

# The Traject™ Network

Boosting productivity and compliance  
within financial services distribution channels

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## Utilizing Technology to Boost the Productivity of Intermediaries

Insurance and investment companies that distribute their products through broker-dealers, banks, independent agents or other intermediaries operate in a fiercely competitive and crowded marketplace. Strategies to differentiate organizations based upon product features and compensation may be successful for limited periods of time but ultimately fail due to competitors' responses to "improve" their own product designs, features and compensation.

Twenty-five years of commoditization has lowered margins, saturated the marketplace with look-alike products and caused financial advisors to complain that they cannot keep up with the pace of new product introductions or the demands of wholesalers vying for their attention.

It can be argued that what's been lost over recent decades is the "art" of needs-based or conceptual selling. This is unfortunate because people are attracted to "solutions" more than products, and they view solutions that they can correlate to their specific needs as being more valuable. A sales strategy that utilizes a conceptual, needs-based solution to provide the context for product sales leads to more sales and greater persistency.

To maximize the opportunity for product providers to reap the benefits of conceptual, needs-based selling, Wealth2k has created Traject™, a web-based technology network capable of helping intermediaries compliantly market and sell a diverse line-up of products and solutions. Traject™ improves the experience financial services companies deliver to the web browser in line with increased customer expectations. It is able to create what amounts to a virtual channel of distribution superimposed on top of a traditional channel. The result is that intermediaries can reach more prospects at lower costs and engage them on a wider spectrum of products and services.

Because Traject™ technology performs the heavy lifting of conveying compliant, engaging and effective sales presentations, intermediaries are able to capitalize on up-selling and cross-selling opportunities that traditionally are missed. For both the organization and its intermediaries this is a huge leap in value. Traject™ allows unlimited numbers of prospects to learn "on-demand" at the web browser and self-select to become qualified prospects for the product, solution or service being promoted.

“While Boomer retirement security represents the most strategically important market life insurers will pursue over the next decade, a company's ultimate success in this marketplace will hinge on its ability to help its intermediaries reach out to large numbers of consumers in a manner that is compliant, engaging and motivational.”

David Macchia, President & CEO of Wealth2k, Inc.



## Seizing Upon Today's and Tomorrow's Sales Opportunities

By any yardstick, the size of the retirement income marketplace will grow substantially over the next decade. Upwards of 75 million Americans and \$20 trillion<sup>1</sup> of accumulated retirement assets will cross the critical threshold from accumulation products into distribution solutions, and all manner of financial services providers are positioning themselves to capitalize on this historic opportunity.

As is common with any massive business opportunity, several solutions will arrive from a diverse background of financial services providers.

To distribute these products, hundreds of thousands of independent and captive intermediaries (registered reps, insurance agents, IARs), stand between the financial services companies and their thousands of products and the millions of consumers (and their assets) standing in line to choose a product which best fits their needs.

Consumers, boomers and retirees, come from all walks of life. Some are categorized as high net worth. Some are categorized as affluent. The overwhelming majority are categorized as middle market. And most of them, some without even realizing it today, will be demanding reliable income generation solutions to maintain their lifestyle for decades longer than previous generations – even as pensions, defined benefit plans, Social Security and other retirement income support mechanisms may disappear.

The financial services companies determined to benefit from this market opportunity must efficiently offer the financial products through valuable and diverse channels of distribution. Leading companies that demand a dominant position in this market must also recognize that the current system of financial services distribution is costly and rife with inefficiencies. The key to securing the largest suitable market share lies in compliantly supporting this network with complimentary and consumer-friendly content and communications strategies. As proof, life insurance CFOs surveyed by Tillinghast-Towers Perrin identified distribution effectiveness and efficiency as one of the top three challenges to achieving their companies' growth and profit objectives in 2005.<sup>2</sup>

<sup>1</sup>End in Mind Defining the Future of Retirement Security, Plansponsor Magazine, Sep 2006

<sup>2</sup>Insurance Networking News, December 2005

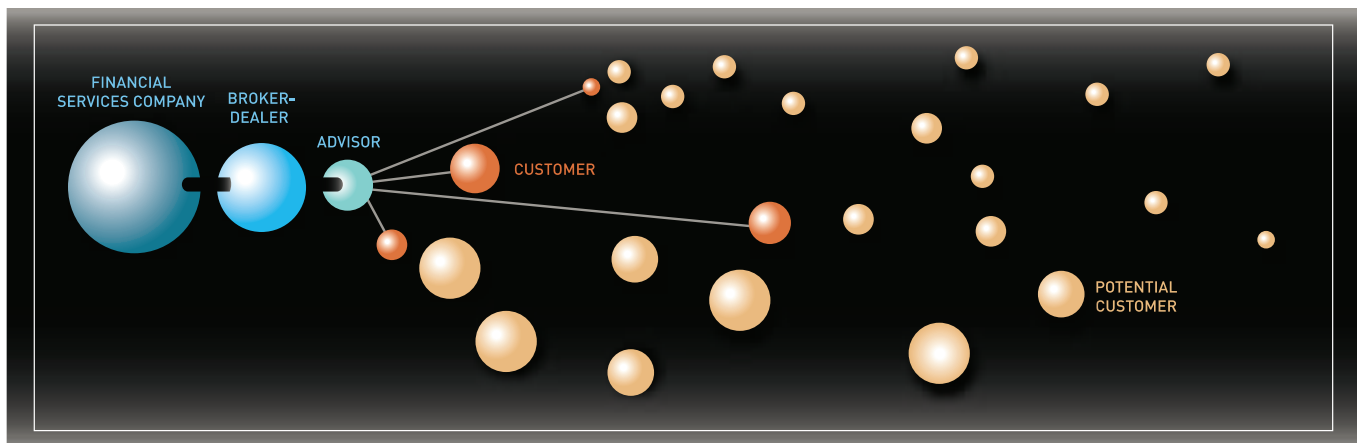


WHAT WE DO	HOW IT'S DONE	WHO BENEFITS	WHY WE BELIEVE
Enable our financial services clients to increase market share, reduce marketing expenses, increase sales and improve compliance regardless of product complexity or advisor skill level	By leveraging our technology, industry knowledge, marketing talent and new media technologies to enable our clients to meet consumer demand for more efficient communication and education.	Financial services companies, broker-dealers, IMOs, wholesalers, financial advisors and consumers.	There is a growing gap between what consumers expect in terms of the quality of experience delivered to their web browsers and what financial services companies actually deliver. Bridging this gap is critical to the future success of both intermediaries and product providers.

## Financial Services Distribution Overview

Throughout the 20th century, a fairly complex network of distribution emerged to serve millions of consumers and thousands of financial services companies. Much like the tax code, or even the Social Security system itself, this traditional physical network of financial advisors is a critical component to success. At the same time, this huge network has also grown complicated, increasingly regulated and difficult to command and control.

In the last century, if a person wanted life insurance, they talked to a life insurance company salesperson. If they wanted to buy a stock, they approached a stockbroker. Today, banks, insurance companies, private equity firms and mutual fund companies are selling each others products, and advisors are tasked with addressing a consumer need for effective wealth management from a menu of tens of thousands of increasingly complex financial products. These products have, without question, become commoditized. The financial services industry finds itself in a self-destructive cycle of complex, feature-centric product marketing. Even an accidental misrepresentation by an advisor can land the advisor and their distributor in court, and the pressure for financial services companies to compete for more suitable market share while reducing their spending (marketing, training, compensation) continues to grow unabated.



At the receiving end of this network lies an increasingly diverse base of consumers who have never been less prepared for retirement. Baby Boomers will enter retirement with more debt than financial assets. Moreover - in the late 1800s, when the first life insurance policy was offered, the retirement age was set at 65 years old, but a person's life expectancy was 49.2 years of age. Today, the retirement age is still set at 65 years of age - but life expectancy is now over 77 years of age. Health care expenses will grow to represent 53% of social security income by 2026. 42% of workers participated in a defined benefit (pension) plan in 1990 - in 1995, only 18% were still promised a pension<sup>3</sup>. This number continues to decline rapidly.

Consumer marketing challenges, the pressures driving financial services providers to expand sales and improve market conduct and the advisor's need to introduce more clients to a greater number of complex products is building towards a very challenging future for the financial services. Many believe the key to ultimate success will be the advent of a killer product, yet history has proven many times over that it's not the better mousetrap that solves the problem.

An increasing number of ever-more complex and commoditized mousetraps is a strategy doomed to fail financial services companies, their customers and the critical network of advisors that serves to mediate the two parties.

The real solution lies in effective and timely communication and education among all parties.<sup>3</sup>

<sup>3</sup>Francois Gadenne, Retirement Engineering, Inc, September 2006

“Creating economic value from distribution has never been more difficult for life insurers trying to increase business and reduce costs.”

Pat Speer, Insurance Networking News

## **The Concept Sale: Best Defense Against Commoditization**

To offset the effects of commoditization, financial services companies have been successful in developing and launching concept sales initiatives – a positive, more solutions-oriented approach that can leverage multiple products to address consumers' needs related to milestone events such as college funding or retirement income generation. The complexities, costs and training associated with deploying these up-selling and cross-selling concept sales strategies, however, can strangle the perfect business strategy long before it can get off the ground. In some cases, even the strategies themselves have become commoditized.

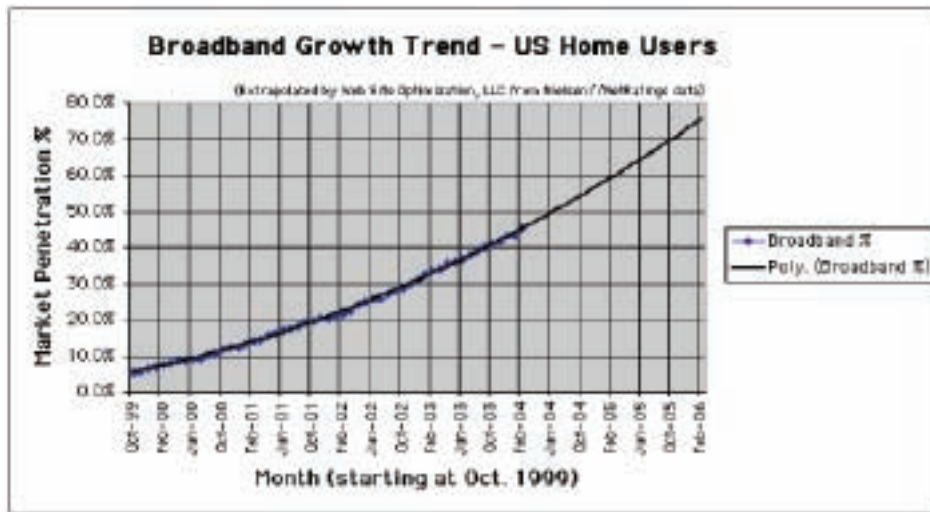
Determined to help financial services companies improve communications and compliance within the entire physical distribution network, Wealth2k has been working for years to leverage technology, talent and financial services marketing expertise to deliver a complimentary, cost-effective and completely real-time virtual network, which all parties can use to communicate more consistently, and with greater efficiency than ever before.

## **Connecting Advisors to Consumers: Its about much more than articles, PDF brochures and interactive planning tools**

Customers are reluctant to relinquish 20%, 30% or 50% of their net worth on a new purchase without engaging a human being to help mediate their transaction. Contrary to predictions made last century, the internet will never replace the critically important role of the financial advisor. Consider your own purchasing experience for an automobile, home or college education. Consumers engage a professional for guidance, but not without first doing some research of their own. Fortunately, today's consumers have access to much more immediate and accessible information online in order to better educate themselves and validate their advisors' direction prior to committing to such a major purchase. Today, educating yourself on a big-ticket item, such as a new, car is easy and can be fun. You can build, price and customize your car online, preview it in a 360 degree tour and then go to the dealership to test drive that same car.

Educating yourself on financial services solutions is much more difficult, and far from fun. In the past, consumers would meet with a direct representative of the firm – or a career agent with roots in the community. The library, the post office, the press, the telephone and to some extent, the television were the primary sources of external information a consumer could use to educate himself or herself prior to entrusting the financial services professional.

Today, however, the internet - and more importantly - widespread adoption of broadband connectivity has completely upset this process. As of Q1 2006, 73% (142 million) of American adults go online, up from 66% (133 million only 1 year ago). And the share of Americans who have broadband connections at home has climbed sharply to 42% (about 84 million), up from 29% (about 59 million) as of January 2005<sup>4</sup>. In major cities, broadband



adoption rates are much higher. Boston, for example, has the third-highest penetration of broadband of any city in the United States, after Honolulu and San Diego, with 76% of households having high-speed Internet connections.<sup>5</sup> And it's not just the Gen X-ers who are online: 54% of 60-69 year olds regularly use the internet and 72% of the soon-to-be-retiring 51-59 year olds are online. It's also not surprising that higher income households are more connected: over 75% of all homes in the \$50-\$75,000 income bracket are connected to the internet.<sup>6</sup>

But most financial services companies are not keeping pace with their auto or real estate industry peers. For example, visit any large financial services company's web site. One is confronted with a wealth of hugely valuable information - but this is like dropping a consumer from 1700s into the center of the Mall of America. Wealth management and retirement are completely foreign concepts to them. Today's visitor to a typical financial services company web site is presented with menus, tabs, buttons, advice, calculators, planning tools - and a proliferation of text-based 'articles' and several 'contact an agent now' buttons.

We believe prospective consumers aren't going to financial services companies' home pages specifically to download brochures, read articles or contact an agent. Rather, they are going online in the hope of identifying with a company that most coherently speaks their language, and can quickly and effectively address their individual and specific wealth management needs.

Chart source: [www.websiteoptimization.com](http://www.websiteoptimization.com) report June 1, 2006

<sup>4</sup> Pew Internet and American Life Project Report April 2006

<sup>5</sup> Wall Street Journal, October 19, 2006

<sup>6</sup> Pew Internet and American Life Project, Digital Divisions, October 5, 2005



Financial services companies do understand the value of the internet, but they are also broadcasting two unique messages in two foreign languages to two different audiences. Sales force automation to advisors and corporate marketing (corporate web site and advertising) to consumers. To extract greater returns for their distribution investment, financial services firms have made great strides in online, back-office solutions that act as a conduit of information and content to enable advisors to learn more about the financial products a company offers. External messaging has improved dramatically as well, with (as in the best cases) more focus on solutions as opposed to (as in the worst cases) specific products and technical features.

This difficult situation – a tale of two messages and the need for compliance and consistency - represents a critical opportunity to bring everyone together into the same conversation.

Consumers and advisors, as has been proven with effective back-office application investment, will continue to abandon traditional methods of research and purchasing in favor of internet enabled solutions, on their terms and where they work, live and play. Companies that don't immediately address this growing trend of internet-expectant (not just internet-enabled) consumers have much to lose, and in as much time as it takes for consumers to click from one page to the next.

Until now, there has not been a compliant framework to serve as a cost-effective solution which facilitates instant communication between financial services companies, intermediaries and consumers.

Building an online network to bridge this divide involves years of effort, millions of dollars and unique talents. This is the investment Wealth2k has made in order to create a secure and flexible platform that financial services companies can quickly and effectively brand as their own.

# Introducing: Traject™

Traject™ is an online 'virtual' network that strengthens the existing physical network between financial services companies, intermediaries and consumers. Traject™ was developed to eliminate the inefficiencies inherent in today's physical financial services distribution channels. The network's primary mission is to facilitate seamless communication between financial services companies, distribution companies, advisors and consumers to ensure consistent messaging, faster product launches and more compliant communications and sales. In so doing, Traject™ represents a turnkey method for financial services firms to quickly execute complex sales strategies such as multi-product retirement income concepts.



Traject™ leverages the internet to stream compliant and consistent multimedia presentations to connect consumers to advisors in a manner that is engaging and educational.

Traject™ is deployed as an ASP model and is accessible from any web browser anywhere in the world. Consumers are directed to personalized advisor microsites where they can watch Wealth2k-developed, and, or customer-provided multimedia presentations that address their concerns in a manner that creates clarity and depth of understanding that no brochure can convey. Advisors push their individual and context-sensitive microsites to any client or prospect with an email address or can walk clients through their microsite in one-on-one meetings. Financial services companies can monitor the marketing activities of advisors and be certain that all consumer-facing marketing deliverables, including multimedia, are presenting appropriate broker-dealer disclosure language on an advisor-by-advisor basis. Compliance officers have a concise view of all advisors connected to the system and can enable or disable accounts and capabilities - including microsites - in real-time. Reporting tools monitor online activity and determine which advisors are most active and how many consumers have watched multimedia presentations promoting their solutions.

Traject™ represent a great leap forward for financial services companies determined to take greater control of their marketing and sales strategies and valuable distribution channels.



## Consumer Facing Portal

Consumers, especially Generation-X and Baby Boomers are increasingly using the internet to educate themselves on wealth management solutions. Traject™'s consumer-facing microsites are professionally designed, simple to navigate and include individual advisor disclosure and contact details as well as the individual advisor's name in the URL itself (ex. www.jsmith.CoName.com). Wealth2k's experience shows that this aspect of personalization to the advisor is critically important.

The centerpiece of the consumer-facing microsite experience includes one or more multimedia presentations. These streaming presentations allow the consumer to gain a consistent and compliant understanding of complex financial services products or solutions. Rather than force the user to download, print and read brochures, these movies enable the user to sit back, listen and learn more about how their financial needs can be addressed by various products within the advisor's portfolio.

Even as recently as 2004, streaming video over the internet was impractical at best, as home computers, dial-up connection speeds and the quality of digital video formats were not ready for primetime. Today, however, streaming video is reality and is, in fact, negatively affecting television's share of consumer attention. The big four networks are now broadcasting several popular prime time television shows online, the wildly successful YouTube service has streamed over 3 billion videos to date and is currently serving-up 100 million videos per day, and dominant web portals (yahoo, cnn, etc) fully offer over 50% of their front page news stories in video format.

To further extend Traject™'s ability to present advisor's solutions beyond a static web page, Traject™'s role-based management functions can also support multiple microsites for each advisor. In this way, each advisor can have several microsites to suit consumer's needs on a regional basis, an ethnic basis or an age-based basis. In effect, each advisor's individual web pages become online, dynamic brochures.

“There is a tremendous need for education about retirement planning and it has to come from advisors.”

Liz Zlatkus, President of International Wealth Management, Hartford Life





### Consider for a moment the following scenario:

Jim Smith has five uniquely designed microsites, each catering to a specific product or audience:

- 1 Variable Annuity
- 2 Fixed Annuity
- 3 Boomer Retirement Security
- 4 Variable Universal Life
- 5 Target Date Retirement Fund

All of these microsites could offer compliant, needs-based sales presentations able to be viewed by an unlimited number of prospects. Consumers can watch these movies and contact (email, telephone, instant message) the advisor to set an appointment. Finally, the consumer can forward the link to the advisor's microsite to their friends and family for them to repeat the process.

This event can repeat itself several times over, in the middle of the day, or in the middle of the night.

When one considers this scenario taking place with thousands of advisors, twenty four hours a day, seven days a week - the true power of Traject™ to dramatically accelerate sales can be realized.

### Advisor Facing Experience

Advisors access the system with password protection through any available web browser. They can be at home, on the road or even at a consumer's home. Once logged on, they have access to an advisor-specific marketing center where they can download product-specific documents, PowerPoint presentations, multimedia presentations, seminar and product launch kits, or other marketing materials.

When equipped with Traject™'s online illustration-engine, advisors can also securely login from any computer connected to the web to generate existing or new illustrations for consumers, then email these illustrations in PDF format to their clients.



## Distributor (Management) Login and Control

Distribution management executives have additional levels of password-protected control that enables them to add, delete and modify all advisor information including the disclosure that appears on each illustration, advisor web site and inside the multi-media presentations streaming from individual advisor microsites. Management also has the ability to monitor advisor usage through real-time reporting functionality. Traject™ empowers distribution management with an unprecedented amount of control and monitoring capability to take full advantage of their valuable (and costly) physical networks of product distribution.

## Illustration Engine

The Traject™ illustration engine is an open and flexible system. For example, a financial services company may offer a wealth management strategy consisting of five segments of product over a dynamic period of time. Unlike other popular asset allocation simulation tools, the system is accessed through the web and does not need to be installed, updated or maintained on individual advisors' laptops.

Advisors login, enter basic information about the prospective client (name, age, retirement age, assets, deferrals) and the system generates a high-value, seven-page illustration personalized with both the client's and the advisor's name on it. The report can then be printed locally or emailed directly to the client, so the advisor can begin working at once, in person or remotely.

The illustration engine is a powerful, easy to deploy and useful tool that enables advisors of all skill levels to up-sell and cross-sell multiple products to a very wide spectrum of consumers – in person, or over the phone.

## Reporting, Tracking and Measurement

Access to detailed activity reports showing current user information and illustration activity is included. Transmitted daily and available in a variety of formats (Excel, etc), this information enhances compliance and the monitoring of advisor productivity. Illustration activity reports also include links to PDF files for each illustration run.

## ASP Model

Traject™ is a web-enabled proprietary application built on the Java 2 Enterprise Edition (J2EE) platform. The system is designed to securely accommodate a large volume of business data and online transactions. It is deployed into a multi-tier environment separating the presentation layer, business logic and data, allowing it to scale as customer needs increase. The system is compliant with the latest industry standards and best practices, and provides customers high performance, scalability, stability and reliability.



## Summary

Wealth management strategies, compliant marketing content, advisor-centric microsites and streaming multi-media presentations are all innovative approaches to financial services marketing. When combined under a compliance-centric system specifically developed to address the financial services distribution marketplace, Traject™ represents a timely, powerful and cost-effective tool that will enable thousands of agents and advisors to consistently and expertly represent a broad range of products and financial solutions to millions of prospective clients - regardless of product complexity or advisor skill level. In the comfort of their own homes and without sales pressure, consumers are presented with a comprehensive yet friendly and engaging way to overcome their fear, uncertainty and doubt about financial challenges. They can learn about products and solutions in an engaging manner, and connect with their financial advisor to complete the sale.

Traject™ represents an effective and continually evolving strategic marketing solution consisting of millions of dollars of research and development and years of practical and successful business results. By applying the value of this program on a national scale, financial services companies can expect to achieve more suitable solution sales, in less time and with less cost, resulting in much greater returns on investment in their existing and valuable multiple networks of distribution.

## About Wealth2k

Wealth2k, Inc. provides marketing consulting to financial services companies that are eager to gain substantial competitive advantage in targeted markets. With extensive industry experience, Wealth2k, Inc. is able to define and create differentiation within a commoditized marketplace. Its industry-leading multimedia presentations, web-based technology, proprietary marketing programs and advisor-branded microsites work in concert to enhance the value that life insurance companies, investment companies, banks, broker-dealers and financial advisors are able to offer their customers.

For more information about Traject™ visit  
[www.wealth2k.com/Traject](http://www.wealth2k.com/Traject) or call us at 800.200.9404.