

CONSULTING INSIGHTS

Welcome to the Fall edition of Corporate Insight's *Consulting Insights* newsletter, a quarterly publication that analyzes the competitive landscape of the retail financial services industry.

Our cover story focuses on recent developments in the field of mobile investing, a phenomenon driven by a new generation of wireless devices and wireless brokerage platforms. This issue also features an interview with Alexander Gallas, Head of Internet & Service Management at DWS Investments, formerly DWS Scudder. We discuss the firm's innovative new website, launched as part of the DWS's recent re-branding. Finally, we take

a look at Boulevard R, a firm that promises affordable and objective financial planning via the Web for those investors that fall short of the "mass affluent" label.

Please feel free to circulate this newsletter to your colleagues, who can register at www.corporateinsight.com/insights for future editions. We hope you find this newsletter useful and encourage you to contact us to discuss how we can help you improve your business performance through competitor insights.

TAKE TWO FOR WIRELESS BROKERAGE?

Today's investors are on the move. They're no longer tethered to a desktop PC or forced to carry cumbersome laptops if they want to access their brokerage account or place a trade. They can now manage their portfolios via a new generation of high-powered, hand-held wireless devices. Thanks to dramatically improved wireless connectivity, enhanced brokerage platforms and these new and improved devices, mobile investing may be poised for a resurgence in the next few years.

Just as the devices themselves have improved significantly, so too has connectivity. In the past few years, tens of thousands of Wi-Fi Internet access points have been installed in airports, hotels, coffee houses and even various public outdoor meeting places. Couple this with the increased bandwidth and availability of wireless (cell) broadband networks offered by the phone carriers, and it is easier than ever for users to connect (and stay connected) as they move throughout their daily routine.

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Wireless brokerage services were first introduced in the late 1990's in large part to serve the active trader community. The ability to track market movements and place trades during the morning commute, on a lunch break or in line at a movie theater was an attractive offer to these watchful investors. Many of Corporate Insight's clients asked us to cover what appeared to be an exciting new industry trend. As a result, we launched our *Wireless e-Monitor* syndicated service in 2000, focusing on the mobile investing services offered by the industry's leading brokerage firms.

These improvements are inspiring millions of wireless device users to connect to the Internet for the first time. A recent whitepaper from Nielsen Mobile – "Critical Mass: The Worldwide State of the Mobile Web" – states that "as of May 2008, there were 40 million active users of the Mobile internet in the U.S., based on 30-day usage." This figure does not include the large number of users worldwide or the millions of subscribers in the U.S. that use the service less frequently. All told, the number of US mobile Internet subscribers has increased 28% between the first quarter of 2007 and the first quarter of 2008.

Given these conditions, we believe that brokerage firms now have the chance to successfully reintroduce wireless investing to the public. The infrastructure is finally in place to support robust platforms and customers are increasingly connected to the Web via their phones or PDAs.



Despite strong initial interest and aggressive marketing, the wireless investing revolution didn't take off as expected, leading us to shutter *Wireless e-Monitor* in 2001. Simply put, mobile investing was an idea ahead of its time. The technology to support it was not in place at the turn of the century and many users faced frequent transmission delays, connection problems and poor data exchange speeds, severely limiting its appeal.

Since then, wireless technology has taken several steps forward. Third generation (3G) Smartphones and PDAs offer bigger and sharper screens than the devices available just a few years ago. Many now provide computing power comparable to the PCs used when brokerages first floated the idea of wireless trading. Even standard cell phones are now Web-enabled, although their compact screen sizes still pose significant usability challenges.

E*TRADE Pushes New Application

One firm in particular seems eager to exploit this market opportunity. E*TRADE Financial has recently bombarded the Internet and television airwaves with ads for its new Mobile Pro trading platform, which it positions as a "fully integrated trading and banking platform for wireless devices." The marketing campaign has emphasized flexibility and simplicity (they use an infant as one of their TV spokespeople), highlighting the fact that clients can link all of their E*TRADE accounts and trade in "six global markets" from a BlackBerry device.

NEW DWS SITE LOOKS BEYOND INDUSTRY FOR INSPIRATION

On July 16th, Deutsche Bank announced a coordinated re-branding campaign for its Chicago-based wealth management subsidiary, DWS Scudder. The campaign includes a new name (DWS Investments), logo, tagline (“Reshaping Investing”) and website.

Deutsche Bank purchased Scudder Investments back in 2002. Four years after the sale, the firm changed its name to DWS Scudder as part of an ongoing strategy intended to extract value from the Scudder name while introducing the Deutsche brand.

Once management felt confident that advisors and clients were ready, they dropped the Scudder name altogether. Although it has taken six years to complete the transition, the process was shorter than company management originally expected.

To lead its site redesign efforts, DWS looked to Alexander Gallas, Head of Internet & Service Management, who joined the firm’s Frankfurt office in 2000 and has been responsible for the firm’s European and Asian websites since 2004. In January 2007, Mr. Gallas was put in charge of Internet activities in the Americas and charged with the task of performing a complete overhaul of the firm’s online platform.

As a general rule, the financial services industry is slow to incorporate Web-wide best practices when it comes to site design; mutual fund firms are particularly conservative. The new DWS Investments website bucks that trend in a resounding fashion. It’s clear that Gallas and his team looked outside the financial services industry for fresh ideas when designing the new site. It has a clean, sleek appearance that’s reminiscent of user-friendly consumer sites like Amazon.com or the iTunes store.

We recently had the opportunity to sit down with Alex and discuss his experience designing the new website. Below, we offer excerpts from our conversation:

Corporate Insight: Was it difficult to get management to agree to a complete site redesign?

Alex Gallas: Not at all. Actually, the website redesign was a significant portion of our broader rebranding strategy. Given the strategic role of the new website in helping us to communicate to advisors and clients and our response to today’s asset allocation challenge, a complete site redesign was necessary. Senior management quickly realized and appreciated this integrated approach during our August 2007 presentation.

CI: Take us through the process. What did you do to make your case that a new site was necessary for the future of DWS Investments?

AG: During our research, we compared the DWS Scudder website to our competitors, analyzed external research and ratings, and reviewed customer feedback. We also looked at the technology we were using. When presenting our findings to management, it was clear to everyone that we needed a complete and radical redesign in order to give both advisors and shareholders what they needed to do business with us.

CI: What were the main goals you hoped to achieve with a new site?

AG: Our main goal was to deliver a state of the art website that did three things: 1.) Re-define the standards of product presentation in regards to data visualization, speed of access and online experience. 2.) Incorporate business-crucial new features and interactive tools. 3.) Offer direct access to more economic data, unique funds insights and commentaries. We also wanted all of the site’s contents to be accessible within two clicks throughout the site. We focused primarily on product information, specifically its accessibility and overall presentation. According to our research, product information should be visual and concise. The fund finder and the product pages are a result of this way of thinking.

“We spent a lot of time analyzing the best websites across all industries, mainly retail sites like Apple (and iTunes), Amazon and Netflix.”

CI: When you started thinking about what the new site would look like, did any themes or principles surface that you used as the basis of the new design?

AG: We wanted to make our products tangible and make data points easy to digest. It was key that the new design support the user experience; design is more than just aesthetics. We’re achieving this by introducing the ‘album covers’ and ‘thumb nail’ pictures for our mutual funds asset classes, such as Alternative Funds. Also, the fund finder, with the visual presentation of performance data, follows this principle of tangibility.

The drag & drop functionality (e.g., to add a mutual fund to “My favorites” and “PDF builder”) builds on the principle of effective information visualization. Whatever we did, we wanted to ensure that all design elements added value to the site and created a user-friendly experience consistent with our overall theme of reshaping investing.

CI: How much did you rely on competitive intelligence to formulate your strategy?

AG: Aside from the standard SWOT analysis we did on our site, we also did an industry competitive analysis (ICA). We analyzed our competitor websites and rated them in relation to our strategy. This was a very important step of the process in order to determine what our clients expect to find and experience on our site.

CI: Did you survey current users before you began the re-design process?

AG: Yes we did. The data we collected gave us ideas of what to create and hints of what we should avoid. We also interviewed wholesalers and advisors, both of which provided insight into their particular needs so we could incorporate appropriate solutions into the new website.

CI: The overall design is such a departure from the typical asset management website. Did you look outside the financial services industry for ideas? If so, where?

AG: Yes, we did. After looking at industry competitors, our next step was an extended industry analysis (EIA). We spent a lot of time analyzing the best websites across all industries, mainly retail sites like Apple (and iTunes), Amazon and Netflix.

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BOULEVARD R: FINANCIAL PLANS FOR THE MASSES

As the old saying goes, “It pays to plan ahead. It wasn’t raining when Noah built the ark.” Silly as it may sound, this aphorism points to a simple truth – it’s best to plan today for the future you want tomorrow.

With that in mind, many financial services firms now offer comprehensive fee-based financial planning services to their customers. While this kind of service has long been a mainstay of the traditional wire houses, hybrid firms like Charles Schwab have also gotten into the act recently.

Over the years, Corporate Insight has conducted a handful of mystery shop studies to understand the fee-based financial planning services offered by several leading brokerage firms. Our research found that the planning process itself tends to be very long, usually requiring three to four meetings with a planner over the course of two to three months.

In terms of cost, financial planning is not an inexpensive proposition. Some firms, like Charles Schwab, charge a flat fee of \$2,000 for their thorough Personal Financial Plan, a price that puts it out of the range of most Schwab clients. Others, like Ameriprise, charge anywhere from \$750 to \$3,600 depending on the complexity of the investor’s scenario.

A few brokerage firms offer complimentary plans that provide basic asset allocation analysis and general savings tips, but these function as a conversation starter rather than a plan of action. The data collection and analysis are superficial compared to a fee-based plan.

Firms like Fidelity and Vanguard offer interesting planning tools on their websites that allow investors to complete a detailed questionnaire and evaluate their preparedness for various goals. These tools may not provide investors with a comprehensive plan, but they require much less time and effort than the traditional planning process. They’re also useful for getting the investor to think realistically about their future goals. And they’re certainly much more appealing from a sticker price perspective, though it’s a bit like comparing an apple to an orange since these tools don’t deliver the same personalized advice and in-depth analysis as a fee-based plan.

Vanguard’s tool is provided by third-party vendor Financial Engines and is available free to clients with \$100,000 or more in account assets. Fidelity’s proprietary Portfolio Review tool is available free to clients and registered site users.

Boulevard R – Streamlined Planning for Gen-X Professionals

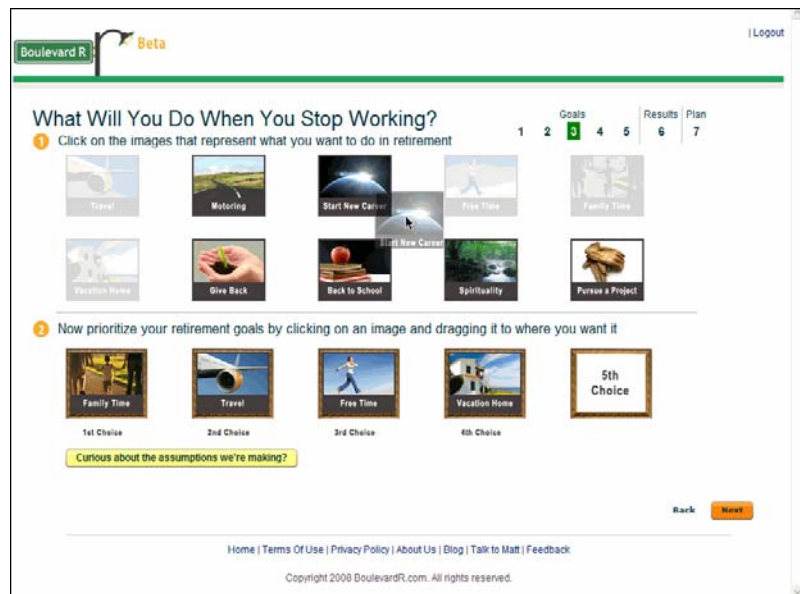
A comprehensive financial plan can be especially useful for affluent individuals who have the time and money to invest in the process. For most investors, though, these exhaustive plans are more than they need. After all, business succession, estate planning and tax issues simply aren’t a reality for most people. Buying a home, paying for a college education and saving for retirement are their core objectives. This is where a new firm – Boulevard R – comes in.

Founded in 2006, Boulevard R is the brainchild of a father and son team, Jon and Matt Iverson. It grew out of Chairman Jon Iverson’s own experience trying to create a plan for drawing down his

retirement savings when he reached the age of 59 ½. He and his son searched for a financial planning service that would offer objective and personalized advice at a reasonable price and found that there was little out there. Recognizing an opportunity, they started Boulevard R.

According to CEO Matt Iverson, the firm has assembled a team that includes Certified Financial Planners, behavioral economists and a user experience expert to develop the Boulevard R online planning tool. The firm’s target market is the investor that doesn’t quite meet today’s definition of “mass affluent,” in particular the Gen-X professional. These are people who are comfortable online and who know they should be doing something with their money. “They have roughly \$200,000 in available assets and make about \$100,000 a year,” says Iverson, but need help taking that first step. “No one is addressing this part of the market very effectively.”

Reflecting the firm’s Web-savvy target audience, the Boulevard R planning experience is Web-focused. Investors never meet with a financial planner, but rather complete a questionnaire online and receive their “Roadmap” (i.e., their plan) in real-time via the website. A free Starter Roadmap is available to any registered site user; it’s comparable to Fidelity’s Portfolio Review tool. A more detailed Professional Roadmap is available for \$49, which provides specific actionable advice to help investors meet their goals.



Boulevard R – Choose Goal and Set Priorities

Beginning in October, Iverson says that the Professional Roadmap will be “prepared by a Certified Financial Planner via an interface that allows them to create personalized notes and select all the relevant content that will help the investor both financially protect themselves and get ahead.” The workflow is structured so that it takes approximately 30-45 minutes for the planner to produce the PDF document. The PDF will “link back to the investor’s customized online dashboard.”

(Continued on page 4)

(Boulevard R, continued from page 3)

While the new Professional Roadmap won't tackle all of the complex issues addressed by fee-based planners, it will expand the range of advice currently offered by the firm's fee-based plan, providing the kind of financial guidance that's relevant to Boulevard R's target audience.

Unlike many of its brokerage industry competitors, Boulevard R doesn't sell financial products. This allows the company to position itself as a more objective source of information than those institutions that recommend investors rebalance their portfolio using proprietary mutual funds.

Boulevard R's user-friendly website is a clear advantage for the firm. The site's graphical user interface (GUI) is colorful and engaging. Completing the customer profile questionnaire is a pleasant experience thanks to sliders and dropdown menus that make the data entry process quick and straightforward. The vibrant and visually impressive platform was created using Adobe Flex. The firm plans to upgrade the site's capabilities soon, adding a "What IF?" scenario modeling component and improving the overall depth of the analysis.


While Boulevard R is still in the early stages – the "Beta" tag is visible throughout the website – we think the firm has hit upon an interesting concept by offering a comprehensive multi-goal planning

Boulevard R's user-friendly website is a clear advantage for the firm.

tool that's fun to use, helpful and affordable. It will be interesting to see whether the firm chooses to license its technology to financial services firms or if it sticks to selling its \$49 plans directly to investors.

If it takes the former route, it will be important to preserve the objectivity of its advice. Should Boulevard R plans start to recommend mutual funds offered by their partners, the objectivity of the firm's advice could be seriously compromised. If the firm stays independent, we think the price per plan will certainly rise.

Either way, we're encouraged to see that Boulevard R has built an online planning tool that's easy-to-use, inexpensive and suited to the needs of investors that fall

below the "mass affluent" threshold. We hope the financial services industry can learn from the firm's example. 

(New DWS Site, continued from page 2)

CI: Overall, what has the feedback been like from users?

AG: Very positive. Both advisors and clients really like the site. They've described it as "classy" or "very user-friendly."

CI: Have there been any notable glitches as far as transitioning from the old platform to the new one?

AG: Whenever you launch a new site, you confuse users who were accustomed to the old site. This is normal, especially with a radical redesign, no matter how good the new site is. However, the questions we have received have been noticeably few.


CI: Were you worried that the website's advanced design elements, such as the drag & drop feature, would cause problems for older users? Have you had any feedback in this regard?

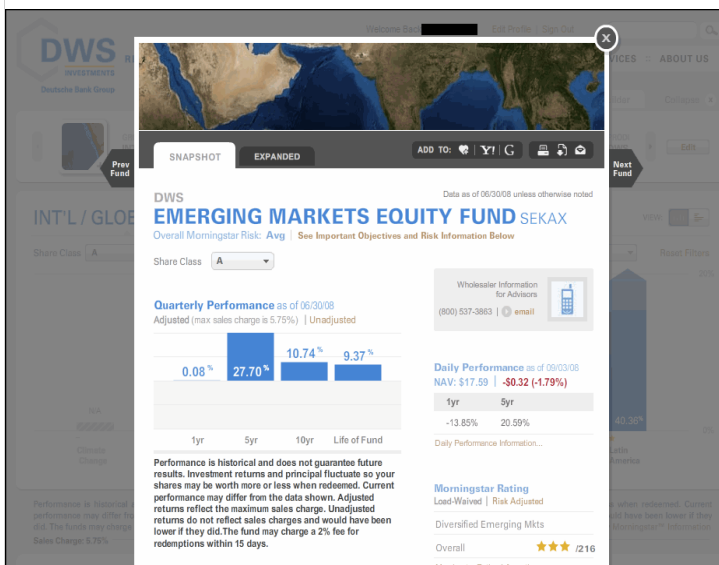
AG: We believe older users are accustomed to the look and feel of major consumer sites like Amazon. At the same time, we aren't relying solely on new and innovative methods for displaying information; the traditional means are still there. It was just as important for us to concentrate on traditional designs as it was to provide new features. Any user can fully use the new site with the traditional means only – though it's easier with the new and improved features.

CI: Can you offer any insight into the next-steps for the website?

AG: We think of the DWS Investments website as a solid foundation on which to build. We have plenty of ideas for further enhancements and improvements to the site. The new homepage, for instance, with the prominent fund finder and palette, offers great opportunities for an enhanced homepage concept. We hope to further enrich the drag & drop 'my favorites' feature – which we feel is a key value-add – with additional functionality. Also, expect to see more and more multimedia content on the site along the lines of the interactive training modules introduced by our Advances Sales group.

CI: Social media is a hot topic in the financial services industry right now. We noticed there aren't any elements of social media on the website. Is this something you will change in the near future?

AG: Social media components are definitely becoming increasingly important on any website and need to be taken into close consideration by the financial services industry. The real question is how we can utilize elements like blogs and social networks to advance our broader strategy. We are researching an approach that suits our clients while remaining compliant with the regulations that are imposed on our industry. 



DWS Mutual Fund Snapshot Page

(Take Two for Wireless Brokerage, continued from page 1)

The firm has used its homepage to encourage investors to sign up for the service, offering a free BlackBerry Smartphone to subscribers without forcing them to switch their wireless carrier. The same offer was publicized in marketing emails sent to clients. E*TRADE has also posted banner ads for Mobile Pro on a number of different websites. In addition to targeting major financial destinations like Yahoo! Finance, E*TRADE also advertised Mobile Pro on high-profile consumer sites like ESPN.com, MSN.com and Yahoo!'s homepage.

Fidelity and E*TRADE Update Wireless Capabilities

Capability-wise, today's mobile trading platforms show some clear improvements over the predecessors we monitored back in 2000. To prove this, we tested Fidelity Anywhere and E*TRADE Mobile Pro using a BlackBerry 8330, performing similar operations on both platforms (balance check, quote lookup, etc.). Our goal was to assess functionality and usability on a high-level basis and to see if we could uncover any differences between today's platforms and those that existed several years ago.

Fidelity first introduced "Fidelity Anywhere" in October 1998. Back then, the service offered a limited range of functions. For example, clients could not trade mutual funds or options and, with some devices, investors were unable to view news feeds or look up stock symbols. These problems have since been resolved and the firm continues to steadily refine its platform.

Revamped late last year, the latest version of Fidelity Anywhere offers an assortment of features and is accessible on a Web-enabled cell phone, BlackBerry or PDA. Customers can view account information, trade stocks, mutual funds and options, access market information and see real-time quotes. They can also see quotes for their watchlists, view charts and access an option chain tool that allows users to specify a strike price range.

Fidelity Anywhere also features some usability enhancements, many of which reflect general improvements that have occurred in website design in the past five years. For example, in-the-money options are now shaded to differentiate them from out-of-the-money options, and watchlists can be alphabetized or set as the default login page. As an added benefit, the platform includes the SureType data input methodology, which helps BlackBerry users quickly and accurately compose messages.



Fidelity Anywhere Trade Stocks Page

According to the firm, these changes were made based on customer feedback. This is no surprise given Fidelity's commitment to user testing. The firm's in-house research division, the Fidelity Center for Applied Technology (FCAT), regularly performs research via usability labs to help ensure that the firm's Web services are both cutting edge and user-friendly.

E*TRADE was also an early adopter in the wireless space, but the new Mobile Pro was just introduced in June of 2008. The service is designed exclusively for BlackBerry, unlike the firm's previous Web-based wireless platform, Mobile Pro requires users to install an

application on their device, but this only takes a few minutes and did not detract from the user experience.

The new Mobile Pro is a visually appealing platform, more so than Fidelity's Anywhere service. Users select functions by means of colorful icons instead of hyperlinks. Navigation is smooth and the platform is noticeably faster than the previous Web-based wireless version.



E*TRADE Mobile Pro Trade Stocks Page

The two most significant upgrades to the firm's mobile platform are the addition of the Quick Transfer service and real-time streaming quotes; both are also available on the customer website.

The transfer tool lets clients move funds between E*TRADE bank and brokerage accounts, as well as to and from accounts held at outside financial institutions. Free real-time streaming quotes are available for both stocks and options, provided the client has already subscribed for real-time quotes on the website and has the function enabled on Mobile Pro. These new features make the Mobile Pro platform more useful than its Mobile E*TRADE predecessor and will surely be appreciated by investors.

E*TRADE's wireless platform is not without its weaknesses. For instance, it does not include charting capabilities, a clear advantage for Fidelity Anywhere. In addition, since Pro is application-based, users cannot dial a telephone number or access email by clicking a direct link. The firm's old wireless platform offered the latter service. Lastly, since Mobile Pro can only be installed on a BlackBerry, the customer's choice of mobile devices is limited.

Will Wireless Finally Catch on?

E*TRADE and Fidelity are far from being the only major brokerages to offer wireless trading. Charles Schwab first introduced its mobile service in 2000 and its platform offers many of the same services as E*TRADE Mobile Pro and Fidelity Anywhere. The firm does very little to promote the service, however. Scottrade also allows customers to trade from a wireless device, along with TD Ameritrade. The question now is whether these firms – most of which are core competitors of E*TRADE and Fidelity – will follow in their footsteps by improving their platforms and/or promoting their wireless services more aggressively.

From our perspective, we'd be surprised if these major players sat on the sidelines for much longer. Improved devices, faster and more reliable connectivity, better wireless security and the increasing popularity of the mobile Web lead us to believe that a reinvigoration of the mobile trading marketplace may be imminent. We will track this closely in the coming months, and we look forward to monitoring the true emergence of the mobile investor. ☐

Here is your latest issue of the *Consulting Insights* newsletter...

Corporate Insight, Inc.

675 Third Ave.
27th Floor
New York, NY 10017

Phone: (212) 832-2002
Fax: (212) 832-3327
E-mail: ellisonm@corporateinsight.com



A new look at market intelligence.

INTRODUCING CORPORATE INSIGHT'S NEW SOCIAL MEDIA STUDY

In the spring issue of our *Consulting Insights* newsletter, we published an article – *Social Media and the Financial Services Industry* – that really got our readers talking. It discussed how financial services firms are finally waking up to the potential of social media as a new way to engage with customers and prospects. The article prompted many clients to contact us in search of more information on this emerging issue.

In response to these inquiries, we decided to take a closer look at this topic. With that in mind, we're excited to announce our new research report: **Social Media: Trends and Tactics in the Financial Services Industry**. This report will provide the industry's first comprehensive review of the way social media is being used by financial services firms. While it will touch on broader trends and developments in social media, our focus will remain decidedly on the financial services industry. The report will review the social media resources produced by financial services firms, while also assessing the ways firms leverage, and interact with, third-party venues like Facebook and YouTube.

This timely report will include the following sections:

- Executive Summary
- Historical Background – Here, we will provide a timeline highlighting key developments in social media both in the financial services industry and on the Web as a whole.
- Case Studies – We will take a look at the social media strategies implemented by a few select companies, highlighting their successes and failures.
- Summary Findings – We will offer an overview of the state-of-the-industry in regards to social media, highlighting individual elements (e.g., blogs, communities, video, etc.) and their use (e.g., customer service, branding, education, etc.)
- Best Practices/Recommendations – Here, we will offer recommendations to help firms make the most of their social media investments and offer guidance regarding whether, and how, social media can help their business.
- Detailed Findings – We will review the way that more than a dozen financial services firms use social media elements, both proprietary and 3rd-party, across the following sectors:
 - ◇ Annuities
 - ◇ Banking
 - ◇ Brokerage
 - ◇ Credit Cards
 - ◇ Mutual Funds

Social Media: Trends and Tactics in the Financial Services Industry will be released this October and will be available for \$12,000. If you reserve your copy prior to September 30, the price will be discounted to \$10,000. To order this report, please contact Jaclyn Silverberg at 212-832-2002 x127 or jsilverberg@corporateinsight.com.