly fashion? Each Client has a range of documents in their file; different types, such as photocopies of financial documents, meeting transcripts, contracts, etc, are kept in the client file. Some of these documents are used in the Client meetings and the Planners scribble notes on the documents. Obviously, it would be good for the Planners to keep track of these notes taken in each meeting for each document.

Finally, the database could also be a vehicle for the Planners to help with the financial planning process for their Clients. Currently, the financial Planners keep their own personal notes for each fund on paper. This could go in the database as well, to resemble a type of knowledge repository! Kerrie thinks that this might be a way to offer the Planners new ways of working and might make their lives easier, while at the same time improving the ways in which Kerrie and Tracey work with the Client files and documents.

## **Module 4: Information systems make-or-buy decision**

Murray wants to grow the business in the near future, not only in terms of bringing in two new financial Planners, but also in terms of its Client base. Murray has decided that it is finally time to get serious about creating an Information System to keep track of its growing Client base and the associated data. After discussions with both Kerrie and his good friend Martin Skyesdale, an IT consultant with whom he has worked in the past, Murray has come to the conclusion that they need to manage Client data and the most important documents with the help of a computer system. Already, a data model has been developed, which, as Martin explains, will help in either designing a database or deciding which type of system might be suitable for \$RU. Murray is excited about the prospect of having convenient storage and easy access to all Client data. However, at the same time Murray does not know what the right way is to progress. Can he just go and buy a computer and Martin will help him transfer the data on the computer?

Martin explains that there are various technological options available that would allow \$RU to manage its data, but each option has certain advantages and shortcomings. Martin explains that the first decision would be, if Murray wants to set up \$RU's own computer system, or if they are comfortable with putting everything 'in the cloud'. Upon seeing Murray's puzzled face, Martin further explains that cloud computing refers to a paradigm under which all data is kept on a server infrastructure provided by a service provider. Data is then accessed via the Internet with software applications that run without having to be bought and installed locally. Such software-as-a-service (SaaS) is a form of outsourcing, whereby the client does not have to take care of any IT infrastructure (and its maintenance) and can just use software as if it was any other service.

The alternative would be for \$RU to run its own computer system with software that is installed in-house. Of course, under this alternative, the next decision would be a make-or-buy decision. Several software applications exist in the marketplace, called contact or customer management solutions, which aim to support small and medium-sized companies in dealing with their various client data. Or should \$RU develop its own database application system?

Murray realises that he needs to make a decision on this, but he also knows that he needs to derive a structured information basis for making a confident decision, with which \$RU can live for the next years. Therefore, he asks Martin to put together a dossier outlining the implications of the various options. Murray wants to see the benefits, organisational implications, shortcomings, risks and costs for all possible scenarios so that he can make a decision.

## **Module 5: Infrastructure requirements**

Murray has decided against using a software-as-a-service solution, as he is not comfortable with uploading sensitive client data to a third party server. But he also realises that \$RU cannot live without any computer network, as they need to manage data access from the various \$RU office locations. At the moment, they only have two offices in North Sydney and Parramatta, but with the growing Client base and new Planners coming on board, it is likely that the company will attract a new clientele from a far broader base of Sydney suburbs than is currently the case. This means they will have to open new offices in the not-too-distant future.

But how will they be able to allow access to the data from different locations? Will they need to have separate versions of the database (and the software) or will it be possible (and even better) to run one database and hook up the different offices to the one system? Murray is concerned that sensitive Client data might become exposed when using the Internet to send data back and forth. However, he remembers that at one of their last meetings, Martin

Skyesdale has mentioned what he called a VPN, a technique to use the Internet for linking offices without facing the risk of data leakage. At the time, Murray didn't pay much attention, but now he knows that he needs to find out more about this. Also, he contemplates the possibility of allowing access to the database from laptop computers. Personally, he doesn't need it, but with younger Planners joining the company, Murray wants to be prepared to allow a more flexible life style, a more family-friendly approach that will allow Planners to work from home or the local café. But what are the implications for security and the necessary network infrastructure? Murray again decides to invite Martin over for dinner and ask him all about it. Maybe he can come up with some ideas for how this might all work for \$RU?

## **Module 6: Ethical implications and security concerns**

At the same time as Murray is trying to find ways to establish the new Information System, Kerrie is getting increasingly worried about how the company would deal with its Client data once everything was kept electronically. Much of the Client data is highly sensitive and private information. During the discovery meetings the prospective Clients essentially let the Planners in on their financial lives. They lay open their financial and private situation completely. Prospective Clients typically discuss a lot of sensitive details during the meetings, and they provide many confidential documents. This requires the building of a strong trusting relationship between the financial planner and the prospective client right from the initial meeting. This relationship of trust increases over time as the prospective Client commits to a relationship with \$RU via a retainer agreement. For example, some Clients might have trouble with the tax office, or others might pay alimonies for an illegitimate child that no one in the family knows about. Understandably, Clients are very concerned that this information needs to stay between them and the financial Planner. Kerrie knows that \$RU, in the ways in which it handles Client data, needs to live up to the trust that Clients invest in the company and their Planner.

At present, all Client information is kept in a physical file, which is then locked away safely every day in a fireproof filing cabinet. How will this all work once information is kept electronically? While those kinds of matters were heavily regulated in the bank environment, where they worked previously, \$RU doesn't have any policy for this kind of situation yet. Kerrie starts wondering what potential issues might arise when it comes to Client data. She knows that in order to figure out how to deal with any potential risk, she firstly needs to gain a better understanding of what could actually happen. But how can she get a structured overview of any potential ethical issues?

## **Module 7: Business Processes**

\$RU is now in the middle of its first stage of expansion. Two partners (Planners) will join the North Sydney office in the next two weeks. This means that Murray had to rent two more offices on the same floor of the office tower and the reception area is also being rebuilt to service the larger office. While the expansion is going well, with about 200 new Clients being brought in by the new Planners, Murray starts to get worried about how the new Planners will fit into the business.

Over the past years, he has formed a successful team with Kerrie and Tracey, in which every one knows exactly what to do. However, Murray realises that they operate the business instinctively without any formal processes. They have never really had to document anything. Murray is now worried about how they are going to get the two new Planners (and maybe more in the future) to fit into the informal office procedures. How will they know what to do? How can Murray expect the new Planners to deliver the same \$RU service, and in the same quality the clients are used to from Murray? Essentially, Murray wants all Planners, who work with the business, to deliver the same high quality of service to their Clients. He wants to build a strong company reputation and for Clients to know exactly what to expect when they do business with \$RU: highly personalised service with no surprises. As Murray always says, when it comes to their hard-earned Dollars, people want predictability, not surprises!

At the same time, Murray is still in the middle of deciding how to get all of \$RU's information managed with the help of a new system. He still contemplates many questions: Should they design their own database based on the data model, which Murray has already in his drawer? Or should they invest in standard software that will come with professional service and help-desk support? Murray decides to again get Martin Skyesdale on board. Martin explains that in fact all of Murray's current problems come down to the one issue: \$RU needs a better understanding of what they do. Murray needs to understand what Martin calls the \$RU *business processes*. The best way to do this, according to Martin, is to get a visual representation of their business processes by way of process modelling. During pro-

cess modelling, Martin explains, a structured model of a process is created. Such a model can then, on the one hand, serve as a blueprint for the new financial Planners to understand how \$RU operates. It can be used for training purposes. On the other hand, this model will provide the basis for changing the way in which \$RU operates, e.g. once they implement their new Information System. Regardless of whether they create their own database solution or buy standard software, having an understanding of their business processes will help existing \$RU staff to train new staff, as well as understand the impact of changes to the business should they decide to make some.

“But how are we going to use process modelling techniques to understand the business?”, Murray asks. “Well, it is as easy as this,” Martin replies, “I will do an interview with you and Kerrie and you will tell me exactly what and how you do things when you deal with your Clients. We will tape-record this interview and from the transcript we can then create a representation of your business process, using a process modelling notation.” Here is what they had to say:<sup>3</sup>

Interviewer:	Now, let’s talk about \$RU’s business process. We start from the top: let’s say a new customer rings you up. Is that the first contact...?
Kerrie:	Well, most often we call them. If they’re referred by another customer, we usually call them. Murray has a chat with them on the phone.
Interviewer:	What happens then?
Kerrie:	Well, if they are happy an appointment’s booked for the first meeting.
Murray:	Then they come here. We’ll sit down and do what’s called a discovery meeting.
Interviewer:	How does it work? You ask them to bring in their what? Financial records or things like that?
Murray:	Yeah, they get a letter that goes out to them beforehand.
Interviewer:	A letter goes out to them before the first meeting?
Kerrie:	Yes, I prepare and send a letter... Explaining to them, it’s going to take an hour-and-a-half. We want them to bring in tax returns, superannuation statements, wills, all important documents.
Murray:	Then, on the day, we sit down and try to get a sense of the complexity of the client. And that’s for us, for me and for them to work out whether we’re the right firm for them and for us to work out whether they’re the right of client for us and that generally takes about an hour to an hour-and-a-half. Then the next step will be the preparation of a statement of advice.
Interviewer:	Is that only in case they are the right client or is that in any case?
Murray:	No, no, it’s only if they’re the right client for us, because that’s when the fees start being charged, after that first appointment.
Interviewer:	OK, what happens if they’re the right client?
Murray:	Well, a few days later you’ll sit down with the transcript of the meeting and with the client documents trying to work out where the client is, just trying to work out... Well, you come up with a strategy for the client, the financial plan basically... That’s where the main job is, trying to work it out, for the client - what’s best.
Kerrie:	All that goes in the big document at the end – the Statement of Advice. That’s what it’s called now. Basically, like a financial plan.
Interviewer:	Then you send that, put that in the mail?
Murray:	No, they come in – the client comes in. You present the plan.
Interviewer:	You go through it in another meeting?
Kerrie:	Yeah, three or four weeks later probably. I call the client and we book another meeting.
Murray:	Yeah, generally about a month later.
Kerrie:	It’s not really a document you put in the mail because it’s like about that thick (shows) and the client

<sup>3</sup> Please note that the interview transcript is an excerpt of the real interview, which the authors carried out with the company. The interview was edited to clean up the text and make it more accessible for the student audience.

	needs to have it explained (to them) what it all means.
Interviewer:	OK, you have this second meeting?
Murray:	It's basically, most people will say straight away, "yeah let's implement." So you sign the paper work at that appointment. And we collect a cheque at that appointment for the Statement of Advice.
Interviewer:	So, they then enter into a relationship?
Murray:	They don't have to. They may say look I don't want the relationship, in which case we shake hands we don't see them again.
Interviewer:	OK, just to understand this, they might take the document, take the advice and then they're free to go because they paid for the document?
Murray:	Yeah.
Interviewer:	Or they'll sign a contract?
Kerrie:	Yes, most clients at this point, they sign the contract, we call it the 'retainer', and we implement...
Interviewer:	Implement?
Kerrie:	Yes, we start the investment process. We do what is proposed in the statement of advice – buy funds etc. – implement the strategy.
Interviewer:	I see. And then?
Kerrie:	That's it. That's basically finished. Well, for you to know what really happens during the meetings, or with what Murray does, the planning, or making the investments, I do that basically. Well to understand that better, we'd have to explain more...
Interviewer:	Yes, we need more interviews, more details yeah, but I guess this is a good description of the main process. Some of the steps, we'll have to do separate interviews to get more details on these activities. Anyway, thanks for now!
Murray:	My pleasure.

## Module 8: Improving internal support processes

\$RU is a small organization, which has evolved over time. People in the organization are accustomed to doing things in a certain way and for Murray, so far, there hasn't been any need to think much about it. With the organization starting to grow, however, Murray has turned his focus to \$RU's business processes. While they have started to document the main value creation process and the associated business processes, such as creating the statement of advice, Murray starts wondering how a process view of \$RU's internal operations can help to make them more effective. He feels that \$RU operates reasonably well, but that there is certainly room for improvement. He asks Kerrie to think about areas within \$RU that would need to be better understood and improved. Since Kerrie has an excellent overview of what's going on in \$RU, she can give Murray two ideas straight away. The first has to do with the way in which \$RU organizes its Client functions; the second is the way by which the financial Planners claim their travel expenses. Murray is irritated to hear about how inefficient both of these processes are. He asks Kerrie to document and analyze both processes and implement improvements as needed.

\$RU prides itself for its approach to nurturing its client relationships. That's why the partners run Client functions (special events) for their Clients. Once a year before Christmas the partners hold functions for all clients. In addition, special functions are held for top clients (also referred to as 'A' clients - those with the largest portfolios, which generate the most revenue for the organization). Tracy (the \$RU receptionist) is in charge of organizing the client functions. Kerrie has mostly left her to her own devices to do this, but has noticed that organizing these functions is taking up an increasing amount of Tracy's time. This is partly due to an increase in the number of functions that are held as the business grows (and more Planners have functions for their Clients), but Kerrie also suspects that Tracy likes this part of her job the most and so is giving it extra attention at the expense of other tasks. Kerrie asks Tracy to outline to her how she deals with booking client functions. Tracy explains: *"Firstly, I receive a list of invited clients from the planner. I have determined the final number of acceptances by ringing each client to confirm their attendance. I then look at my preferred restaurants list, contact a restaurant (with the client details) to confirm a booking and special arrangements for the function (seating arrangements, menus, table decorations; presentation facilities*

*etc). The restaurant usually asks for a booking fee, which I pay using the \$RU credit card. When the fee is processed the restaurant rings back or emails me with confirmation details. I then email a Funds Manager Representative with a request to come and give a talk to the clients at the function. He/she usually requests client profiles (to tailor their presentation) and then he/she emails me a confirmation. I then finalise details of the function with each client by formal invitation.”*

Kerrie is in charge of processing Planners’ expense claims. She has increasingly been alarmed that planners have been going directly to Murray to have these authorized and that Murray is not really checking that these are legitimate expenses that relate to Client attraction and interaction. This has resulted in a cost blow out, the extent of which has only just become obvious when Kerrie started to prepare the half yearly expenses for the next \$RU Board Meeting. Kerrie has already contemplated a new way of organizing the expense claim process, which she wants to explain to all Planners for future reference. She describes her new expense claim process to Murray as follows: “*I propose that Planners fill out an expense claim form detailing how the expenditure was incurred (as a business expense) and attach their expense receipts to this. They should provide this to you (Murray) for authorization where you can check their year-to-date expenses with our accounts payable software and decide whether (or not) to authorize payment. Once the claim is authorised you can forward the claim to me and I will process details, update the accounts payable system and credit the Planner’s bank account with the claim amount.”*

## **Module 9: Managing the systems implementation project**

\$RU is a small business and as a result they do not employ information systems specialists as part of their team. Instead they have entered into a contract with another small business (an IT service company) to provide their IT infrastructure. They then engage freelance and part-time consultants to provide advice on IS matters, such as Martin Skyesdale, who has been helping Murray with the requirements analysis for the new database and Client management system. Murray now wants to implement the new Client management system at \$RU and has engaged a software development company to tailor one of their existing products to suit \$RU requirements.

Currently, he is thinking about the best ways to prepare for this implementation and has decided to form a small project team to oversee the tailoring and implementation of the system. He has talked to Martin and various other people about how to best approach this task. Some have argued that non-IS specialists like Kerrie, the Planners and Receptionist at \$RU, should focus on their own jobs within the business, and leave all aspects of system design and implementation to the IS specialists that are creating the system for the business (the software development company). But Murray wonders if \$RU should indeed follow this advice. The more he thinks about it he comes to realise that at least he himself needs to be part of this project. While the software development company is going to supply this system to \$RU, Murray knows that he needs to project manage his staff’s interaction with the software developers (as the system is being tailored) as well as the subsequent implementation of the system within his company. Murray does not have any experience with IS projects or managing any projects of this kind. That is why he approaches Martin Skyesdale to come on board and be part of the project team.

## **Module 10: Using the Internet to connect with customers**

A few months have passed and \$RU’s business has been growing steadily. Earlier, Murray had carried out a strategic analysis of \$RU and its position in the marketplace, using Porter’s five forces framework. After much contemplation he had decided that they needed to reposition the business with regards to their Clients and competitors. Murray figured that \$RU had a strong differentiation strategy by concentrating on high-quality, personalised advice, but risked getting stuck in a niche by focusing almost exclusively on older, very wealthy clients. While this niche had served Murray well in the banking environment and during the \$RU’s start-up phase, Murray has been increasingly concerned that competitors are building lasting relationships with younger clients. Murray realises that, in a changing market environment, with an ever-growing need for financial planning in turbulent times, it is necessary to build relationships with new customers early in their lives, and then to keep them for the long term on a financial growth path. If \$RU did not move to develop new Clients in this way it would risk losing these potential Clients to competitors. After all, there is a lot of competition in the financial services market.

Murray knows quite well that it is much harder to convince a person to switch to a new financial planner once they have implemented a long-term investment strategy with that planner and established a personal relationship. The types of investments that determine a long-term strategy typically mean that Clients feel they are locked in with their

Planners. Also, financial planning for most potential customers is not something that they think about on a regular basis. A financial strategy is set up and then left relatively untouched in the short term except for unforeseen changes in the Client's circumstances. Hence, Murray figures that \$RU needs to start building Client relationships much earlier in their Clients' lifetimes.

Murray is now actively looking for ways to attract new and younger Clients – starting with people in their thirties. Murray knows that the Internet is an important part of this target group's daily lives. This is true in particular for those potential Clients that are well educated and earning larger than average wages. Murray is thinking about young white-collar workers in downtown Sydney in particular. \$RU has never done much to present itself in this channel, and while reasonably pretty, \$RU's homepage is merely an electronic business card<sup>4</sup>. It does not have any interactive services or appeal to people who live in the new (what Martin Skyesdale, the IT guy calls) Web 2.0 world.

Murray had a chat with Martin over a café latte the other day. Martin painted a richly colored picture of the new online world of user participation and social networking on the Internet. According to his account the Internet has evolved from a big library of pages to a vibrant place of chat, media and social activity, largely dominated by its users. Murray was fascinated and overwhelmed at the same time. If \$RU could manage to become part of this new social space where individuals could network but not have to be physically located near each other, the opportunities to connect with its prospective Clients must be enormous. Martin explained that a cornerstone of the new Web 2.0 was user-generated content. Increasingly, content on the web was not produced and published by companies and institutions, but by their users, either on specialized IT platforms, which were built for this purpose, or directly on company websites. Martin used his new Apple iPad to show Murray how file-sharing worked on sites such as YouTube.com and Flickr. He also demonstrated how companies such as Amazon.com allowed users to upload comments, product reviews or engage in discussions with each other and the company representatives.

What was more, there was a new breed of websites, such as Facebook or MySpace, which allowed a company's customers to connect with each other, exchange messages, upload pictures and meet virtually. Apparently, these were the new powerhouses of the Internet, where users spent most of their online time. According to Martin many companies experimented with having their own presence on Facebook or with including some of these features in their own web presences. Finally, Martin explained that the underlying infrastructure of the new Web 2.0 was not the hyperlink anymore, which connected web pages, but was what he called the "Mashup". Modern web sites came with an API, which was an interface that allowed the web site to be used by other services automatically. Such services could be connected with each other to create entirely new and innovative services. Martin pointed to web sites that used Google Maps to overlay maps with data from other Web 2.0 sites to create a new service. This new Internet was rich, colorful, interactive and user-driven – to Murray the possibilities seemed endless!

While Martin was explaining the wonders of Web 2.0, Murray was overwhelmed and slightly confused. He didn't really know what to make of all this. It seemed that if he wanted to connect with younger customers, Web 2.0 platforms was where \$RU needed to go. But how? What might be the best way to start? What should they do? Martin was very enthusiastic about this new world, and the utilization of such IT platforms sounded natural and easy; too easy?

Contemplating their future move, Murray is not quite sure how a rather conservative, high-quality financial planning business like \$RU would fit into the new and somewhat messy world of Web 2.0. What would be the risks for \$RU? What if they allowed Clients to interact on the \$RU website and they weren't happy and published criticism; or what if nothing happened at all? Also, will Clients really appreciate it when companies want to connect with them in their online spaces? How will using the Internet affect \$RU's business processes? Murray is unsure of what he needs in order to thoroughly evaluate the various Web 2.0 technologies and carefully plan \$RU's operations in this unknown space.

## **Module 11: Collaboration and Knowledge Sharing**

After opening new offices in Randwick, in Sydney's east, and in Cronulla, in the Sutherland Shire, \$RU now runs four offices with a total of 7 Planners and 6 Support Staff spread across the city. While business in general is going well, Murray is not entirely satisfied. The new Client information system, based on a virtual private network infrastructure, has been a definite step in the right direction with all Planners now able to work on the same investment

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<sup>4</sup> cf. <http://www.dollarsRU.com>

funds data, while at the same time having restricted access to their own Client base and associated documents. What's more, the Planners can use the system to plan Client meetings and keep notes on these meetings. The system also enables them to keep their own research information on the various investment funds, but hardly anyone is using the database for this purpose. Murray himself doesn't do it. Much like his colleagues he feels that it just doesn't fit with the way he works with the funds information, i.e. having to squeeze this information into a database field, which is cumbersome. Rather, he keeps an MS word file on his own hard drive and the other planners are doing much the same.

This is an area in which Murray currently sees some problems for \$RU. At the moment, \$RU is operating as four largely separate businesses without making use of any synergies, except for sharing a common IT infrastructure and a corporate umbrella. Murray is disappointed, because he feels that they are still a small business, but now they are on the same pathway to creating the same information silos he despised of so much in the old banking environment. Rather, Murray wants to see more interaction and sharing of ideas between the Planners. He understands that the people who make up \$RU are the value creators within the business and he knows that the company could become even better, if Planners were able to work together more and share their ideas. Murray thinks that if Planners shared their investment ideas and market intelligence on the various funds, it would benefit the whole company, as all Planners could use these ideas to advance the portfolios of their Clients. On the other hand, Murray knows that Planners are quite competitive, since part of their salary is paid in the form of an end-of-year bonus, which comes from a pool of money that is created from a percentage of all incoming Client fee payments. He is wondering how they could instill more knowledge sharing amongst the Planners and which information technologies might be useful for doing so.

In essence, Murray thinks there is too little staff interaction going on within \$RU, with too many barriers discouraging communication and sharing of ideas. The more Murray thinks about it the more he realizes that this does not only apply to the Planners. The Office Staff working in the four offices rarely ever get to meet, but they could also benefit from sharing ideas. Could they also be given new technology to connect and interact? Kerrie has mentioned that she wants to create a new office handbook together with the other Office Staff to collect valuable ideas and provide a reference source for important administrative information (e.g. related to dealing with the platform aggregator).

Last but not least, Murray's role has also changed with the growth of the business. He is spending less time with Clients (he is not growing his own Client base) and more time travelling to the different sites and representing \$RU with funds management companies and other stakeholders. This has made communications with Kerrie in the office quite difficult. In his new role as CEO, Murray also wants to find a way to keep all staff informed of new developments outside the business (e.g. about meetings he has with funds managers or government representatives). He gives Martin Skyesdale a call, who puts Murray in contact with Kim Rhodes from the University of Sydney. Kim offers to carry out what she calls a *communication needs analysis* for identifying requirements for the application of communication and collaboration systems and new ways for sharing knowledge.

## **Module 12: Business Intelligence and Decision Making**

Murray Williams feels energized. As the CEO of \$RU he has just arrived back in the office from his trip to downtown Sydney, where he has spent the last two days at the Financial Planning Association's Annual Conference. While the conference was generally interesting, what grabbed Murray's full attention was the last keynote speech of the day, given by Business Intelligence expert Oliver Marcos, on data warehouses and the application of data analysis methods for identifying new business opportunities and improved decision making. His presentation struck a cord with Murray, since Murray is currently aiming to develop \$RU's business further, by looking for new ideas.

\$RU is on the verge of becoming a medium-sized financial planning group. The Client base has broadened and they have successfully attracted new and younger Clients from various parts of the greater Sydney region. While they are still very much regionally focused, the Client base of today is much more diverse than was the case when the business was started. \$RU's service offerings, however, have not evolved to the same extent. What's more, Murray feels that they don't have the same understanding for their Clients' wishes as they used to have, in times when they were catering mainly for older and very wealthy clients, i.e. a much more homogeneous client population.

On the other hand, Murray knows that, since moving to the new Client management system, they have collected a considerable amount of data over the few past months: general data about each client's financial situation, their real estate, interests, demographics, job situation etc. This data is sitting in various places, in the central Client informa-



tion system and in the individual Planners' separate Client databases, which are linked to the main client information system, but kept physically separate in the various local offices. This arrangement was necessary to address Planners' fears that the company could appropriate their individual Client data, while each Planner was essentially 'owning' their Client base.

Murray knows that if they were able to put all of this data into one place, (maybe in anonymized form), they could start analyzing the data pool with some of the business intelligence tools mentioned by the expert at the FPA conference. They could look at Clients' characteristics and the kinds of services that the Clients have subscribed to, in order to identify Client investment patterns. The more Murray gets to think about it, the more he realizes that there is even more data available that they could link with the above data, such as market intelligence data, which is available from the Aggregator's (Asgard's) platform as a service offering, statistical data from the Bureau of Statistics (e.g. interest rate projections) and of course information on the particular investments that Clients have with \$RU, part of which is kept in the Client information system and the rest on the Asgard's system. In addition, of course, the ratings that the Planners apply to their Clients would be invaluable (some planners use A, B, C, some slightly different ratings to indicate the value of a client for the business, e.g. levels from 1 to 4).

But how can they do this? What is needed to prepare? What analysis methods are appropriate? And what will they ultimately be able to learn from this? Is applying business intelligence realistic? After all, \$RU is still a small company and all the examples the expert used at the conferences were based on large businesses. These are the questions that Murray is contemplating as he wonders what the future holds for \$RU in this turbulent industry.

## Appendix A: Background readings on the financial planning industry

Topic	Source	URL
Financial planner: a job description	U.S. Bureau of labor statistics	<a href="http://www.bls.gov/oco/ocos302.htm">http://www.bls.gov/oco/ocos302.htm</a>
Financial planner: a lucrative job	India Economic Times, 17 Dec 2009	<a href="http://economictimes.indiatimes.com/news/news-by-industry/et-cetera/Finance-planner-A-lucrative-job/articleshow/5346496.cms">http://economictimes.indiatimes.com/news/news-by-industry/et-cetera/Finance-planner-A-lucrative-job/articleshow/5346496.cms</a>
"Storm Financial swept into administration"	The Sydney Morning Herald, 13 Jan 2009	<a href="http://www.smh.com.au/business/storm-financial-swept-into-administration-20090112-7f7u.html">http://www.smh.com.au/business/storm-financial-swept-into-administration-20090112-7f7u.html</a>
"Financial planning industry applauds committee recommendations"	The Australian, 25 Nov 2009	<a href="http://www.theaustralian.com.au/business/financial-planning-industry-applauds-commissions-recommendations/story-e6frg8zx-1225803452623">http://www.theaustralian.com.au/business/financial-planning-industry-applauds-commissions-recommendations/story-e6frg8zx-1225803452623</a>
"Fees and commissions: how do you value advice?"	Money Management, 22 June 2009	<a href="http://www.moneymanagement.com.au/Article/Fees-and-commissions-how-do-you-value-advice/487398.aspx">http://www.moneymanagement.com.au/Article/Fees-and-commissions-how-do-you-value-advice/487398.aspx</a>
"Ripoll Inquiry: One step on a long road"	Money Management, 7 December 2009	<a href="http://www.moneymanagement.com.au/article/Ripoll-Inquiry-One-step-on-a-long-road/507428.aspx">http://www.moneymanagement.com.au/article/Ripoll-Inquiry-One-step-on-a-long-road/507428.aspx</a>

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