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## Honorable Mention

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By Editorial Staff      Thu, Aug 15, 2019

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*Nationwide digitizes, customizes annuity client kits; Envestnet sued by software vendor; Ascensus acquires 'prevailing wage' benefits specialist.*

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### **Nationwide digitizes, customizes annuity client kits**

To improve efficiency and save paper, Nationwide has created digital client kits that are instantly accessible to advisors online and have information tailored to the specific annuity products and features that the advisor and client want, the company said in a release this week.

Traditionally, printed kits contain detailed information on all the riders and features the product has available. Today's typical annuity client kit contains multiple brochures that explain all the features and benefits available with the product. A single brochure might run 12 to 24 pages. The client might only select one or two features but receives information on all the options.

The new digital kit enhances the customer's experience by enabling the advisor to deliver information specific to the client's situation.

"Advisors and their clients don't always need all of the materials. So we developed this customizable solution so advisors can select specific materials to explain their recommendation to their client," said Tiffany Grinstead, Nationwide's vice president of life insurance and annuities marketing. "They can choose literature for the exact death benefit, living benefit and investment choices, instead of giving their clients a death benefit guide that has all four options available in the overall product and every investment choice."

Most advisors prefer to integrate the annuity they are offering into their own folder or package of materials. This new approach makes it easier for advisors to present an annuity as part of their own sales process.

The digital tool lets Nationwide identify which firm(s) the advisor is appointed with and the state licensing information they've provided Nationwide. This can reduce errors that can hinder or delay the business submission process.

"It lets us know things like if the advisor needs National Association of Insurance Commissioners (NAIC) training or suitability support," Henderson said. "Advisors tell us

they want to compile exactly what their clients need and present it as part of their materials. Our new digital kits are designed to make it as easy as possible for advisors to share their recommendation with clients.”

The digital client kits are now available with Nationwide Destination B, Destination Navigator, Destination All American Gold, Destination Freedom+, and Nationwide INCOME Promise Select. Eventually all Nationwide annuity kits will be available in a digital format. Advisors can contact their wholesaler for a sample digital kit.

### **Investnet sued by software vendor**

A new \$100 million lawsuit against Investnet, and an acknowledgement by Investnet’s CEO that his firm’s revenue may drop temporarily, have caused analysts to cut their short-term earnings and revenue estimates for the giant cloud-based turnkey asset management platform, according to news reports this week.

The plaintiff, [Financial Apps](#), which once provided Chicago-based Investnet with credit-decisioning analytics for a lending platform, accused Investnet and subsidiary Yodlee of committing a “multi-year scheme” to “steal FinApps’ valuable proprietary information... in order to unlawfully develop software products that compete with FinApps.”

Bergman has denied the charges. He told analysts on his company’s 2Q2019 earnings call Aug. 7, “We believe the vendor’s allegations are false and without merit, and we will respond appropriately and defend ourselves vigorously.” He warned analysts that his firm’s revenue will suffer as it looks to replace Financial Apps.

The lawsuit, filed on behalf of Financial Apps by Kasowitz Benson Torres LLP on July 26 in U.S. District Court for the District of Delaware, estimated damages to FinancialApps at “no less than \$100 million.”

Bergman noted some dissatisfaction with Financial Apps, saying that Investnet’s Data & Analytics business “experienced shortcomings in the technology provided by” that vendor, who “we relied on to deliver certain credit decisioning analytics to our banking customers.” The vendor, whom he didn’t refer to by name, “suspended service, causing a disruption that affected several clients and prospects,” he added.

Bergman said he still sees credit decisioning analytics as a “big opportunity,” but warned: “Our revenue will be negatively impacted at least through the remainder of this year, as we work to develop a new solution with a new provider.”

Analysts revised revenue forecasts for Envestnet downward, but expected the damage to be temporary. Peter Heckmann, a D.A. Davidson senior research analyst, lowered his 2019 and 2020 revenue forecasts for Envestnet by 3% to 4%. He dropped his 2019 adjusted EBITDA forecast by 1% to \$193 million and his 2020 adjusted EBITDA forecast by 6% to \$233 million. He also lowered his 2019 adjusted earnings per share (EPS) forecast by three cents to \$2.10 and 2020 adjusted EPS by 12 cents to \$2.54.

Despite the setback, Heckmann said Envestnet was “well positioned to benefit from the trend of financial advisors migrating from large brokerage firms (wirehouses) to independent operations where they immediately require robust back-office systems.”

William Blair analyst Chris Shutler similarly lowered his 2019 adjusted EPS estimate for Envestnet by four cents to \$2.11 and lowered his 2020 estimate 11 cents to \$2.55. But he added in his note, “We believe this issue is likely temporary.”

Jefferies analyst Surinder Thind said in a research note that he viewed “any stock weakness as a buying opportunity” for investors. He predicted Envestnet will “continue gaining market share given its scale, industry leading position, and expanding product offerings.”

In a news release announcing the FinApps lawsuit against Envestnet, Kasowitz Benson Torres said the complaint also alleges that Yodlee “licensed FinApps’ proprietary software for a new platform known as ‘Risk Insight’ and falsely represented to FinApps that it intended to forge a long-term strategic partnership with FinApps, when instead, defendants’ sole intention was to misappropriate FinApps’ proprietary technology and trade secrets while defendants secretly entered into agreements with third parties to deliver credit risk software and services that rely on the stolen technology.”

In June, Envestnet launched an Insurance Exchange that will help financial advisors create plans that combine annuities and life insurance with investment products in a more integrated and seamless way.

#### **Ascensus acquires ‘prevailing wage’ benefits specialist**

Ascensus, the retirement, education and health care benefits provider, said that it has acquired Beneco, a provider of bundled retirement and health & welfare benefits administration solutions in the [prevailing wage market](#), from Alpine Investors.

Beneco offers a full suite of recordkeeping, third-party administration, and benefit plan consulting services, will immediately become part of the FuturePlan by Ascensus line of

business.

Beneco is headquartered in Scottsdale, AZ. Waller Helms Advisors served as the exclusive financial advisor to Beneco and Alpine Investors for the transaction.

Ascensus is the largest independent recordkeeping services provider, third-party administrator, and government savings facilitator in the United States.

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