

ADVISOR SOLUTIONS

VOLUME 6 | ISSUE 3 | Q3 2014

CLEARING A PATH TO GROWTH

MARK PEARSON OF NEPSIS
CAPITAL MANAGEMENT

TAPPING
INTO TRUST

GETTING
SCHOOLED



Clearing A Path to Growth

Nepsis Capital Management designed a transparent and scalable technology platform to support rapid growth

By Lisa Valentine

Mark Pearson is on a journey for ultimate clarity. While that may sound a bit esoteric from someone who makes his living working in an industry focused on hard and fast numbers, Pearson firmly believes that achieving clarity in one's career, personal life, and investment philosophy is the key to happiness and fulfillment.

Clarity is so important to Pearson that in 2011 he renamed his firm from Anchor Capital Management to Nepsis Capital Management – “nepsis” is the Greek word meaning “to be watchful, alert, and vigilant; with a clear and sober mind against illusions and fear.” Since the name change, Pearson has also trademarked “The Road to Nepsis™” as a phrase to describe his approach to investing with clarity and achieving a balance between “making a good living and living a good life.” “The Road to Nepsis” is also about the journey advisors are on while growing their business; the firm has created a marketing platform of the same name to help advisors do just that.

The clarity message is resonating with clients and advisors. In just three years, Nepsis Capital Management has grown from \$45 million to \$400 million in assets under management. Pearson predicts that the firm will manage more than \$1 billion in assets within the next few years and hire only one to two additional employees. He'll be able to more than double in size without the associated increase in headcount because he's built a technology platform that can scale. “We plan to run a massive business with very few people, because of how we use technology” Pearson explains.

The cloud-based Salesforce1 Platform from Salesforce.com serves as the development “engine” or “traffic cop” for Nepsis Capital Management's technology platform. It allows Pearson to build numerous workflows and applications either directly into Salesforce1 Platform, or to bolt applications onto the platform using open application programming interfaces (APIs), such as the TD Ameritrade Institutional Veo® open access platform, which integrates with Salesforce1 Platform.”

Nepsis relies heavily on Salesforce.com to provide information to clients through Nepsis Capital Management,

as well as to the 35 advisors the firm provides with investment advice, marketing tools, and back-office support through the affiliate entity Nepsis Advisor Services.™

“Technology gives clients and advisors access to information, and therefore clarity,” believes Pearson.

Nepsis's growth in assets is due, in part, to smart technology selection and keeping costs low. Salesforce.com's open architecture is highly scalable and can easily handle increases in volume as the firm grows. In spite of all this computing power, Pearson doesn't have an in-house technology staff, preferring to hire technology consultants on an as-needed basis. He relies on Salesforce.com, Veo, and other hosted solutions to eliminate the need for on-site servers. And whenever possible, he uses off-the-shelf tools with an easy-to-configure interface. Pearson also considers building his technology platform as a “work in progress” rather than as a project with a begin and end date.

Here's how the technology platform provides Nepsis Capital Management with a clear road to growth, and impacts the firm's front and back office.

Transparent Investing and Research

After leaving the technology industry in 1994 (see sidebar), Pearson launched Anchor Financial Services and began managing money for private clients. (He eventually changed the company's name to Anchor Capital Management to reflect his focus on money management rather than financial advice.) But from the outset, Pearson approached investing differently. Unlike other advisory firms that offered a suite of mutual fund products, Pearson invested directly in equities.

Pearson's philosophy is that the key to successful investing is to have transparency into individual positions (rather than investing in mutual funds). “We invest in great ideas and great companies,” says Pearson. “We believe in owning businesses.”

For this investing style to work, research is critical. Nepsis Capital Management has a small research team focused on proprietary investment research. To make this research available to institutional investors, individual



Mark Pearson
of Nepsis Capital Management

clients, and to the financial advisors on the Nepsis Advisor Services platform, Pearson is creating the Nepsis Global Research platform. This research component will be bolted on to the firm's Salesforce.com platform. Pearson believes it will give the firm a competitive advantage by helping its clients and advisors understand exactly what they are investing in.

"Successful investing is about leading," says Pearson. "To lead you need the ability to make decisions based on information. Our technology platform will provide advisors with information to lead their clients through investing in a way they have never been able to in the past."

Transparent Client Service

Pearson relies on a variety of proprietary workflows to streamline processes and keep the clients and advisors of Nepsis Capital Management, Nepsis Advisor Services, and Nepsis Retirement Services (the firm's 401(k) platform) updated on the progress of all activities.

Nepsis Capital Management created the back-office workflows in Salesforce1 Platform using ProcessComposer from Orchestrate, LLC. ProcessComposer is a third-party workflow distribution engine that allows Nepsis Capital Management to build process checklists for a wide variety of workflows such as account opening, check requests, and retirement plan distributions.

Advisors on the Nepsis Advisor Services platform have access to Salesforce.com via personalized logins so that they have an up-to-the-minute picture of their client. If an advisor's client calls Nepsis Capital Management to request a transaction or to ask a question, the details of that call are automatically uploaded into Salesforce.com to provide the advisor with near-instantaneous client updates. "Clarity means keeping advisors up to date," explains Pearson. "If something happens with a client, the advisor is notified."

Here's yet another example of how the workflow integration impacts clients and advisors: An advisor using Nepsis Advisor Services logs in to Salesforce.com to open a new client account. As part of the account opening process, Salesforce.com presents the advisor with a new client form from Laser App with data from Veo. At the same time, DocuSign launches and requests an electronic signature.

Once the client electronically signs the document, the advisor electronically transmits the account opening information to TD Ameritrade Institutional for processing. The same information is also transmitted to the Nepsis

A Journey From Finance to High-Tech and Back

Building a financial services advisory firm and the technology platform to support it takes time. For Pearson, the journey to Nepsis Capital Management started in college.

While studying at the University of Minnesota, a friend introduced Pearson to the idea of a career in financial services. Pearson was intrigued, and after graduating with a degree in speech communications, he joined the training program at The Equitable.

It wasn't for him. Only in his 20s, he also realized that youth was not an advantage in the financial services business. "I looked like I was 15 years old," laughs the still youthful-looking Pearson. "I didn't have any money of my own. Why would a client entrust me with their money?"

Pearson also disliked having to sell products from a single firm, whether or not the product was the right fit for the client. So he left The Equitable and the financial services industry behind, landing in the technology field. For eight years he worked for a variety of hardware and software providers, and acquired technology knowledge that he would apply to building the Nepsis Capital Management platform.

Capital Management back-office platform. Once TD Ameritrade Institutional opens the account, that information is automatically relayed to the Nepsis Capital Management platform, which then sends status updates directly to advisors so that they can inform their clients that the account is open.

Transparent Marketing

As he continues to grow his firm, marketing has become even more important to Pearson. There are some good marketing tools available—and some that lack the functionality and scalability that Pearson demands. Because the Salesforce1 Platform is based on an open architecture that makes integration with third-party software easier, Nepsis Capital Management can select best-of-breed marketing software applications and have them work with the platform almost immediately.

For example, Nepsis Capital Management uses Act-On's cloud-based marketing automation platform to launch and manage email campaigns and social media activities, such as tracking views on Twitter feeds and Facebook. Act-On also serves as a tracking system for Google analytics.



“Our technology platform will provide advisors with information to lead their clients through investing in a way they have never been able to in the past.”

Mark Pearson

Nepsis Capital Management did an email marketing campaign to 10,000 advisors and was able to analyze how many advisors visited NepsisCapital.com and how many clicked on the video link in the email.

“Act-On is huge for our firm,” says Pearson. “It allows us to build our brand using large-scale marketing, and to track the performance of our marketing pieces.” Pearson is planning to increase the firm’s video content library and is excited to track the success of individual videos.

Act-On also allows advisors on the Nepsis Advisor Solution platform to engage in local marketing using email and social media to create individual advisor landing pages. If an advisor in North Carolina wants to promote a seminar, Act-On will not only send out an email to invite clients and prospects to the event, but will also track hits to the advisor’s individual landing page and what each visitor viewed or downloaded.

Access to the Veo platform’s open access capabilities is provided as a service to independent advisors using the brokerage, execution and custody services of TD Ameritrade. Veo open access is an indication of potential programming compatibility. It does not imply any TD Ameritrade, Inc. recommendation of, endorsement of, warranty of, or fitness for use of any third party’s products or services. TD Ameritrade is not responsible for information, opinions or services provided by a third party. Since TD Ameritrade must ensure that all vendors meet security requirements, integration with new vendors is not immediate and cannot be guaranteed.

TD Ameritrade, Inc. and all third-party firms mentioned are separate and unaffiliated and are not responsible for each other’s services or policies.

Reprinted with permission. TD Ameritrade Institutional, Division of TD Ameritrade, Inc., member FINRA/SIPC. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and the Toronto-Dominion Bank. ©2014 TD Ameritrade IP Company, Inc. All rights reserved. Used with permission.

A Platform in the Cloud

With a background in high tech, it’s little surprise that Pearson is an early technology adopter. By 2004, Anchor Financial Services was already paperless. He embraced cloud-based technology as soon as it became a viable, secure option for accessing client data while traveling. Pearson remains a huge proponent of using applications that are managed in the cloud, citing open architecture, scalability, mobile access, and data security as key advantages.

“Protecting client data is one of the biggest challenges for advisors,” explains Pearson. “With the cloud, I have access to client information wherever I am, but that data is backed up and secured by the cloud provider,” he adds. Cloud-based applications also allow the geographically dispersed advisors on the Nepsis Advisor Services platform to access data from anywhere using an Internet connection.

Taking the Next Step Toward Clarity

Advisory firms may already have a sophisticated CRM such as Salesforce.com, but few are leveraging their CRM as a full-blown technology platform. This is a mistake, says Pearson. He recommends that advisors take full advantage of the development tools and integration to third-party applications that a solution such as Salesforce.com can provide.

Pearson’s “Road to Nepsis™” continues and Nepsis Capital Management will keep building out the firm’s technology platform. For example, Pearson is in the throes of developing an advisor commission system using the Salesforce1 development tools.

And the fact that this is all still a work in progress is just fine with Pearson.

“All of us—advisors and clients—are on a journey to clarity and some of us are farther along that path than others. I have a lot of work to do in my quest for clarity but the ride so far has been fun and rewarding,” says Pearson. ■