

360F – The Mover and Shaker to watch in the Financial Advisory Industry

It is uncommon for a fintech to launch a transformational enterprise solution successfully within two years of foundation and even rarer that such a fintech should be positive in revenue from its first year. Under the leadership of Michael Gerber, a 20-year veteran in the consulting business for financial services, 360F has achieved these significant milestones. Based out of Singapore, 360F has acquired market leaders as clients in South East Asia and the Middle East. With eyes set on Europe and Greater China, 360F might just be the unicorn to disrupt the financial advisory industry. Gerber met with Hubbis to explain the firm's proposition and plans.

3 360F'S CORE PRODUCT IS THE TRADEMARKED Gerber reports is the market's first planning assistant that maximises financial well-being, helping insurers, banks, wealth managers and advisers to better deliver practical and useful advice.

Are you well?

"ProVestment automates the construction of a holistic financial solution," Gerber explains, "and this maximises the client's overall financial well-being by finding optimal financial products for the bespoke clients' profile. 360F is the only company globally - to our knowledge - that can create a financial GPS for the customer showing the right path covering protection and investments"

"Our solution offers a greater share of wallet by cross and upselling. We help create touchpoints for the adviser when the market changes or when the customers' profile changes: In both cases automatically 360-ProVestment creates automatically touchpoints."

Ideas are one thing, a real customer base is another entirely. But 360F believes it has the target market firmly in its sights.

"The biggest growing channel in the banking world in Asia and beyond currently is the bancassurance channel, and we are working with the big banks primarily where they see the opportunity to sell insurance products," he reports. "We deeply and intuitively understand both the insurance business and the wealth business. This is why the banks are so interested in 360F."

Challenges beget opportunities

Looking ahead, Gerber sees two critical challenges for the banks and therefore core opportunities for 360F.

"In more mature markets, primarily where they have a big client portfolio, the banks have the challenge in increasing their share of wallet to the customer," he observes. "Our solution offers a greater share of wallet by cross and upselling. We help create touchpoints for the adviser when the market changes or when the customers' profile changes: In both cases automatically 360-ProVestment creates automatically touchpoints."

The second advantage 360F offers is to those banks expanding in the emerging markets. "There,

the banks have a smaller customer book, so it is all about sales, all about new customer acquisition," he notes. "There, we have a sales journey where our solution is embedded, where we calculate the product recommendation, which is a bespoke solution for each customer."

New technology releasing new ideas

Gerber explains that this is all new to the banks. "We average 40 million simulations at one run,"

Key Priorities

"I must say first of all we must ensure we optimise the projects for the existing clients we have," Gerber replies when asked to list his three core missions for the foreseeable future. "Currently, we are working with two global clients and two local clients. Secondly, we want to build a broader client base in South East Asia, and thirdly, we are seeking more clients outside Singapore, so we recently opened in Dubai and we will launch in Europe later in 2019."

Gerber closes the discussion by reiterating that 360F has a literally 360 degree understanding of the financial industry. "We understand it holistically and we understand holistically what the customers need to do with their money, not only for investment but for their future protection and the future of their families. And we understand what the providers need to do to build their businesses."

he says. "Actually, AWS - Amazon Web Services - is a big fan of ours because we need such vast computing power to handle all this. Five years back, the technology simply did not exist."

Gerber explains how it works, in simple terms. "We take all your input parameters as a customer and create about 300,000 random



MICHAEL GERBER
360F

scenarios and stress these scenarios throughout 40 million simulations. Imagine we are applying the heaviest stress test possible on the future client's life. The result is an optimized set of parameters that help the client best survive through these all stress scenarios, which might include such eventualities as divorce, financial market crises, critical illness, death in your family and inheritance, crises or successes driven by leverage and so forth. The optimal outcome emerges from these simulations at literally the click of a mouse."

A unique proposition

"Where are these eventualities reflected in a client's financial planning?" Gerber ponders.

"Historically, they have not been, but our solutions enable this to be done seamlessly and optimally by the banks, insurers and of course by the RMs they employ. To our knowledge, nobody can do this apart from us."

Life's slings and arrows...

Gerber offered the example of a married person going through a divorce. "All the financial impact of such an event is not reflected in

Getting Personal

Michael Gerber, CEO and Founding Partner of 360F was formerly Managing Partner & CEO of a global management consulting firm. Over a period of twenty years, he oversaw more than hundreds of projects with a focus on wealth management and life insurance. Flagship projects included the global post-merger integration of insurance and distribution entities and setting up (digital) insurer from scratch.

Gerber is German by birth and Swiss by history, having lived 20 or more years of his adult life in Switzerland before moving to Singapore in 2011.

Born in a village in the Black Forest region of Germany, he first studied mathematics and physics in Germany and France on Master's Degree level. He then went to Sheffield in the UK to study philosophy, before finally taking an insurance degree in St. Gallen in Switzerland.

His first job after such a remarkable education was at the pre-eminent Boston Consulting Group, joining the firm in Zurich. He later moved to solution provider Synpulse, where he worked for 17 years, becoming a Managing Partner and CEO. For Synpulse, Gerber was the biggest individual shareholder, CEO International and Group CEO for around 10 years. "It was a great adventure," he recalls, "and a great success. I sold my shares in 2016 and then decided to found 360F."

Happily married with a son of 13 years old, Gerber is a typical naturalised Swiss who loves sports such as running, cycling, as well as skiing, snowboarding, hiking and even paragliding in the family's favourite resort of Lenzerheide-Arosa in Switzerland.

Gerber's arrival in Asia came about in 2011 when the global financial crisis was hitting the European markets especially hard. "They suffered the most and we thought that we would shift the strategic focus over to Asia because Asia was not so exposed to that financial crisis. As CEO at that time, so I moved the family out here, and for Synpulse it worked very well indeed, as the company now has about 100 people here in Singapore and about 25 people in Hong Kong."

It also appears to have worked very well for Gerber, as his 360F adventure is now evidently gearing up towards realising its vision and potential.

their financial planning, so it must be adapted,” he explains. “The divorce rate in Singapore is 36%, for example, meaning a 36% likelihood anyone could be next. Or perhaps you get a critical illness - well, we know statistically that 82% of the population face critical illness, death, or severe medical issues before they turn 70, in Singapore.”

The financial health check triggers are driven by information that comes from the roughly five-minute questionnaire that covers all the usual data on an individual, as well as risk attitudes and preferences, and then 360F begins the simulation. “The tool is so effective because it works with highly structured data,” Gerber comments.

Easy to use, benefits all round

Gerber believes it is also so effective because 360-ProVestment is suitable for use by advisers of all levels of expertise and experience. “As we all know,” he comments, “ease of use, speed, validity and reliability are paramount success factors in an advisory journey. With 360-ProVestment integrated within the customer-advised journey, advisers can, in real-time, generate a reliable and holistic recommendation baseline for their clientele.”

The key benefits include risk reduction, by managing the adviser’s sales process; efficiency, by automating compliance processes; the potential for cross- or up-sell potential, for the existing client book; and the facilitation of regular client touchpoints and health checks run periodically, or by external triggers.

Predictive patterns

360F’s support of the insurers, banks, and their distributors in their efforts to scale sustainably

is being enhanced by 360F’s utilisation of marketing science, behavioural finance and psychology to innovate and helped fast-forward wealth advisory to the next frontier.

The model was developed by 360F with strong support by Professor for mathematics, Dr Enrico De Giorgi from BhFS, a spin-off company from the Universities of St. Gallen and Zurich in Switzerland.

“Behavioural Economics has been well recognised,” Gerber comments, “with the winning of the Nobel Prize for Economic Sciences in 2002 by Daniel Kahneman and then by Richard Thaler in 2017.”

“The co-operation leverages 360F’s competency in designing and developing lead profiling applications and SMU’s world-class research capabilities, specifically in marketing analytics.”

Joining forces

360F’s development trajectory was further enhanced by a partnership the firm announced in the first half of 2018 with Singapore Management University (SMU), which is ranked amongst the world’s best universities for business education and internationally recognised for its world-class research.

“The combination of 360F’s trailblazer, behavioural finance-driven wealth advisory application with predictive capabilities and SMU is designed to boost cooperation to achieve a greater understanding of marketing analytics in financial services,” Gerber explains. “The co-operation leverages 360F’s competency in designing and developing lead profiling applications

and SMU’s world-class research capabilities, specifically in marketing analytics.”

He expanded on this, noting that in marketing analytics, practitioners and scholars use a wide range of statistical and analytical models to better understand and quantify the benefits and costs of different marketing strategies, with the aim of driving better business decisions.

Financial psychology to enhance productivity

“In wealth advisory, the high distribution cost is largely due to ineffective lead conversion and

weak client engagement,” Gerber notes. “360F’s lead profiling capabilities offer deep insights into individuals’ motivations and risk behaviour, thereby raising sales effectiveness and service quality for financial institutions.”

Out of the box

And 360F offers consulting services, including one-of-a-kind leads network auto-multiplier and the AI planning assistant for protection and investment, namely 360-ProVestment’s ‘Robo for Financial Well-being Suite’.

“This,” Gerber explains, “is a digital and hybrid advisory operating model, it offers next-generation distribution organisation set-up, with the customer and user experience design and prototyping.”

Finally, 360F offers training and motivation. “Under this heading,” Gerber reports, “the firm offers innovation radar and insights, behavioural finance for wealth advisory and the Reiss Motivation Profile Business for distributor recruitment, and sales & leadership development. It is in short based on an unbiased algorithm for advice and product selection and is for direct and adviser/RM-based distribution channels in life insurance and the broader wealth management industry.”

He explains that the firm’s algorithm can be used to run over the existing customer book literally overnight, once the necessary adaptation and calibration has been achieved,

which usually takes a couple of weeks. “Once that is in place,” he remarks, “as I mentioned, it is straightforward to operate for the banks and the RMs.”

Looking ahead

Gerber steps back somewhat to look at the wider evolution of the wealth management space.

“The purpose of an adviser as I see it,” he comments, “is to nudge clients to either invest, or buy insurance, or both, and then to also offer the right advice. I myself think the ‘nudging’ element will remain because this is a convenience, people are lazy about financial matters and the adviser is therefore needed to keep ‘nudging’. However, for the

aspect of product recommendation, I think technology will soon supplement the adviser in this regard.”

The quest for growth

Ultimately, 360F aims at enhancing the efficiency and speed at which the banks can grow. “I actually believe that looking ahead, we will be driven more by share of wallet than new customer acquisition, which is more for emerging markets, as it is expensive and cumbersome. My personal view is at least for the mature countries like Singapore, Hong Kong, UK, Switzerland, Australia, and others, the financial institutions should work on existing customers, aiming to increase their share of that wallet.” ■

