

**Proposal for Business Model Transformation in Wealth Management: AI-Based Chart
Analysis Tool**

Student name

Course

Instructor

Due date

Management Summary

This proposal describes a revolutionary transformation to our company's business model with the goal of enhancing the execution-only service with an AI-powered chart analysis tool. Our inspiration comes from the desire for data-driven decision-making tools, the need for innovation, and the shifting nature of customer expectations. In retrospect, the current business model provides three client services: advice, execution-only, and discretionary portfolio management. The execution-only market offers a singular opportunity for transformation because clients trade on their own with little assistance. These current clients frequently rely on technical analysis, but there is a need for advanced technical insights, especially for assets that are outside the focus of our research.

This gap is intended to be filled by the proposed AI-driven solution, which would provide sophisticated technical analysis skills and convert data into useful insights. The trend toward data-driven decision-making and the demand for advanced investment analysis tools are both in line with this transformation. Although there are difficulties, such as technological issues and worries about data security, the advantages, such as increased client satisfaction and revenue diversification, make this shift worth the feat. By accepting this plan, our company would be seen as trailblazers in the use of technology to satisfy changing client demands while promoting internal growth.

Table of Contents

Management Summary	2
Introduction	4
Business Model Change Idea and Motivation.....	4
<i>Motivation</i>	4
<i>Background</i>	5
<i>Implementation Strategy</i>	6
Business Model Canvas Analysis	6
e3-value Analysis and Deconstruction.....	7
Business Model Change and Pattern Application	8
Risk-Benefit Evaluation and Impact on Value Ecosystem	10
Organizational and Technical Changes.....	11
Feasibility Evaluation.....	12
References	14

Proposal for Business Model Transformation in Wealth Management: AI-Based Chart Analysis Tool

Introduction

In the dynamic field of wealth management, staying ahead requires constant innovation and adaptation. This proposal outlines a transformative business model change aimed at enhancing an execution-only offering through the integration of an AI-powered chart analysis tool. This strategic move leverages technology to provide clients with advanced technical insights, setting us apart as an organization in an industry where personalized services are merging with data-driven decision-making. This proposal delves deep into each aspect, from motivation and analysis to implementation and evaluation.

Business Model Change Idea and Motivation

In our company's investment division, we provide three distinct client offerings: discretionary portfolio management, advisory, and execution-only services as outlined by Mezzanotte (2020). Discretionary portfolio management in wealth management gives full control to the wealth manager to make investment decisions, requiring minimal client involvement. Advisory services offer a collaborative approach, where the client retains control but relies on professional advice for decision-making. Execution-only services place all control and responsibility on the client, with the wealth manager only executing trades as instructed. The differences among these offerings lie in the balance of control, client involvement, and expertise required, catering to varying client needs and investment knowledge.

My business model change proposal is an enhancement of the existing execution-only offering. Currently, execution-only clients often rely on technical analysis, a methodology that examines historical price patterns and market trends to forecast future price movements (Tiberius et al., 2022). At the same time, due to the limited service needed, these are usually the lowest priced offers. However, as an organization, we recognize a gap in our service for providing advanced technical insights, particularly for assets that are not covered by our research.

Motivation

The motivation behind this proposal stems from a holistic perspective. Firstly, my professional background in a securities trading firm and experience as a market strategist allows

for a unique synthesis of fundamental and technical market analysis. Secondly, the absence of such an offering in our company and in traditional wealth management firms in general signifies untapped potential. Thirdly, execution-only clients represent a growing segment with distinct demands and expectations. By addressing their need for sophisticated technical analysis, we can expand our service portfolio and strengthen client relationships. In that regard, I am certain that this could be a viable business model change for consideration

Background

In the rapidly evolving financial landscape, wealth management firms are constantly seeking innovative ways to enhance their service offerings and create new revenue streams. One area that holds significant promise is the integration of Artificial Intelligence (AI) in technical stock analysis (Oleksiuk, 2022). This proposal outlines a new business model, focusing on the development of an AI-driven tool that can analyze stock charts and data, producing comprehensive reports for execution-only clients. The proposed AI-driven tool aims to cater to this specific segment by providing advanced technical analysis capabilities, transforming raw data into actionable insights. By offering this tool as a value-added service, the wealth management firm can create a new revenue model that aligns with the growing demand for sophisticated investment analysis tools.

In an era where technology is revolutionizing industries, wealth management firms cannot afford to lag behind. The traditional model of offering personalized advice through human advisors has served the sector well, but the landscape is changing (Oleksiuk, 2022). Clients are becoming increasingly tech-savvy and are demanding more sophisticated, immediate, and data-driven services (Windasari et al., 2022). One way to meet this growing demand is by integrating AI-based technical stock analysis tools into the wealth management ecosystem. Thus, this proposal aims to promote the idea of offering such an additional service, outlining its numerous benefits and transformative potential for both clients and wealth management companies.

The financial world is more volatile and complex than ever, with markets reacting instantaneously to global events. In such an environment, the limitations of human analysis become evident. Advisors can only process a finite amount of information, and there's always a time lag in their responses. Moreover, the younger generation of investors, who are digital

natives, expect a different kind of interaction with their financial advisors—one that is more aligned with their tech-savvy lifestyles (Baum, 2019). In retrospect, AI algorithms can analyze vast amounts of market data in real-time, providing immediate insights that human advisors cannot match. This speed is crucial in a market where seconds can make a significant difference (Bartram et al., 2019).

Offering an AI-based stock analysis tool could open up new revenue streams, such as subscription fees for premium features, thereby diversifying the company's income. Notably, a subscription plan offering tiered subscription plans with varying levels of access, features, and customization. A pay-per-report model would provide clients with the option to purchase individual reports on specific stocks or market segments. In the long-term, there is even the possibility for partnerships.

Implementation Strategy

Research & Development: Collaborate with AI experts, financial analysts, and software developers to design and build the tool.

Testing & Validation: Conduct rigorous testing with real market data to validate the accuracy and reliability of the analysis.

Marketing & Promotion: Launch targeted marketing campaigns to promote the tool to execution-only clients, highlighting its unique value proposition.

Customer Support: Provide ongoing support, training, and updates to ensure a seamless user experience.

Business Model Canvas Analysis

To comprehend the transformation, it is vital to dissect the existing business model. The current offerings cater to varying levels of client involvement and control: discretionary portfolio management, advisory, and execution-only. The value propositions advocated for in this proposal include personalized financial planning, risk management through service integration into business systems, and diverse investment options. The challenge of the execution-only service lies in its limited technical analysis support and the absence of recommendations for certain assets.

<u>8. Key Partnerships</u> Banks Legal firms for estate planning Tax consultants Technology providers Investment research firms	<u>7. Key Activities</u> Portfolio management Financial planning and advisory Market analysis Customer acquisition and retention Compliance and regulation management <u>6. Key Resources</u> Financial experts and advisors Proprietary algorithms for risk assessment Licenses and certifications Customer data Digital platforms	<u>2. Value Propositions</u> Personalized financial planning Diverse investment options Risk management Tax optimization Estate planning Digital platforms for easy access	<u>4. Customer Relationships</u> One-on-one consultations 24/7 customer service Regular financial reports Educational content and resources <u>3. Channels</u> Personal financial advisors Online platforms and mobile apps Webinars and seminars Partnerships with banks and other financial institutions	<u>1. Customer Segments</u> High-net-worth individuals Family offices Small to medium-sized enterprises Pension funds Millennials with high earning potential
<u>9. Cost Structure</u> Salaries for financial advisors and staff Technology and platform maintenance Marketing and customer acquisition Compliance and legal fees Office and operational expenses		<u>5. Revenue Streams</u> Asset management fees Financial planning fees Transaction fees Performance-based bonuses		

Table 1: Business Model Canvas

e3-value Analysis and Deconstruction

Utilizing the e3-value framework, it is possible to examine the wealth management ecosystem. Notably, stakeholders include clients, advisors, AI developers, and data analysts. The exchanges involve AI-generated insights, investment decisions (by clients), and subscription fees. The value transactions encompass improved trading outcomes, increased trade volume, and enriched customer experiences. This analysis reveals the potential for synergies between stakeholders and opportunities for revenue diversification.

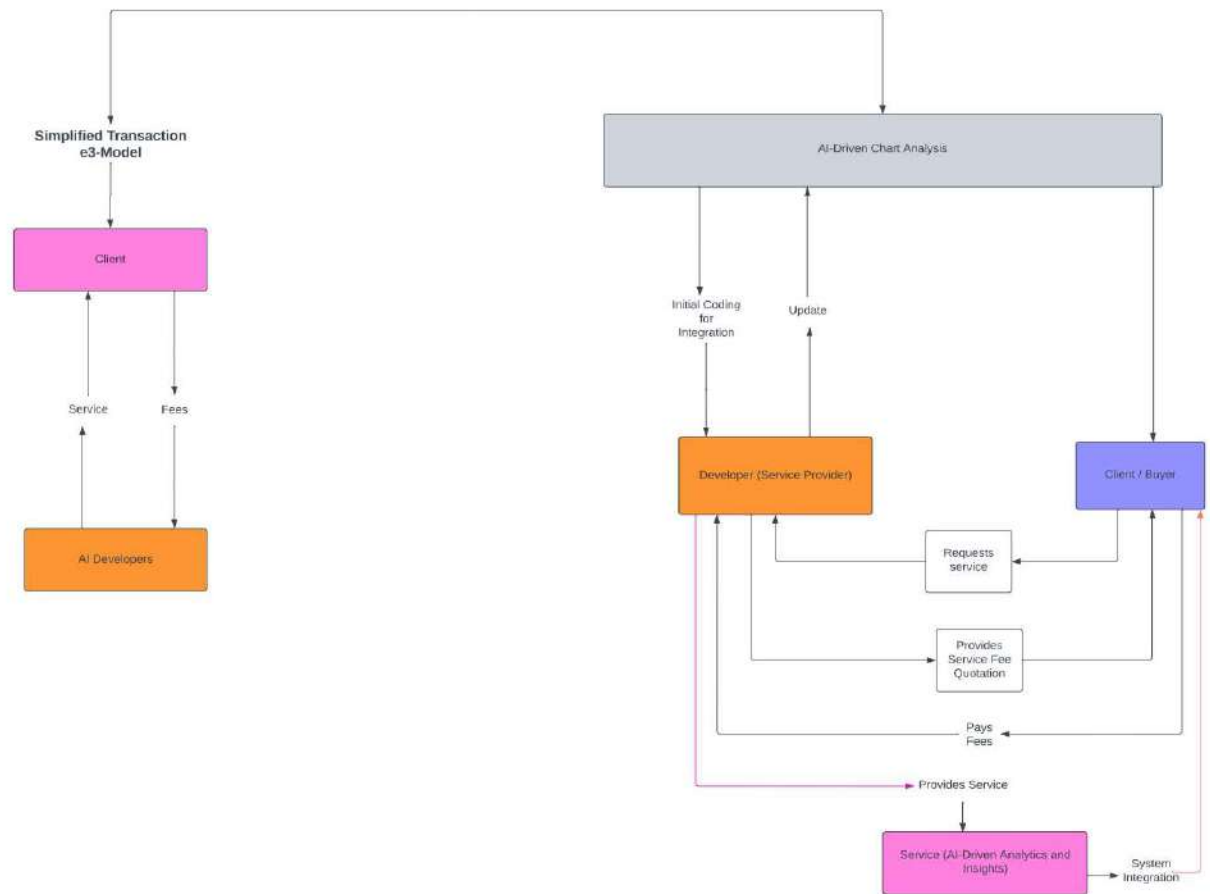


Figure 1: e3-Value Framework

Business Model Change and Pattern Application

The business model change entails the integration of an AI-based chart analysis tool into the execution-only service. Applying the "Solution Provider" pattern, bundling AI-driven technical analysis with our existing services is proposed. This comprehensive solution empowers clients to make more informed trading decisions while positioning our company as innovators in an industry facing a paradigm shift towards data-driven insights (Cuofano, 2023). The business model change can be applied in different business processes and stages. There is potential impact on business model patterns touched upon when introducing an AI tool for technical analysis for execution-only clients in a wealth management company which make it possible for the AI tools to adopt different business models to optimize their productivity and profitability and integration into the business world (Enholm et al., 2021). In this case, it is possible for business owners and AI developers to identify the different sectors that are affected by the chart analysis tool as the

client is the one solely responsible for the business processes and actions they undertake. There is a limited control and scope on what the client can utilize the system designed to make their work easier and clear (Tiberius et al., 2022).

The tool can be used in performance-based contracting and subscription business models. In this paradigm, the AI tool could be used to create contracts based on specific performance metrics, aligning incentives with client goals (Sjödín et al., 2021). Here, the tool is fed with algorithmic prompts and metrics that can be used to gauge the “worthiness” of a contract to ensure that they will be a necessary investment to the business. This includes installing the tool in the client’s premises to track employee productivity which not only informs revenue generation but also other aspects of business management like budgeting, employee management and job fulfilment (Segalla, 2021). Also, subscription model can be adopted where clients could subscribe to the AI tool on a recurring basis, providing steady revenue for the wealth management company. This is common in “SaaS (software as a service), IaaS (Infrastructure as a Service), or PaaS (Platform as a Service)” businesses like CRM (customer relationship management) software and other cloud-based services for businesses which are critical in providing holistic services to the clients both on-premise and remotely (Cuofano, 2023).

Another business model that can be used is the solution provider. Here, the wealth management company could act as a one-stop solution provider, integrating the AI tool with other services to offer a comprehensive package (Sjödín et al., 2021). However, the tool has to integrate seamlessly with the client’s systems and business operation process for it to be effective. Therefore, in this business model, the AI powered chart can be used as one solution package to a client and be applied in different business operations and decisions for the client (Tiberius et al., 2022). The metrics and analytics that the tool generates when reporting and interpreting patterns on different variables can be used to make informed business decisions (Henriques, 2018). Also, being a solution provider may involve building an ecosystem around the AI tool, where third-party developers can create additional functionalities, foster innovation and create additional value.

Notwithstanding, remote services is a model that is used to provide services remotely. For example, the AI tool could enable remote technical analysis, allowing clients to access services without physical meetings, reducing costs and increasing accessibility (Cuofano, 2023).

To increase customer base, the AI providers can introduce a freemium where they can offer basic analysis for free while designing the customer journey to advance to usage of premium features which are available for a fee. This could attract a broader client base by offering in-service experience which they could not have had if they did not interact with the tool in the first place. By integrating the AI tool, the wealth management company could enhance the client experience, offering unique insights and analysis that differentiate their services.

A multi-sided platform can be an effective business model that can ensure both flexibility and scalability (Pereira, 2023). Here, the AI tool could serve different stakeholders within the wealth management ecosystem, creating value for both clients and financial professionals. While different sections of the same tool can be used differently, the AI tool can be used in a riskier context where it can be used in risk management by providing more accurate risk assessments, allowing for better risk management strategies (Cuofano, 2023). Also, being a multi-sided platform, the tool can be flexible where it can be customized to cater for individual client's needs. The clients can be allowed to have input in the design and functionality of the AI tool which could ultimately increase engagement and satisfaction. For scalability purposes, the AI tool could be offered as a white-label solution to other financial institutions, expanding its reach and creating additional revenue streams (Geyser, 2022). Also, partnerships with other financial technology companies could enhance the AI tool's capabilities and provide additional services to clients.

Risk-Benefit Evaluation and Impact on Value Ecosystem

The proposed change introduces both risks and benefits. Risks that this change bring include technical glitches that directly impact user experience, client skepticism toward AI-driven insights, and data security concerns. These risks are a menace in the real-world and pose an ethical issue that affect the way different systems interact with the tools as they integrate it and change their operations towards the introduced systemic and structural changes (Vassileva, 2021). Addressing these risks requires rigorous testing, user education, and robust cybersecurity measures. On the other hand, the benefits are substantial and outweigh the risks (Steennot, 2022). These benefits include aspects like the enhanced client engagement, differentiation in a competitive market, and potential revenue diversification through subscription models or

premium features (Oleksiuk, 2022). These benefits underline the positive impacts that the proposed changes can bring to any business that adopts it.

The benefits of AI tools cannot be understated. The AI tools when adopted in any business can sift through complex data sets, identifying patterns and trends that might be invisible to even the most experienced human analysts (Enholtm et al., 2021). This leads to more informed and, consequently, more profitable investment decisions. On the same breadth, AI algorithms can be tailored to individual risk profiles and investment goals, offering a level of personalization that is difficult to achieve through human interaction alone (Wamba-Taguimdje et al., 2020). While the initial investment in AI technology can be huge, the long-term benefits in terms of reduced labor costs and increased efficiency make it a cost-effective solution (Vassileva, 2021). In a saturated market, offering a state-of-the-art AI tool could be a significant differentiator, attracting new clients while retaining existing ones.

The value ecosystem of an organization expands to include AI experts, developers, data analysts, and cybersecurity specialists (Nguyen, 2023). These roles contribute to the seamless operation and maintenance of the tool, ensuring its reliability and safeguarding client data. This expansion also stimulates job creation and the fostering of expertise in emerging technologies (Mezzanotte, 2020). As a result, the company becomes more inclusive and can serve a more diverse customer base as the expansion makes it easy for the company to reach new people and new horizons which would not have been possible without the intervention of technological tools like the AI-driven chart analysis tools (Segalla, 2021; Yang, 2022).

Organizational and Technical Changes

Implementation of the tool in business and organization activities and business culture necessitates a collaborative effort amongst its stakeholders involving the client, the developers, investors, administration and personnel who will interact with the tool. Involving AI experts, financial analysts, and software developers is imperative to design, build, and test the tool (Steennot, 2022). This is primarily a necessity to ensure that the tool is accurate and reliable by putting the tool in rigorous testing with real market data (OECD, 2021). As a result, the accreditation of the tool in passing these testing and applicability in different business scenarios is vital in instilling confidence among clients who will use the tool in their everyday business.

Marketing and promotion require a strategic approach. This includes content marketing strategies to reach the desired goals of the business and the branding that the providers of the tool are striving to achieve (Silva et al., 2020). This is because this affects how they are perceived and affects how convincing their marketing will be to generate leads and change cold leads into warm contacts in their customer acquisition journey. Launching targeted campaigns to execution-only clients, highlighting the tool's benefits and its potential to enhance trading outcomes, can drive adoption (Taiminen & Ranaweera, 2019). Targeted marketing campaigns, despite being very specific, is very effective in putting a product in front of a specific demographic thereby optimizing the product's potential to convert general effectiveness of the campaign, thus boosting the ROI of the campaign itself. Moreover, providing ongoing customer support, training, and regular updates is essential for maintaining a seamless user experience. This ensures that the tool remains relevant to the target market and adapting the tool to the dynamic business needs of the 21st century that has most of its current consumers growing up in an era of technological advancement and therefore have greater demand for advanced and optimized digital experience (Baum, 2019; Windasari et al., 2022).

Feasibility Evaluation

The feasibility of the proposed change is grounded in the convergence of technology expertise, industry trends, and client demands. While the initial investment in AI technology is substantial, the long-term benefits in terms of reduced labor costs and increased efficiency outweigh the costs (Yang, 2022). The transformation aligns with the industry's trajectory towards digitalization and data-driven decision-making. Digitalization and data-driven decision making is the current trend in the business world as it is cost effective and reduces costs of operations and reducing business uncertainties in ensuring profitability of the business (OECD, 2021). Therefore, AI driven chart analysis tool would provide a platform and integration solution in the fast-paced world of business in not only ensuring customer satisfaction but also ensuring that business owners are better equipped to carry on their business on the long term.

Conclusion

In conclusion, the integration of an AI-driven chart analysis tool presents a compelling opportunity to modernize our execution-only service as a wealth management company. This strategic transformation bridges the gap in technical analysis support, empowering clients with

actionable insights. The risks can be mitigated through rigorous testing and comprehensive cybersecurity measures. The envisioned benefits, from improved client satisfaction to revenue diversification, underscore the transformative potential of this change. Embracing this proposal positions our company as pioneers in leveraging technology to meet evolving client expectations while fostering growth and innovation within our organization.

References

- Bartram, S. M., Branke, J., & Motahari, M. (2019). Artificial Intelligence in Asset Management. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.3510343>
- Baum, T. (2019). A changing world of work. What can we learn from the service sector about employing Millennials (and Gen Z)? *Organizational Dynamics*.
<https://doi.org/10.1016/j.orgdyn.2019.04.001>
- Cuofano, G. (2023, July 6). *AI Business Models*. FourWeekMBA. <https://fourweekmba.com/ai-business-models/#:~:text=The%20AI%20Business%20Ecosystem&text=Most%20cloud%2Dbase,d%20business%20models>
- Enholm, I. M., Papagiannidis, E., Mikalef, P., & Krogstie, J. (2021). Artificial Intelligence and Business Value: a Literature Review. *Information Systems Frontiers*, 24(5), 1709–1734. Springer. <https://link.springer.com/article/10.1007/s10796-021-10186-w>
- Geyser, W. (2022, December 16). *White Label Affiliate Marketing Software and Tools*. Influencer Marketing Hub. <https://influencermarketinghub.com/white-label-affiliate-marketing-software/>
- Henriques, C. A. (2018). MiFID II impacts in private banking. *Run.unl.pt*.
<http://hdl.handle.net/10362/36371>
- Mezzanotte, F. E. (2020). An examination into the investor protection properties of robo-advisory services in Switzerland. *Capital Markets Law Journal*, 15(4), 489–508.
<https://doi.org/10.1093/cmlj/kmaa024>
- Nguyen, D. (2023). How news media frame data risks in their coverage of big data and AI. *Internet Policy Review*, 12(2). <https://doi.org/10.14763/2023.2.1708>
- OECD. (2021). *Artificial Intelligence, Machine Learning and Big Data in Finance Opportunities, Challenges and Implications for Policy Makers*. OECD.
<https://www.oecd.org/finance/financial-markets/Artificial-intelligence-machine-learning-big-data-in-finance.pdf>
- Oleksiuk, A. (2022). *AI in Wealth Management: How to Adapt to New Customer Demands*. Intellias. <https://intellias.com/ai-in-wealth-management-how-to-adapt-to-new-customer-demands/>

- Pereira, D. (2023, March 3). *Multisided Platform Business Model*. THE BUSINESS MODEL ANALYST. <https://businessmodelanalyst.com/multisided-platform-business-model/>
- Segalla, M. (2021). *International Perspectives on Employee Engagement*. Routledge.
- Silva, S. C., Duarte, P. A. O., & Almeida, S. R. (2020). How companies evaluate the ROI of social media marketing programmes: insights from B2B and B2C. *Journal of Business & Industrial Marketing, ahead-of-print* (ahead-of-print). <https://doi.org/10.1108/jbim-06-2019-0291>
- Sjödin, D., Parida, V., Palmié, M., & Wincent, J. (2021). How AI capabilities enable business model innovation: Scaling AI through co-evolutionary processes and feedback loops. *Journal of Business Research, 134*(1), 574–587. <https://doi.org/10.1016/j.jbusres.2021.05.009>
- Steennot, R. (2022). Robo-advisory services and investor protection. *Law and Financial Markets Review, 1*–16. <https://doi.org/10.1080/17521440.2022.2153610>
- Taiminen, K., & Ranaweera, C. (2019). Fostering brand engagement and value-laden trusted B2B relationships through digital content marketing. *European Journal of Marketing, 53*(9). <https://doi.org/10.1108/ejm-10-2017-0794>
- Tiberius, V., Gojowy, R., & Dabić, M. (2022). Forecasting the future of robo advisory: A three-stage Delphi study on economic, technological, and societal implications. *Technological Forecasting and Social Change, 182*, 121824. <https://doi.org/10.1016/j.techfore.2022.121824>
- Vassileva, B. (2021). Policy and Management Issues of Artificial Intelligence. *IGI Global EBooks, 54*–66. <https://doi.org/10.4018/978-1-7998-4285-9.ch004>
- Wamba-Taguimdje, S.-L., Fosso Wamba, S., Kala Kamdjoug, J. R., & Tchatchouang Wanko, C. E. (2020). Influence of artificial intelligence (AI) on firm performance: the business value of AI-based transformation projects. *Business Process Management Journal, 26*(7), 1893–1924. <https://doi.org/10.1108/bpmj-10-2019-0411>
- Windasari, N. A., Kusumawati, N., Larasati, N., & Amelia, R. P. (2022). Digital-only banking experience: Insights from gen Y and gen Z. *Journal of Innovation & Knowledge, 7*(2), 100170. <https://doi.org/10.1016/j.jik.2022.100170>
- Yang, C.-T. (2022). Data Convolution Clustering Algorithm of Sports Computer Intelligence Training and Financial Management System based on C++ Programming. 2022

International Conference on Inventive Computation Technologies (ICICT), 837–841.
<https://doi.org/10.1109/icict54344.2022.9850905>