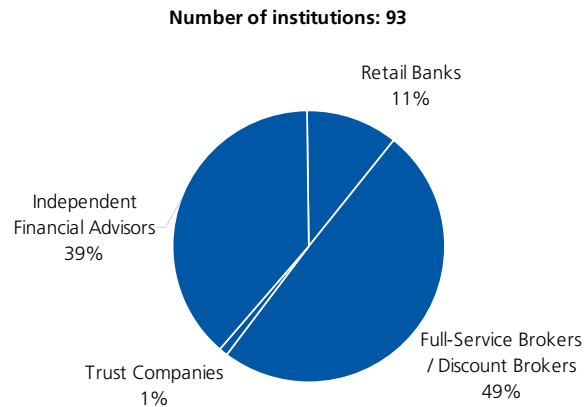


PIEtech, Inc.

Founded in 1997, PIEtech, Inc. is headquartered in Powhatan, Virginia. With 29 employees, it serves 93 institutions and over 25,000 end users. PIEtech's clients are predominantly brokerages and independent financial advisors. Figure 1 shows PIE Technologies' client segmentation.

Figure 1: PIE Technologies' Client Segmentation



Source: PIE Technologies, Celent

PIEtech has a particular financial planning philosophy that guides the development of their application, MoneyGuidePro (MGP). Their strategy is to focus exclusively on financial planning and to keep extraneous functions, such as portfolio management or CRM, to a minimum. Instead of developing non-core functions, they focus on making their solution integrate seamlessly with other software that performs these tasks.

PIEtech also believes that financial planning software in general has become misguidedly detailed in modeling clients' financial future and has multiplied the number of assumptions that go into a plan without necessarily improving the accuracy of projections. As such, PIEtech's approach to financial planning is to focus on ease of use, identify key inputs that really drive projections, and avoid "over modeling" their projections. For example, the vendor does not believe in projecting portfolio returns over the long term on the holdings level. Instead they set overridable intelligent default return rates by asset class.

In August 2008, PIEtech released MoneyGuidePro Generation 2 (G2). The aims of G2 are to improve ease of use and provide "SMART" features that improve the planning process. The main options on the main screen are "Planning," "Monte Carlo Game," and "Financial Calcula-

tors.” The planning option takes the advisor to the main part of the software. The Monte Carlo Game is an educational sequence of online simulated card games that explain and demonstrate the effect of random, volatile returns on various portfolios in the accumulation and withdrawal phase. The Financial Calculators are simple, one-off calculators that illustrate basic financial principles. These include tools that compute values like household budget, cost of delay in accumulation, and net worth.

The actual planning process is mainly linear, but flexible. The advisor begins by adding a client, searching for and opening an existing client file, or sharing a file with another advisor. Once a new client is created, the advisor can choose to create a Financial Goal Plan, an Asset Allocation Plan, or a Lifetime Income Plan. Once the advisor selects a plan, they can input information in whatever order they choose by clicking on hyperlinks on a navigation pane on the left side of the screen.

MGP G2’s SMART features are central to the advisor’s experience of the software. These features, discussed below, are: (1) Goal Wizard, (2) Smart Defaults, (3) Smart Goals, (4) SmartCalc, (5) SuperSolve, and (6) the Presentation.

Goal Wizard. When the advisor inputs the client’s financial goals there is the option of entering goals unaided in a series of data entry screens, or of using the Goal Wizard, which walks the advisor, and possibly the client, through the goal setting process and explains how it works. In particular, it explains how one sets financial goals when one expects to pay for them through withdrawals from investment assets rather than from salary or baseline retirement living expense budget.

Smart Defaults. MGP uses clients’ ages, incomes, and proprietary methodology to generate defaults for retirement age, life expectancy, living expenses, Social Security, and a host of other variables. The advisor can override these defaults by simply typing over them. However, they save time and provide reasonable assumptions if the advisor does not have a more accurate figure to input.

Smart Goals. One limitation of many financial planning solutions is that they assume that financial goals have a fixed dollar value. They also assume a very strict order of goal priorities and will fully fund higher-priority goals before allocating any funds to those of lower priority. Under Smart Goals, the advisor rates the importance of each client goal on a scale of 1-10. Goals rated 8 to 10 are labeled “Needs,” those rated 4-7 are labeled “Wants,” and those rated 1-3 are labeled “Wishes.” the advisor then assigns each goal an “ideal” value and an “acceptable” value. Key variables like retirement living expense and

retirement age are also assigned ideal and acceptable values, as well as a “willingness to compromise value” (“very willing,” “somewhat willing,” and “slightly willing”). When computing goal funding, MGP takes all these factors into account and uses its proprietary methodology to recommend a compromise solution.

Smart Calc. Smart Calc is MGP’s standard method for computing a portfolio’s likelihood of meeting a client’s needs. It combines average returns, Monte Carlo simulation, and “bad timing,” which is a configurable scenario wherein the portfolio goes through a series of bad returns early on, thus stunting its growth for the rest of its lifetime. Other stress tests available include a historical back test (which simulates portfolio returns over a specified historical period), rolling historical periods (which simulates returns over multiple historical periods) from 1926 to the present, and class sensitivity (which simulates the underperformance of particular asset classes over a specified period).

SuperSolve. MGP has a very user-friendly what-if scenario worksheet. The worksheet shows up to four scenarios side by side, with likelihood-of-success metrics for each of them, and collapsible menus of all the information in the plan for each of these scenarios. As such, the advisor can change any information on any of the scenarios from within the worksheet, and see the side-by-side results update dynamically. SuperSolve is a button new in G2 that takes the goal constraints of a scenario and automatically solves for a compromise that will satisfy specified metrics for likelihood of success. The advisor can then tweak this recommended solution.

Presentation. This is a quick, six-part on-screen slide presentation that explains the results of a financial plan to the client and motivates them to action.

On the administration side, MGP has a robust access hierarchy in place. It has a four-tier permissioning system: (1) The firm can configure certain elements for all advisors in the firm; (2) the firm can configure individual advisors, or groups of advisors, differently from the firm-wide settings; (3) the firm can configure individual advisors, or groups of advisors, differently on a client-by-client basis; (4) depending on their permissions, advisors can make their own configuration choices. Currently, the Institutional Maintenance System has over 350 configuration choices.

The MGP reporting system also provides usage and profitability reports through which the firm can monitor and analyze any data elements on the entire client database. The administrator can slice the data by advisor or by groupings of advisors.

MoneyGuidePro is a web-based application and offers no off-line functionality. MGP integrates with a number of back- and front- office solutions out of the box. Some company examples include CashEdge, Investigo, Albridge, Advent, Junxure-i, Redtail Technologies, Schwab Portfolio Center, dbCAMS, Black Diamond, Upswing, Grendel, Orion, E-Zdata, FundQuest, Pershing, and eight proprietary systems. For market data, MGP integrates out of the box with Morningstar Advisor Workstation and Morningstar Principia. Scalability is provided by web-farms with no known maximum limit.

In the next year, PIEtech intends to Increase SMART functionality, including automated plan updates, alerts for out-of-the-boundary conditions, and tracking of progress to goals. The also plan to increase client-facing capabilities.

The client reception for MGP G2 has been glowing. Clients praise MGP's intuitive interface, stress-testing functionalities, visualization, and Super Solve feature. They commend PIEtech's staff and account management as superb. One client wished for better integration with their firm's CRM system - in particular, a provision for alerts.

Table 1: Analysis - MoneyGuidePro

| Pros | Cons |
|---|--|
| Ease of use. Workflow is intuitive and easy to navigate. The application is flexible in terms of level of detail that the advisor is ready to enter. | The intelligent defaults and SuperSolve feature may increase the risk of advisors becoming too dependent on software and not understanding the details of how their plans work |
| Smart Defaults speeds up data entry process and provides reasonable assumptions when the advisor does not input a value. | No offline functionality available. |
| Smart Goals provides more realistic and flexible goal model than strict-order goal prioritization. | While MGP has a good, basic estate module, it does not implement advanced estate strategies (e.g. CRAT/CRUT, GRAT/GRUT). |
| SuperSolve provides a good, easy starting point for the advisor to create a compromise solution that balances the relative importance and flexibility of the client's different goals. | |
| MGP has a strong focus on advisor and client education. There are extensive tools, such as the Monte Carlo game, the Goal Wizard, and the presentation, that explain financial planning concepts to advisors and clients and motivate them to action. | |

Source: PIEtech, client feedback, Celent

Table 1: Analysis - MoneyGuidePro

| Pros | Cons |
|--|-------------|
| MGP integrates out of the box with a host of front/back office systems and market data providers | |
| Excellent account management and customer service. | |

Source: PIEtech, client feedback, Celent

Vendor Rankings

Figure 2 on page 7 positions each vendor in a single X/Y scale, with the horizontal axis displaying the relative level of advanced technology and the vertical axis displaying the relative breadth of functionality (this metric is the weighted sum of the number of features). The size of the vendor's customer base (number of financial institutions) is represented by the size of the bubble, while depth of client services is represented by color density. For depth, the vendors are divided into quartiles based on their relative position. It should be noted that for depth of client services, all vendors scored well, so the quartiles reflect differences, not an absolute scale. All the vendors were graded on the same scale, regardless of their target market segment.

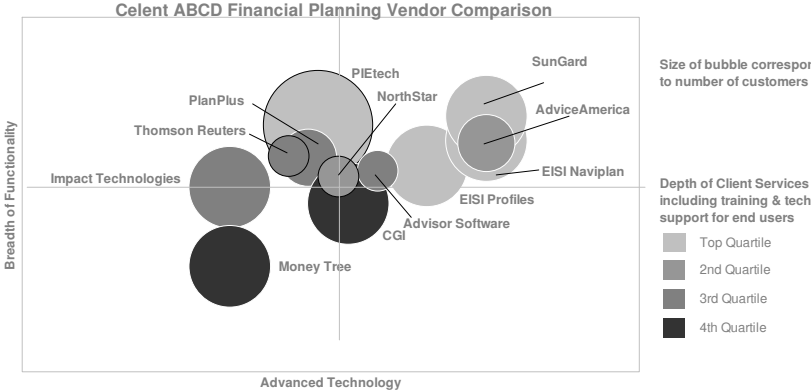
No one solution was the best in all aspects of financial planning, but rather solutions differentiated themselves in and among the various functionalities analyzed. Within the "breadth of functionality" category, SunGard and PIEtech receive the highest score, followed closely by EISI Naviplan and AdviceAmerica. These solutions all provide extensive support for client management, goal setting, and financial planning. Other solutions rank well in this category, including Thomson Reuters and PlanPlus. Although not core to a financial planning solutions, portfolio construction functionalities are becoming more common amongst these players, and SunGard and Advisor Software have strong support in this area. CGI and Money Tree rank low in terms of overall functionalities, however their strength lies in gathering a good financial picture of the client. In addition, CGI provides advanced asset allocation and strong analytics while Money Tree covers a wide spectrum of financial planning capabilities.

In the "advanced technology" category, three vendors received high marks: SunGard, AdviceAmerica, and EISI Naviplan, followed by EISI Profiles and NorthStar. Their strength in this area lies in their ability to offer both a desktop and web-based product with offline capabilities. In addition these vendors easily integrate to internal and third party systems as well as provide multiple delivery options.

In terms of number of clients, PIEtech is the winner, with the largest client base among the analyzed vendors (93 clients), followed by EISI Naviplan, Money Tree, and SunGard. The rest of the vendors have under 55 clients.

In the last category, “depth of client services,” the top quartile is dominated by SunGard, PIEtech, and EISI, followed closely by NorthStar and AdviceAmerica. The top vendors provide good client support, resources, and valuable partnerships.

Figure 2: ABCD Vendor View—Financial Planning Vendors



Source: Celent