For adviser use only

Why is it important?
As the market evolves, there is a need to ensure your service proposition can be delivered by the platform you select. Historically, platforms were primarily selected as an enabler for business efficiency and their capability defined the service proposition offered to clients. Now the opposite is true; the service proposition is defined and an appropriate platform is then selected to deliver that proposition in a robust, scalable and consistent way.

Making the wrong decision can have significant implications for the adviser’s business and clients:

- Inefficient processes and increased cost in the business
- Disengaged staff
- Increased business risk
- Unsatisfactory client experience

FCA commentary has made clear that all advisers using a platform must clearly document their process and rationale for selecting their chosen platform.

A crucial element of this process is conducting thorough due diligence to ensure that the chosen platform meets the suitability requirements for each client segment. Currently, no standard approach has been adopted by the industry for this process.

According to the FCA, there are 9 areas to consider:

- The provider
- Ts&Cs
- Charges
- Asset classes
- Range of funds and tax wrappers
- Functionality
- Accessibility
- Tools
- Support services

It’s key that you consider which of the above are relevant to your business.
In Standard Life’s view, there are three key areas of focus:

**Financial strength and scale**
Does the platform have strong backing and can it continually re-invest in and develop the business as well as develop strong foundations to support scale growth and sustainability?

**Operational capability**
Can the platform manage significant volumes with minimal errors? Can the provider demonstrate a track record of sustained performance in getting the basics right such as distribution payments?

**Functionality**
Does the platform have the core tools and features required to underpin your service proposition? Is there commitment to ongoing development and a clear delivery plan?

To support you through this process, we’ve constructed some guidance on how to conduct effective due diligence:

**Approaching your due diligence**

1. **Evidence clear segmentation of your client bank**
2. **Match your service proposition to each client segment**
3. **Initial shortlist of market using identified key metrics**
4. **Refine initial shortlist by functionality required to deliver client service proposition. Rate the ‘must have’ and ‘nice to have’ features**
5. **Thoroughly document thought process and rationale for selecting platform**

**Additional sources of insight**
The following can help you undertake an effective comparison of the platform market:
- Website comparison tools (feature or price based)
- Service and compliance providers
- External consultants (the outsourced model)

**How Standard Life can help**
Generic response to due diligence
Provide a series of helpful and insightful ‘spotlight on’ guides:
- Financial strength
- Operational capability
- Functionality
- Managing regulatory change