

# FutureAdvisor: Plan for Your Future Intelligently



Site: [futureadvisor.com](http://futureadvisor.com)

Established: Founded in 2010 by Bo Lu and Jon Xu, and acquired by BlackRock in October 2015.

Clients: Enterprise broker-dealers and financial advisors

Value proposition: Digital investment management

The executive team: [Kameron Rezai](#), Managing Director, COO, and Head of Client Strategy  
[Jon Xu](#), Co-Founder and CTO

In 2010, Bo Lu and Jon Xu—both formerly of Microsoft—decided to collaborate on a solution to help people invest intelligently and plan for their retirement. Eventually, FutureAdvisor was born. FutureAdvisor leverages a proprietary algorithm for automated wealth management, and does so with the client in mind.

I had the pleasure of visiting BlackRock's offices in San Francisco, where I met up with Kameron Reazi and Jon Xu. They showed me how the FutureAdvisor platform maximizes portfolio potential, so that each client and each account sees the most benefit in terms of tax deferrals.



**Kameron Reazi** is the chief operating officer and head of client strategy for FutureAdvisor. He is responsible for a wide range of business functions in conjunction with other colleagues at BlackRock who help support FutureAdvisor across business development, marketing, relationship management, and adoption efforts, as well as platform delivery and operations teams. Kameron has worked for BlackRock for almost seven years, holding different roles at the intersection of technology and wealth management.

**Jon Xu** graduated from MIT and started working for Microsoft. After almost a decade developing synchronization protocols there, he cofounded FutureAdvisor with Bo Lu. Jon's background is in software engineering, but he has held multiple roles in product development and engineering. Today, he heads up the product and design teams, perfecting the digital experience and overall product.

## Wealth-management outlooks

I asked both Kameron and Jon to shed light on the biggest tech and business trends in the wealth-management industry. Kameron explained that the most impactful trends may be the shift to advisory from brokerage and the shift to fee sensitivity on the asset-management side. He also highlighted that those shifts go hand in hand with the rise of exchange-traded funds as a major portion of investments. Another interesting factor that is driving change is pricing pressure, and finding a balance will be a major challenge.

*"From a technology standpoint, I think that operational alpha, creating the appropriate economics, is vital to cover the underserved segment. I think that's certainly something that's being created now. I also think one thing that's happening, you see across the board, is that a lot of traditional direct consumer robo-solutions are going after more of a hybrid go-to-market model of technology and human [involvement]."*—**Kameron**

## Business model revisited

Fundamentally, FutureAdvisor uses a business-to-business-to-client model. It is a white-label product and is configurable in terms of the investment model, the onboarding and reengagement interfaces, and the marketing. In addition to ensuring more tax-efficient investments for the client, Jon outlined how at FutureAdvisor their concern lies in investment qualities. Far from purely robo-advising, FutureAdvisor uses a hybrid approach and has preserved the human aspect when interacting with clients.

*“The critical piece that we continue to see is better engagement because there’s a human in the equation and there’s continuously better engagement, which means we can create a lot of scale for that person [the advisor] by automatically reengaging with [their clients] in our email functionality.”—Jon*

From a business perspective, FutureAdvisor is a real end-to-end turnkey solution that is also modular. This gives their target clients—mid- to large-sized enterprises—the ability to choose certain components in order to customize their experience. Subsequently, the platform is able to serve a variety of different users including traditional advisors, call center or branch advisors, operations professionals, and support staff. FutureAdvisor has an open architecture in their investment strategy approach, which means that their enterprise-firm clients can build the asset-allocation model of each individual investment. By employing a glide-path methodology, clients can change and manage the risk profile of their portfolios over time.

The screenshot shows the FutureAdvisor website interface. At the top left is the FutureAdvisor logo, and at the top right is a "Sign out" button. Below the navigation bar are four tabs: "ABOUT YOU" (highlighted), "YOUR STRATEGY", "FUND YOUR GOAL", and "PAPERWORK". The main content area is titled "What are you saving for?" and includes a sub-header: "Selecting your goal helps us find a suitable investment strategy for you. Have multiple goals? Don't worry, you can choose more goals later." Below this are three goal selection cards:

- Retirement**: Invest in your future with a portfolio that evolves with you. Includes a "Start goal" button and a "Learn more" link.
- Major purchase**: Save for something like a house down payment, education, or car. Includes a "Start goal" button and a "Learn more" link.
- General investment**: Start investing today, even if you don't have a specific goal in mind. Includes a "Start goal" button and a "Learn more" link.

## Say yes to integration

A major part of FutureAdvisor’s integrations are with custodians; as such, their clients can integrate with any custodian they choose. Jon noted that the main question is: “How do I get the money from the client to the custodial platform?” FutureAdvisor has its own enrollment module for these purposes, but at the same time offers integration with enrollment systems from various institutions. FutureAdvisor also integrates with **Salesforce** for account management and **Yodlee** for account aggregation.

After being acquired by **BlackRock**, FutureAdvisor was in the unique position of using BlackRock technologies and integrations to better serve their clients. A great example is

iRetire, a tool that leverages BlackRock’s tech innovations to help clients create robust and flexible retirement-focused investment plans. Investment selections are monitored using the analytic power of BlackRock’s Aladdin; the same risk technology relied on by many of the world’s largest financial institutions. BlackRock has been in the enterprise-technology business for over 20 years and now aims to combine FutureAdvisor, its other digital wealth capabilities, and Aladdin into one of the most comprehensive financial technology powerhouses ever created.

The screenshot shows the FutureAdvisor dashboard with a blue header. It includes a search bar and a user profile for Michael S. Below the header, there are two main sections: CLIENTS and PROSPECTS & ENROLLING. The CLIENTS section shows 59 clients with a total AUM of \$1,253,522 and an opportunity of \$3,564,789. The PROSPECTS & ENROLLING section shows 212 prospects with an opportunity of \$11,546,887. Below these sections, there are filters for 'All 271', 'Prospects 128', 'Enrolling 84', and 'Clients 59'. A table lists individual clients with columns for Name, Email, Managed, Unmanaged, Rep ID, Stage, and Days in Stage.

CLIENTS	AUM	OPPORTUNITY	PROSPECTS & ENROLLING	OPPORTUNITY
59	\$1,253,522	\$3,564,789	212	\$11,546,887

NAME	EMAIL	MANAGED	UNMANAGED	REP ID	STAGE	DAYS IN STAGE
Abigail Livingston	abigalmlivingston@g...	\$80,893.00	\$10,000.00	PMB6	Managed	30 days
Bernice Hogan	bhogan@yahoo.com	\$256,015.81	\$642,502.76	PMB6	Application Processing	30 days
Harriett Lawrence	ivy_frami@yahoo.co...	\$125,031.01	\$0.00	PMB6	Accounts Funded	45 days
Jacob Lewis	jslewis@hotmail.com	\$0.00	\$316,019.18	UNFD	Prospect	26 days
Melissa Hall	melissa.hall@gmail.c...	\$0.00	\$10,000.00	PMB6	Prospect (Expired)	37 days
Sofia Kraus	skraus@yahoo.com	\$47,000.00	\$223,011.10	UNFD	Managed	144 days
Steven Kim	stevenkim@gmail.c...	\$98,451.77	\$0.00	UNFD	Managed	67 days
Michael Hernandez	mjhernandez@yaho...	\$35,664.43	\$136,187.00	PMB6	Transfers Complete	3 days

### Company structure

Jon leads the product-management and design teams, which are responsible for defining business and product requirements. The R&D department is involved in large, cross-team initiatives, and all of Jon’s teams can execute a set of product initiatives. The teams are aligned by the different pieces of functionality they build.

FutureAdvisor guarantees timely delivery to their clients via a platform-delivery function. Jon explained that this team manages the client relationship to make sure that all of the clients’ requirements are being fulfilled. FutureAdvisor offers training to advisors of large institutions to ensure that the client can use every module they pay for and understands what each module does.



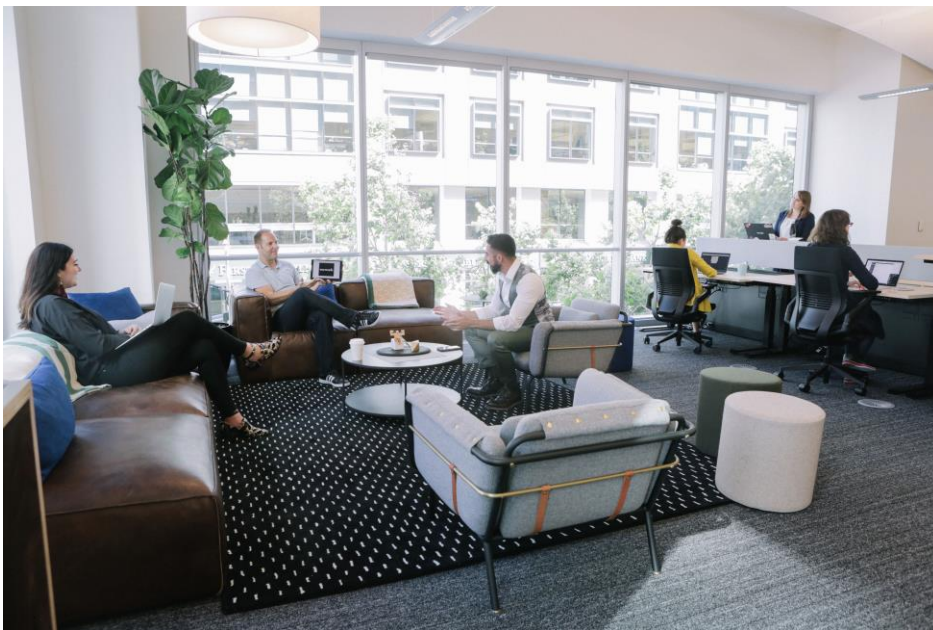


## Ability to prioritize leads to success

FutureAdvisor has a lot of direct product and platform-delivery connectivity, so clients get direct feedback on a specific feature or problem they may be experiencing. Obviously, feedback and communication does not end upon delivery; instead, it essentially becomes a continuous feedback cycle. This cycle is responsible for many of the new initiatives and features on the FutureAdvisor platform.

*“We analyze priorities and sort of figure out which ones are common, which [are] aligned with our overall vision and business values, as well as our business objectives.”—Jon*

FutureAdvisor has been live for quite some time, and the breadth of clients they have allows them to take advantage of years of dealing with serious firms. This is evident in their approach and the depth of their features.



## Effectively developing software

In FutureAdvisor’s case, the evolution of the platform also evolved the software development lifecycle—Jon pointed this out as one of the major strengths. With this approach, they are capable of controlling a predictable timeline of delivery. Every client has different needs; therefore, an agile approach is optimal when feedback is flowing in, and means that changes can be made quickly.

At their quarterly planning cycles, FutureAdvisor develops detailed lists that contain a basic roadmap of planned changes. They then take each list and plan out the specifics of the commitments and timelines for each client.

*“We plan out enough buffer in order to react to in-flight feedback from the platform. We do quarterly planning to make sure that we can react to market data [for funnels] and various things that we’re seeing in the market on the platform, to refine the approaches and the setup for predictable delivery, and we roll out to partners in the following quarters. And I think, in this approach, within each of the quarterly planning cycles, we actually do have what is effectively [...] three-week releases.”—Jon*

## Tech toolbox

The main tools of the trade for FutureAdvisor are **Amazon (AWS)** and **Java** servers for back-end. The front-end consists almost entirely of **React**. Data integrity is also high on the priorities list. FutureAdvisor does bi-coastal data replication for data recovery and backups. Jon stresses that to make the platform scalable it is essential to have adequate algorithm processing, since the core algorithm is key to horizontal scalability.

## A bright future for wealth management

Kameron believes that providing services to more clients per advisor is their main goal. The technology aspect is one hurdle, but the main obstacles is scaling the advisor's process. One way to do this is to systematize the investment advice that a WealthTech company delivers. In Kameron's view, the advisors that have the most success are the ones adopting digital advice capabilities as part of their core practice management:

*"I think over the next couple of years, wealth managers are really looking to figure out how they can scale their businesses and scale their advisors. And scaling to them has to do with how they can provide their investment advice in the [most] systematic, repeatable, tax-efficient, cost-effective, and compliant way."—Kameron*

Since the technology is readily available and can be developed by R&D, the biggest challenge for the industry is adoption. In order to appeal to clients, any platform must be quickly deployable and have a consistent and reliable track record.

## WealthTech Club takeaways

FutureAdvisor's platform for retirement planning is an evolving and powerful tool that allows clients, both small and large, to automate and holistically manage their accounts. What I liked was the attention to detail and unwillingness to succumb to a less-than-perfect product. FutureAdvisor is truly ready for the future.



Written by Vasyl Soloshchuk, CEO and co-owner at [INSART](#), FinTech & Java engineering company. Vasyl is also the author of [WealthTech Club](#), which conducts research into Fortune and Startup Robo-advisor and Wealth Management companies in terms of the technology ecosystem.