

RetiremEntrepreneur: Mike Alfred

By Jenna Gottlieb Wed, Aug 28, 2013

"Save like you will retire, but live like you won't," is part of Alfred's personal retirement philosophy. He is co-founder and CEO of BrightScope, the first firm to rate retirement plan quality and publish the ratings on the Internet.

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Company: BrightScope
Location: San Diego, Calif.
Founded: 2009
Niche: Financial information, ratings
Leisure activity: Running, fitness

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What I do: BrightScope is a financial information company, similar to Morningstar, Thomson Reuters, and Bloomberg. We want to bring transparency to markets that historically haven't had it. Before Morningstar, there wasn't a lot of information in the public domain about the quality of mutual funds. We're doing the same thing in the retirement plans space and in the area of financial advice and wealth management. We maintain a database of information on the retirement plan market and add value by quantitatively rating 401(k) and 403(b) plans across critical metrics. The BrightScope Rating reviews more than 200 unique data-inputs per plan and calculates a single numerical score on a 0-100 scale.

Who my clients are: We work with six of the top 10 global asset managers, eight of the top 10 defined contribution recordkeepers, as well as broker-dealers, custodians, and financial advisors. The last major segment of our client base is large plan sponsors, including McDonald's, Google, Thomson Reuters, and several hundred others.

Why people hire me: We talk to a lot of senior executives in the financial services industry. The one thing we consistently hear is that we have a sterling reputation as a firm that always delivers on the promises we make to clients. I think when people hear the name BrightScope they have a positive impression, even if they don't entirely understand what we do.

How I get paid: It's a subscription business model; people pay to access our data and software. At the high end, the Beacon platform costs \$325,000 a year off-the-shelf, but some firms pay more for the integration of proprietary data and other custom software. Many top asset managers, custodians, and broker-dealers use our Beacon platform to transmit data among themselves in a data clearinghouse or data exchange format. The platform standardizes the transfer protocols, data formatting, and reporting. Some companies employ a team of in-house IT people whose biggest challenge is taking in reporting from multiple platforms. Our Beacon platform streamlines it for them.

Where I came from: I grew up in San Diego, went to Stanford for my undergraduate degree and majored

in history. During that time, I traded highly volatile small cap stocks and much of my early experience came directly from my E*Trade account. When I graduated, I wanted to work in the financial advisory business, but I became disillusioned with Wall Street. The goal in that environment was to sell product. My brother Ryan and I decided to build up an independent firm, and in that process we came up with this idea. Morningstar standardized a fund rating, but no one had come up with a way to standardize and rate a 401(k) plan. That was the big breakthrough for us because no one was doing it and it turned out to be a very big and important market.

My personal retirement philosophy: I don't think you should ever try to retire. I save the maximum in my personal 401(k) plan every year, but I spend a lot of time running and staying healthy. If you can work until the day you die, that's optimal. My personal philosophy is that you should save like you will retire, but live like you won't.

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