

RetiremenEntrepreneur: Andrew Rudd

By Jenna Gottlieb Sun, Feb 9, 2014

Andrew Rudd, the co-founder of Barra, Inc. (now the MSCI Barra suite of portfolio analysis tools) started Advisor Software Inc. in 1995 to adapt Barra technology for adviser use. "I was always interested in creating products," says the British-born Californian..

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Company: Advisor Software, Inc.
Location: Walnut Creek, Calif.
Founded: 1995
Niche: Financial advising software

What I do: Advisor Software builds analytical tools to help advisers provide better advice to their clients. We help the adviser get more clients, deliver more relevant advice to the client, and develop stronger and more collaborative relationships with clients. For example, our "goal-based" investing method helps clients identify their goals, prioritize them, and identify the optimal strategy to best fund them. I am very much a proponent of identifying the goals and aspirations clients want to achieve in life and retirement.

Who my clients are: Of the three groups in our client base, one includes the large platforms, asset managers and broker-dealers, such as Charles Schwab, Russell Investments, State Street Global Advisors, and LPL Financial, among others. We provide them with client acquisition, portfolio rebalancing, asset allocation, risk modeling and other analytical tools. The second group of clients consists of advisers, and the third are individual investors.

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Why people hire me: We tend to be more willing to do custom work than our competitors. We provide customized services for each client—developing specifications, workflow and interface design—which means we spend a lot of time with them. Our product business has a strong reputation and track record. It gives clients confidence that we understand exactly how advisers use their tools. Most recently, we've developed a goal-based financial planning tool that significantly improves adviser productivity.

How I get paid: We're flexible in customizing our fees depending on the client's considerations. Some clients like to structure fees by the number of seats and type of usage. Others are interested in a flat fee.

Meet “Goalgami”

ORIGAMI, the Japanese art of folding paper, allows its practitioners to transform sheets of paper into swans, flowers, or countless other figures.

THAT SIMPLE versatility inspired Advisor Software Inc. to name its free, do-it-yourself online financial planning tool, *goalgami*, with a small g.

LAUNCHED in 2010, *goalgami* creates an on-screen Household Balance Sheet that displays a family's income, assets, debts, and expenses, as well as budget-related goals like travel or relocation.

THE ADVISER version of the software, called *goalgamiPro*, allows advisers to illustrate and test different scenarios to determine if clients are on track to reach their financial goals. At \$495 per year per desktop, it's intended as a low-cost tool that speeds up the creation of a customized plan. □

Where I came from: I started my working life as an academic. I received a PhD in finance and operations research at UC Berkeley, where I co-founded Barra, Inc. with a colleague, Barr Rosenberg. I taught at the business school at Cornell University for a number of years, then returned to Berkeley to work with Barra. We provided services to the institutional financial community. We delivered indices, portfolio risk, performance analytics and optimization tools. In 2004, we sold Barra to Morgan Stanley. That's when I moved full time to Advisor Software.

Why a private venture instead of academia: I was always interested in creating products. But I'm still interested in academics. I write occasionally for academic journals and I'm finishing a book with a colleague. I like to keep one leg in each camp. Both lifestyles have their advantages and disadvantages. Both provide challenges that make life interesting and rewarding.

My view on annuities: There are good and bad aspects to annuities. The key disadvantage, for the client, is the loss of control of the assets. The benefit, on the other hand, is the assurance of a lifetime cash flow. There's clearly a use for annuities, but there's a trade off. I don't personally own any annuities, simply because in my present circumstances they don't fit into my financial plan, but that's not to say they won't at some stage in the future.

My retirement philosophy: The success of Barra has enabled me to be aggressive in saving for retirement and investing in various philanthropic ventures. My philosophy is to have enough to last for my doddering years, to support the causes I find important and valuable and, if anything is left over, to leave it to my surviving family. (*RIJ* has heard through the grapevine that the British-born, squash-playing Rudd, now 66, bought a small vineyard north of San Francisco and will spend at least part of his “doddering years” pursuing a passion for wine and viticulture.)

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