

BetaNXT

The Inaugural BetaNXT Data Modernization Benchmarking Survey

Tracking Investment and Wealth Management
Decision-Makers' Views and Progress on
Data Modernization

Produced by:

Wealth
Management 

A division of [WealthManagement.com](https://www.WealthManagement.com)

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Foreword

Over the past few years, the investment and wealth management industry, like many other industries, has become deeply interested in artificial intelligence (AI), generative AI, machine learning and other advanced technologies. Many firms and advisors have rushed to deploy these new solutions — only to discover that their underlying data foundation cannot support the technologies. Wealth enterprises are realizing they must modernize their data at the base to deliver a better front-end experience for their advisors and investors.

Today, it is not a question of *whether* to modernize one's data management, but *how* to go about it and *how fast* it can be done. To better understand our industry's current state and future direction on this issue, I am pleased to share with you the inaugural **BetaNXT Data Modernization Benchmarking Survey**. We partnered with Wealth Management IQ to conduct an in-depth survey among decision-makers and influencers in the investment and wealth space, ranging from RIAs and IBDs to banks and asset managers.

Our research reveals an industry-wide movement to modernize in the face of competing priorities — as well as eye-opening markers of which firms will pull ahead. We find that an innovation mindset drives action, that talent and culture matter as much as technology and infrastructure, and that choosing the right partners can significantly accelerate modernization progress.

The results indicate that data management and data modernization will only grow in importance, and that executing effectively in these areas will help drive future success. I hope you find this report valuable as you shape your own data modernization journey.



Bob Santella
CEO, BetaNXT

Research Highlights



94%

of firms are focused on data modernization, and 64% will increase spend in 2025



68%

of firms say data-related challenges create or complicate other business challenges



#1

Firms' #1 priority for data modernization: Replacing outdated, legacy technology systems



46%

The top data-related challenge is a skill gap, reported by 46% of firms



37%

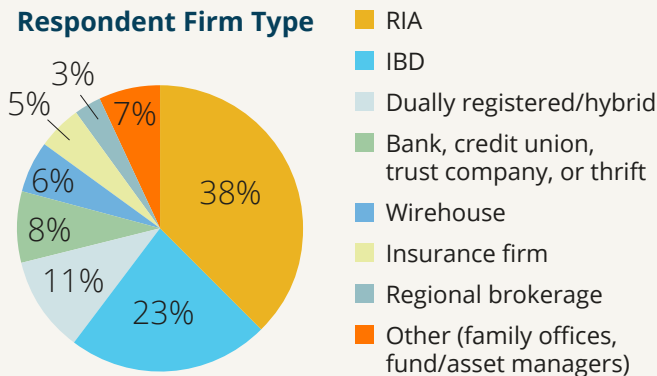
of firms have hired a Chief Data Officer to lead data efforts

Respondents at a Glance

This study provides insights on respondents involved in decision-making around data management and modernization efforts. The sample includes a range of functions, primarily advisors (65% of respondents) and those in executive leadership roles (21%), across RIAs, independent broker-dealers (IBDs), hybrid firms, banks, asset managers and other firm types. The respondents are those who determine business needs, evaluate products and vendors, influence purchasing decisions and help implement the technologies. Many are also involved in setting firm strategies and determining technical requirements for making such decisions.

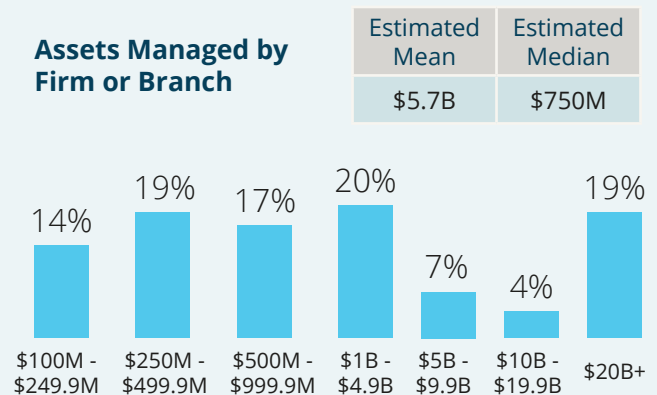
A variety of firm types are represented among respondents, most commonly RIAs (38%) and IBDs (23%). More than half of respondents (59%) represent firms founded prior to the year 2000, many of them working with an aging tech stack.

Respondent Firm Type



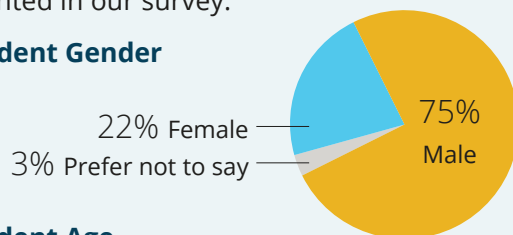
When it comes to assets under management, respondents report that their firm or branch manages an estimated mean of \$5.7 billion and a median of \$750 million in client assets.

Assets Managed by Firm or Branch

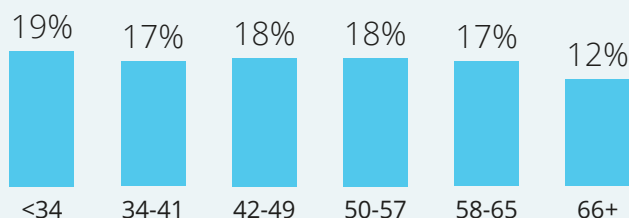


Three-quarters of respondents are male, largely reflective of the current wealth management industry composition. A diverse range of ages is represented in our survey.

Respondent Gender

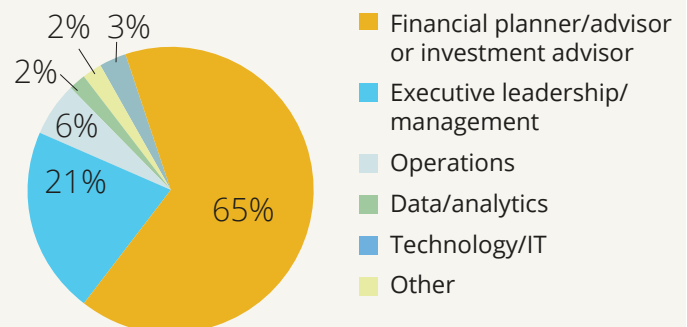


Respondent Age



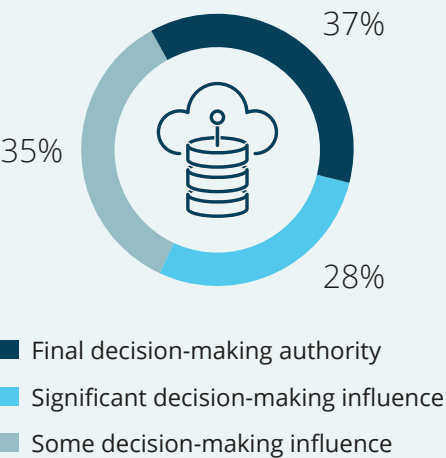
Two-thirds of respondents identify as financial advisors or planners (65%) who play a key role in decision-making around data management and modernization efforts at their firms.

Primary Role



All respondents have some influence in data management and modernization decisions, with over a third of respondents (35%) serving as final decision-makers. Respondents are most likely to inform decisions by determining business needs (69%) and/or evaluating products/services/vendors (67%).

**Decision-Making Involvement:
Data Management & Data Modernization**

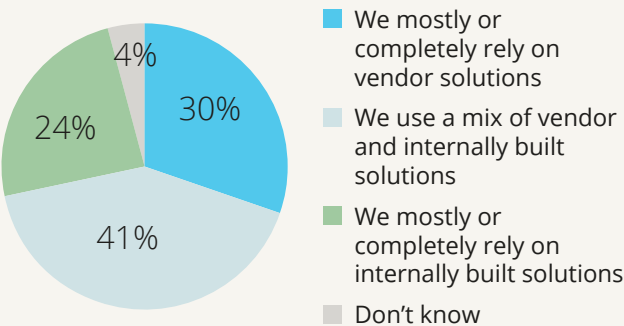


**Involvement with Data Management
& Data Modernization Activities**

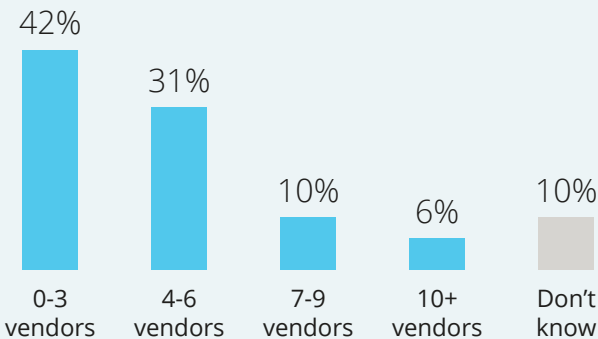


Most advisors and firms surveyed (71%) rely on some vendor solutions for data management needs, with respondents having an estimated average of four data management solution providers.

**Current Approach to Data
Management Solutions**



**Number of Data Management Solutions
Providers Used**



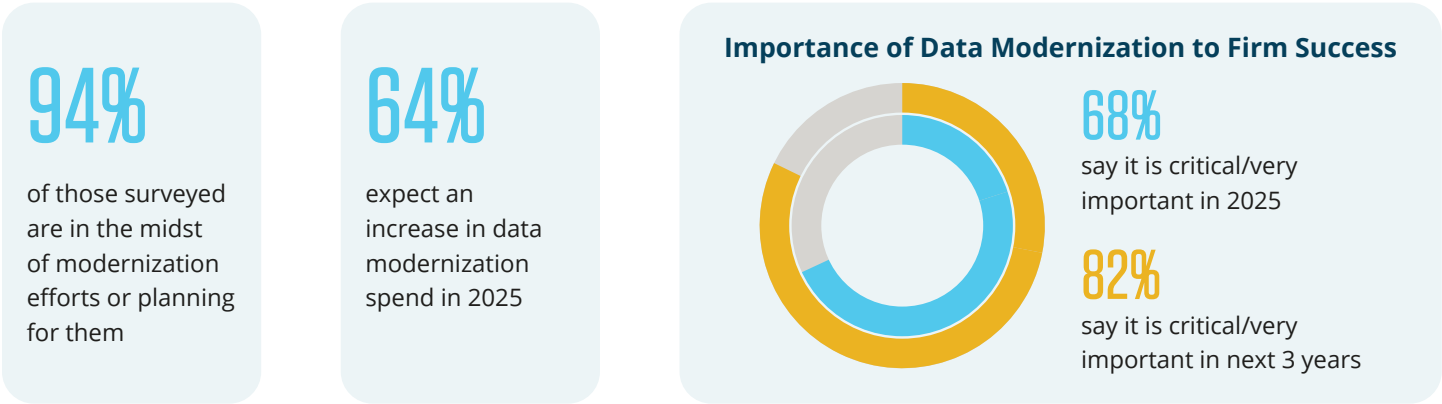
The State of Data Modernization

A mass movement to modernize

Data modernization is a clear priority across the wealth management landscape, with 94% of survey respondents reporting their firms are at least planning major modernization efforts.

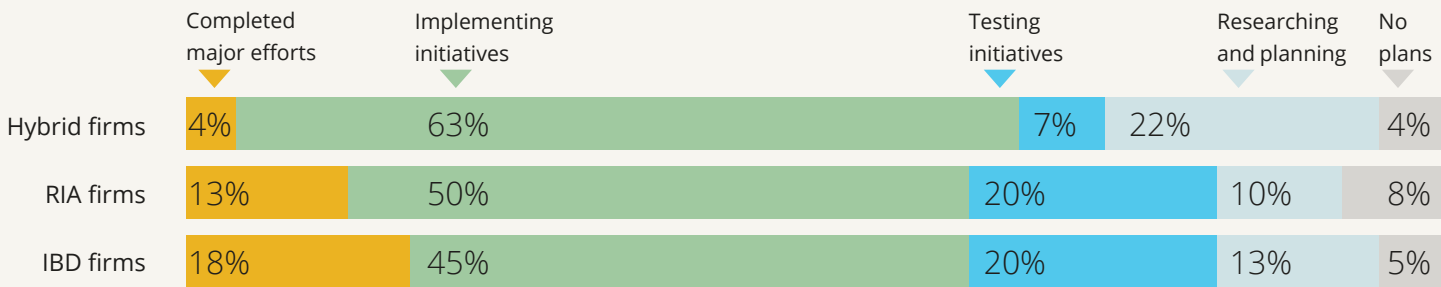
Respondents consider data modernization to be increasingly important and accordingly, budget investment levels are expected to rise. In fact, 68% of respondents say data modernization is very or critically important to their firm’s success in 2025 — and this percentage only rises when those surveyed consider the next three years, with the sentiment rising to 82%.

Some 64% of survey respondents expect to spend more on data modernization within 2025 compared to last year.



Interestingly, IBDs are slightly ahead of RIAs and well ahead of hybrid firms in having completed major data modernization efforts (18% vs. 13% and 4%).

Progress of Data Modernization by Firm Type

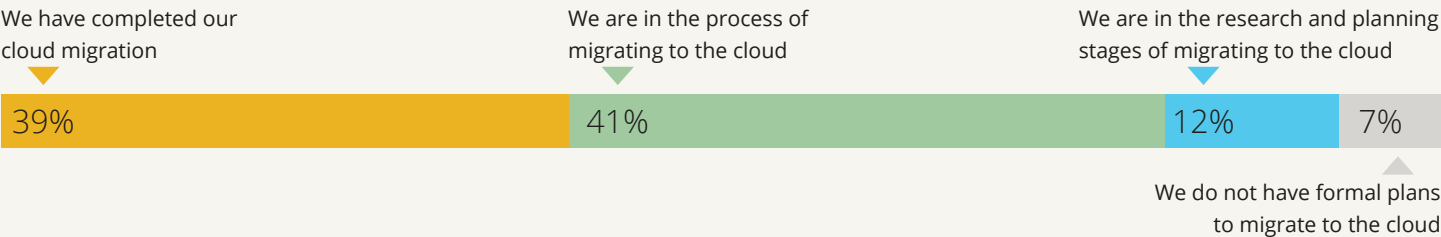


Cloud migration is mainstream now

In recent years, most firms have realized that streamlining processes, enhancing automation and creating repeatable workflows require moving their technology and data into the cloud, eliminating silos and on-premises databases.

Virtually all respondents (94%) report their firms have at least begun researching and planning migration to the cloud, including 39% who have completed migration, and 41% who are currently in process. This finding indicates that many firms have tackled cloud migration first before turning to data modernization.

Cloud Migration Status

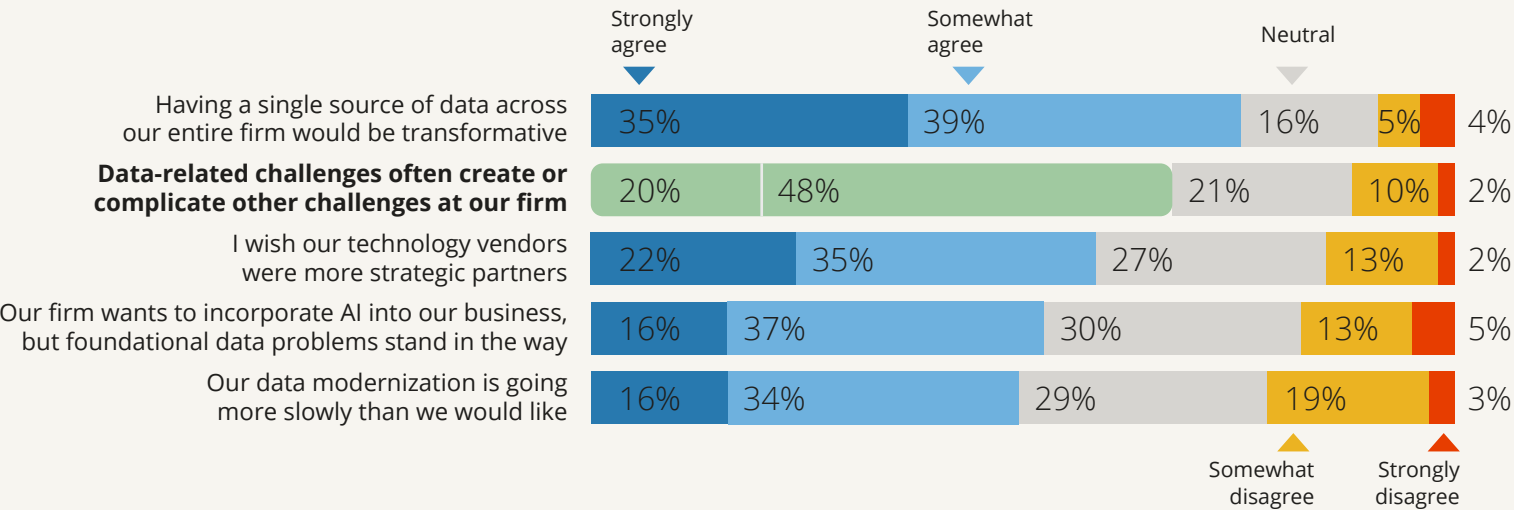


The risk of not modernizing: the domino effect of data chaos

As our research reveals, the vast majority of firms are at least planning data modernization efforts — but what does the alternative look like, for firms that are not planning to modernize? The potential domino effect of untamed data chaos is significant: Over two-thirds of respondents (68%) agree that data-related challenges often create or complicate other challenges at their firms. Addressing the root problems through data modernization would help firms mitigate or eliminate the downstream effects.

Widespread Agreement on Domino Effect of Data Challenges

68% of firms report data-related challenges often create or complicate other challenges



Key Takeaway

Data modernization is a near-universal priority and only growing in importance. Investment and wealth management firms that are not yet undertaking modernization and cloud migration efforts risk falling behind competitors. Taking action to modernize now will prevent the domino effect of data chaos on future downstream issues.

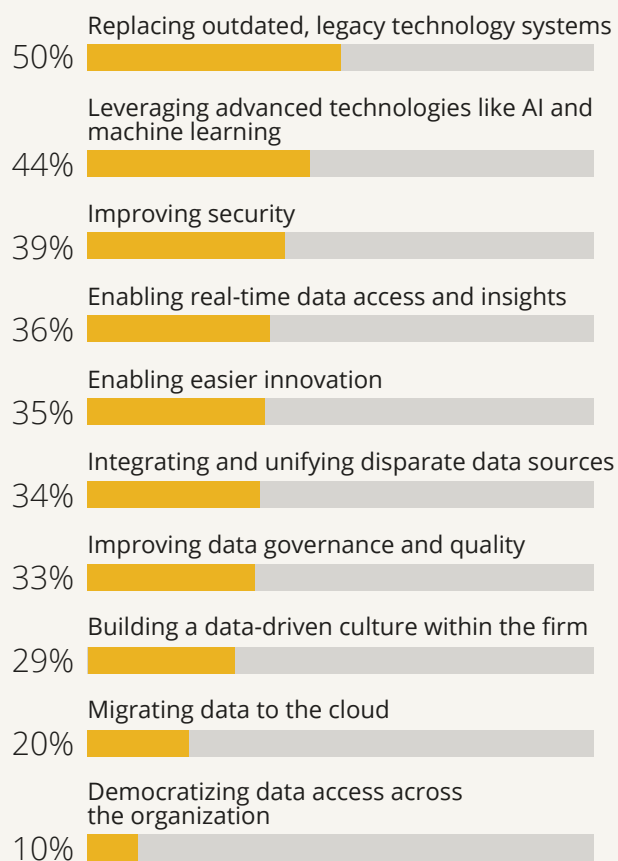
The Complexity of Competing Priorities

Defining data modernization

When asked to define “data modernization,” many different aspects are considered important — making modernization complex and difficult. Reaching consensus on what data modernization means within firms can be challenging. The top two aspects (out of a list of ten choices) that respondents prioritize reveal a twin need to address aging legacy infrastructure while incorporating the newest technologies — a tough feat to pull off without fixing the underlying data foundation.

Half of respondents (50%) prioritize “replacing outdated, legacy technology systems” while 44% state that modernization should include “leveraging advanced technologies like AI and machine learning.” Beyond these two aspects, the relatively even spread across many other aspects of data modernization points to both the diversity of priorities and the difficulty of addressing them all at the same time.

What Data Modernization Means Among Firms



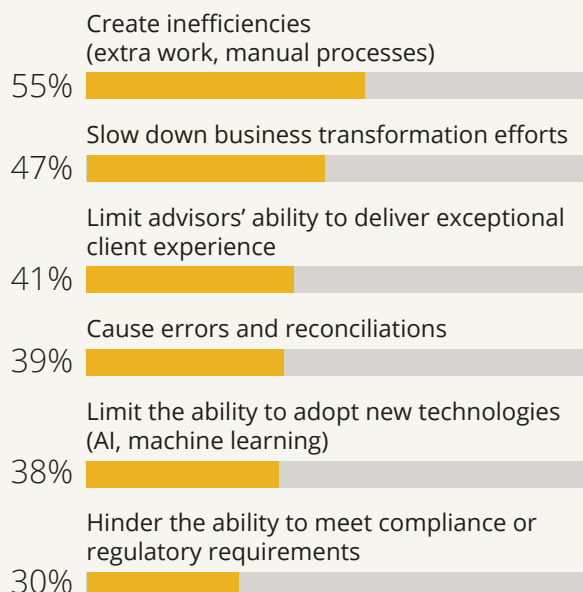
For this section, respondents could choose up to four answers.

Inefficiency is the #1 data-driven challenge

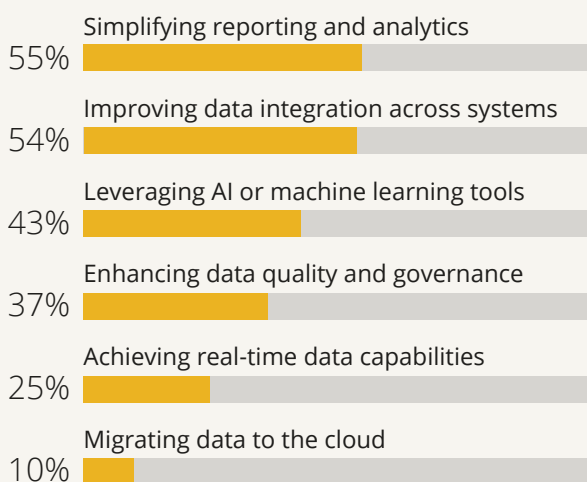
When asked how data challenges impact their business objectives, the most common problem is a long-familiar one: inefficiencies in workflows and processes. Whether they manifest as extra work or overly manual processes, inefficiencies are reported as the top data-driven challenge by more than half of respondents (55%). Following this, almost half of firms (47%) state that data-related challenges are slowing down their business transformation efforts.

Following the top two challenges, approximately two-fifths of respondents identify additional key issues. These include constraints on advisors' ability to deliver exceptional client experiences, increased errors and reconciliations, and difficulties in adopting new technologies such as AI and machine learning.

Data-Related Challenges to Achieving Business Objectives



Top Data-Related Goals, Next 12 Months



Legacy problems shape firms' 2025 goals

Two longstanding industry issues emerge as the top two data-related goals for respondent firms over the next 12 months: Firms want to simplify their reporting and analytics (55%) and improve the integration of data across their systems (54%). These two goals are effectively tied when it comes to respondents' top data-related goal. The desire to leverage AI or machine learning tools follows in third place (43%).

Key Takeaway

Firms feel challenged by the need to simultaneously update, integrate and innovate in their data modernization efforts. All these priorities should be addressed from the ground up to maximize success, with a future-proof data foundation.

Data Fundamentals Overshadowed by New Technologies

Resisting the rush

In the rush to innovate, some firms risk overlooking critical data fundamentals: security, governance and a single source of truth. The allure of new technologies like artificial intelligence and easier innovation are often motivating factors for firms to modernize (prioritized by 44% and 35% of respondents respectively), but focusing on these without addressing critical components of data infrastructure can lead to failure.

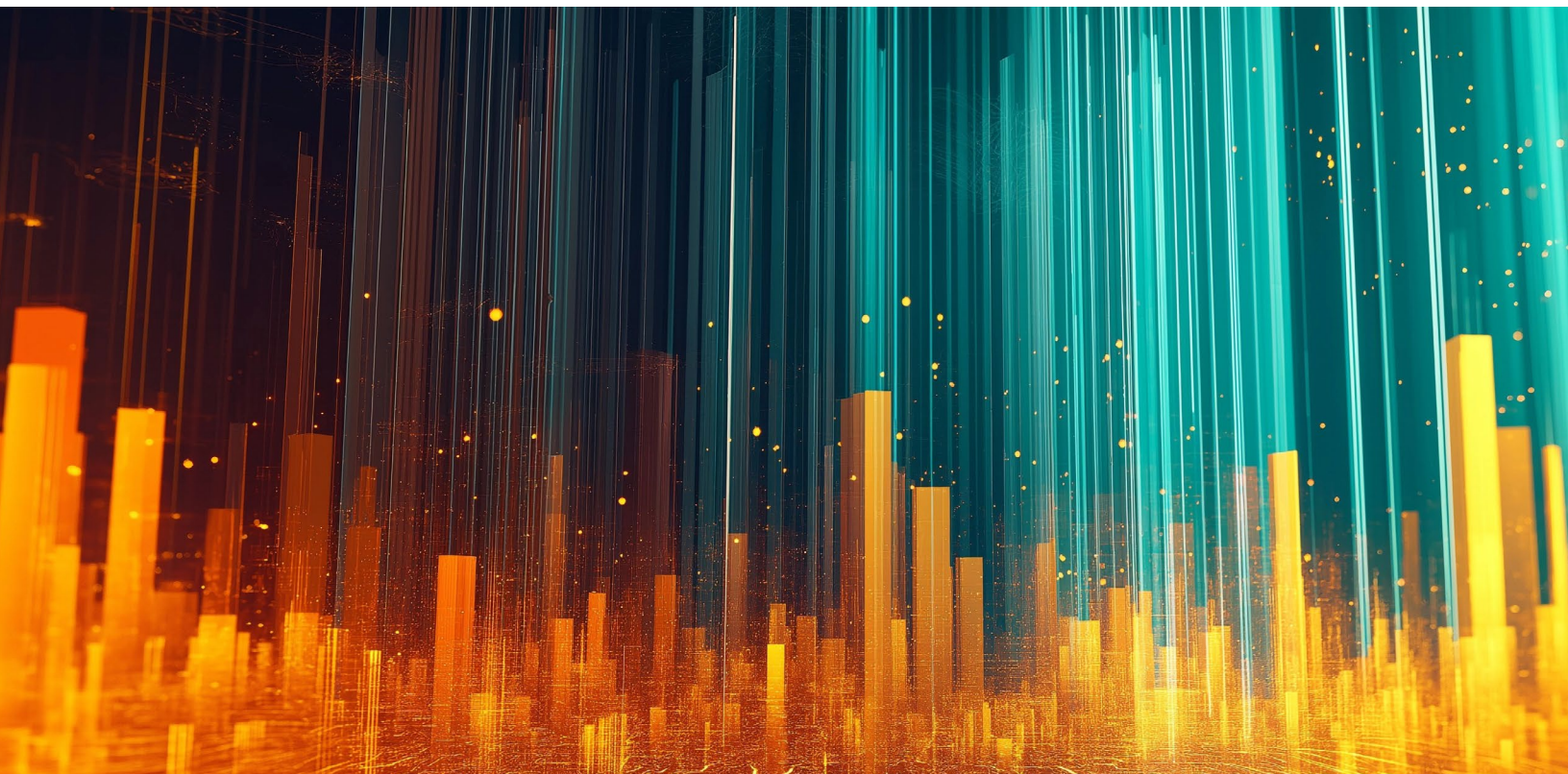
Indeed, firms that have taken action with data modernization initiatives appear to be more innovation-driven than others. Among respondents who cite “enabling easier innovation” as a key aspect of data modernization, a standout 73% of this innovation-minded segment have completed or are actively implementing major modernization efforts (versus 51% of respondents overall).

44%

say data modernization means leveraging advanced technologies like machine learning or other types of AI

73%

of innovation-minded firms have completed or begun major modernization efforts, versus 51% overall



Security and governance are not top priorities overall

When defining data modernization, improving security is a third-place priority, cited by just under two-fifths of respondents (39%). Even fewer (33%) prioritize improving data governance and quality as a key aspect of modernization.

Only 39% of respondents prioritize improving security as part of data modernization

Only 33% prioritize improving data governance and quality

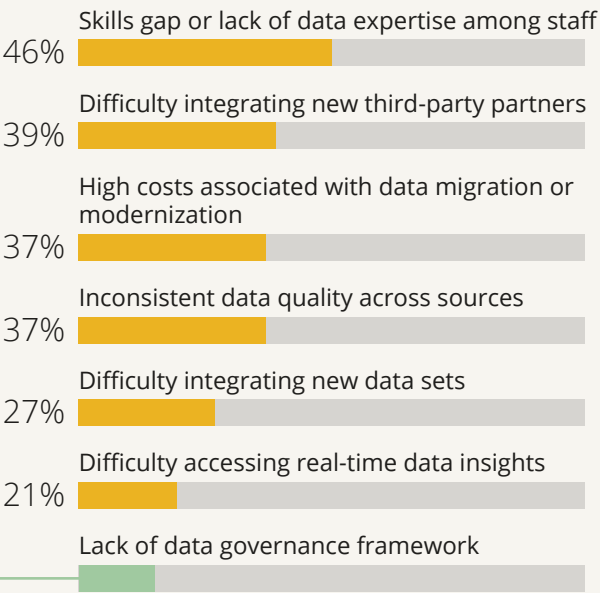
In fact, despite the longstanding challenges our industry has faced with data governance, only 15% of respondents view a lack of a data governance framework as a top data management challenge for their firm. This implies that other, more pressing issues have pushed governance down the priority list.

Only 15% of respondents identify a lack of a data governance framework as a key challenge

Within governance, pain points take precedence

When asked specifically about firm objectives for improving data governance, the top-ranked answers reveal a focus on assuaging operational pain points rather than embracing transformational possibilities. The top three objectives include improving operational efficiency and automation (49%), ensuring compliance with regulatory standards (45%) and improving integration across systems (44%). While in a separate question three-quarters (74%) of respondents agree that creating a single source of truth would be transformative, it is considered the least important aspect of data governance (prioritized by only 23% of respondents).

Among Data Management Challenges, Data Governance Is Overlooked



Objectives for Improving Data Governance



Key Takeaway

Establishing these fundamentals first — a strong security framework, good data governance and a single source of truth — will enable investment and wealth firms to modernize more quickly and innovate more easily.

The Growing Importance of Chief Data Officers and Culture

Time to revisit talent

As firms increasingly recognize the importance of data, many are also realizing they need to revisit their talent strategy. In fact, the top data management challenge reported in our survey (among 46% of respondents) is a skill gap and lack of data expertise.

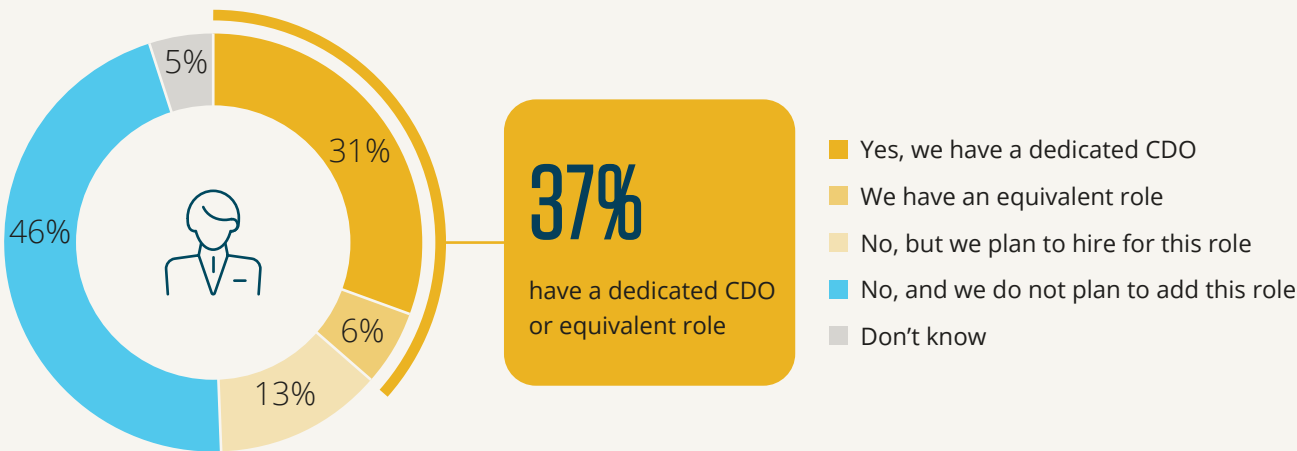
The #1 data management challenge

is a skill gap or lack of data expertise (among 46% of firms)

The CDO role as a badge of honor

In the face of this skill gap, a growing number of firms (37%) have created a Chief Data Officer (CDO) role or an equivalent position to lead data efforts.

Firms with a Dedicated CDO or an Equivalent Role



The existence of a CDO role exemplifies firms as thought leaders: our survey shows that firms that currently have a CDO demonstrate significantly greater strategic alignment between data teams and leadership, as well as much more advanced progress in their data modernization efforts.

Firms with CDOs are:

- **Better aligned** – 67% of firms with CDOs say data teams and leadership are closely or completely aligned, vs. 48% of firms with no plans to hire a CDO
- **More advanced** – 78% of firms with CDOs have completed or are actively implementing major modernization efforts, versus 53% of firms with no plans to hire a CDO

This is likely a virtuous cycle, in which data-minded firms proactively hire CDOs, who then champion and advance data modernization efforts. Whether it is a case of chicken or egg, the data suggests that creating and empowering data leaders as CDOs signals firms that prioritize data modernization at a higher level.

Conversely, firms with “no plans to add a CDO” are less likely to see data modernization as important to their success, with only 60% saying it’s important to their firm’s success in 2025. This contrasts with 75% of firms that either have or plan to hire a CDO — a 15-point difference.

60% vs. 75%

15-point difference in perceived importance of data modernization between non-CDO and CDO firms



A culture shift needed?

Despite the rise of CDOs, the industry may need to embrace a broader culture shift to make data more central to firms’ strategies and decision-making. Currently, only 29% of respondents say building a data-driven culture is a key aspect of data modernization.

When we examine which functional area is ultimately responsible for managing data modernization, only 8% of respondents report that the data/analytics team at their firm is in charge. Today, it is the executive leadership and management team that most survey respondents say are ultimately responsible (43%), followed by the IT or technology team (23%) and the operations team (16%). The results beg the question: Are CDOs and data teams truly empowered with the authority and accountability they want and need?

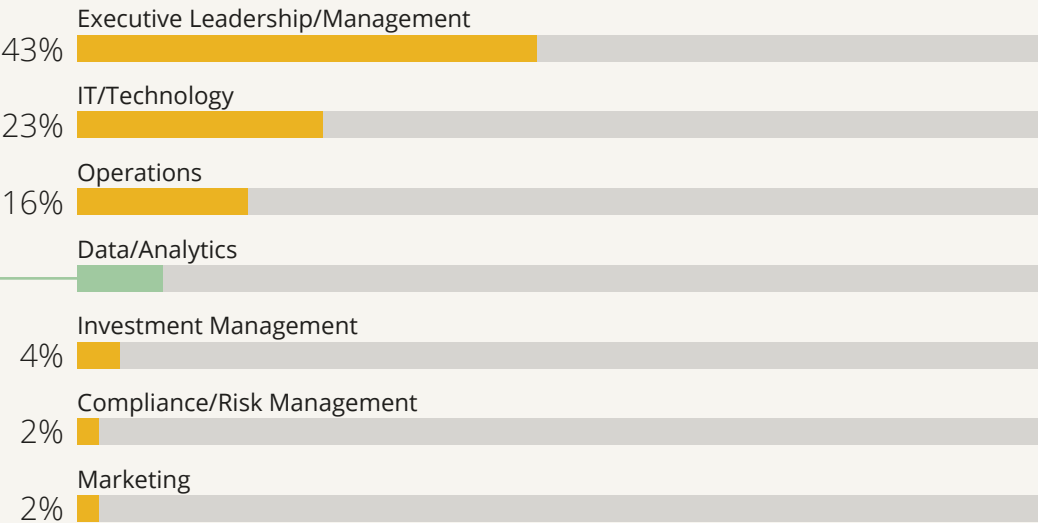
Only
29%

of respondents
prioritize building
a data-driven
culture

Who Holds Responsibility for Data Modernization Today

Only
8%

of firms say data/
analytics teams are
in charge of data
modernization



Key Takeaway

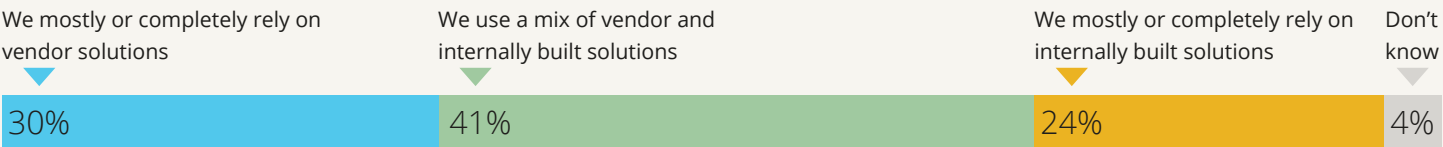
Talent and culture matter as much as technology and infrastructure in data modernization.
Hiring data-minded leaders helps ensure the full enterprise realizes data modernization’s importance and commits to achieving it.

Vendors' Role as Strategic Partners

Vendors can accelerate modernization efforts

In the current era, when specialist vendors can innovate more effectively and more efficiently thanks to their focus and cross-client perspectives, it is not surprising to find that most firms (71% of respondents) rely on at least some vendor solutions for their data management needs.

Reliance on Technology Vendors



Vendor solutions seem to help their client firms activate and accelerate their data modernization plans: Firms that use vendor solutions are more likely to have completed or commenced major modernization efforts (70% versus 60% of firms that do not rely on vendor solutions).

70% vs. 60%

Firms mostly relying on vendor solutions are much more likely to be advanced in their data modernization journeys, compared to firms that do not utilize vendor solutions.

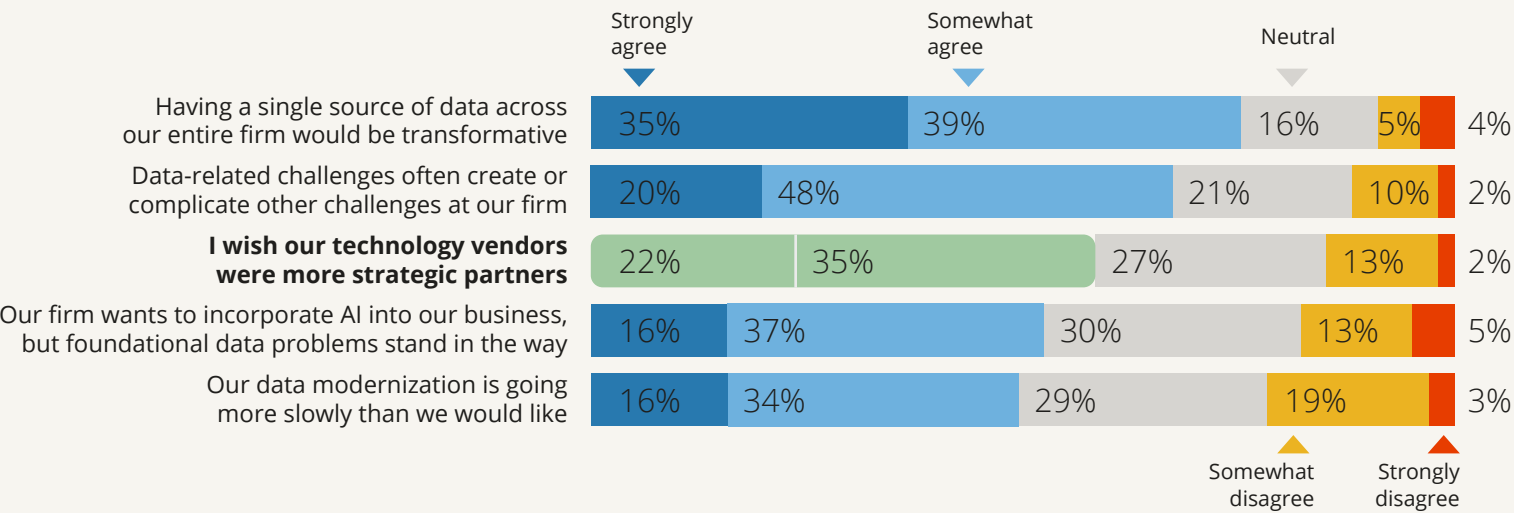


Help wanted: strategy, integration and real-time data

While the boost on their modernization journeys is a welcome benefit, most survey respondents (57%) wish their technology and data vendors were more strategic partners. This sentiment is even more prevalent among those who rely heavily on vendor solutions (69%).

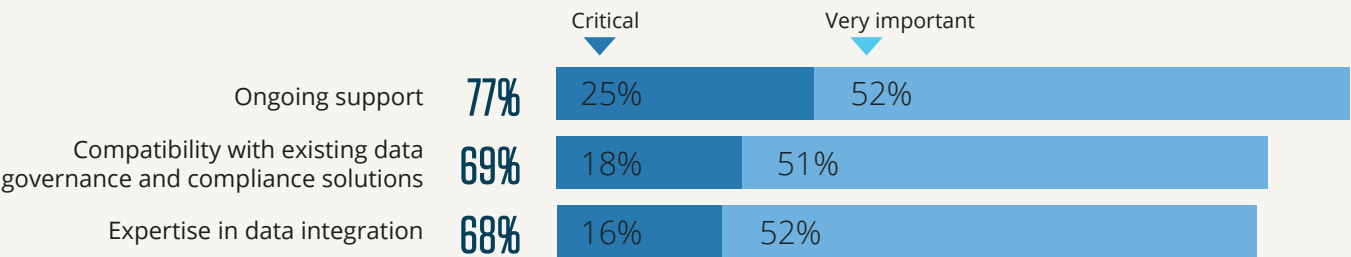
A Desire for More Strategic Vendor Relationships

57% wish their technology vendors were more strategic partners



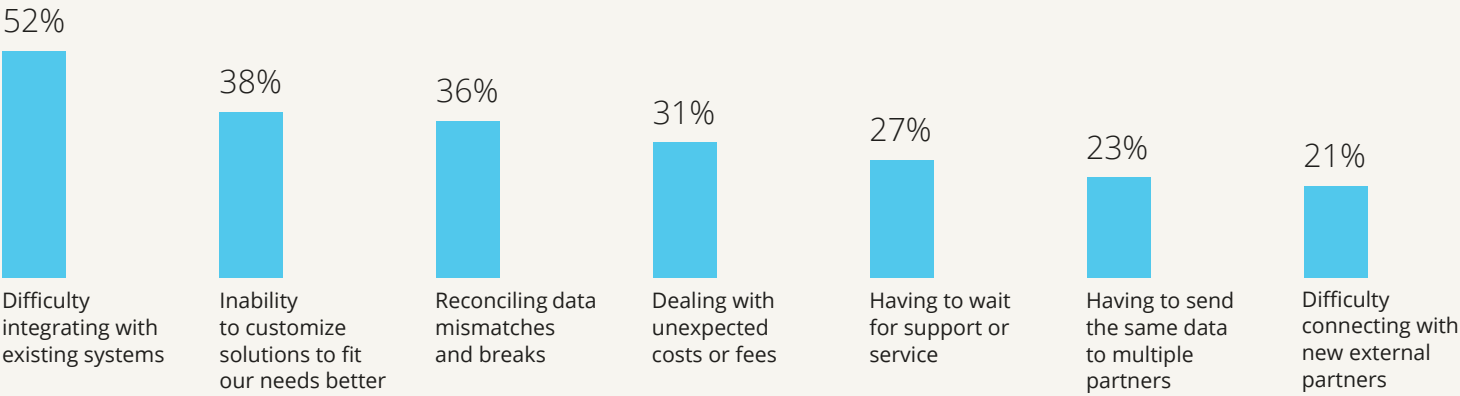
Smooth integration across data sources and systems is central to vendor selection and relationships. In choosing tech and data vendor partners, most firms are seeking compatibility with existing data governance and compliance solutions (69%) and expertise in data integration (68%) — just behind the predictable emphasis on ongoing support (77%).

Most Desired Capabilities in Tech & Data Vendors



The greatest challenge by far in managing data or tech vendors is difficulty integrating with existing systems (52%).

Key Challenges in Managing Tech & Data Vendors

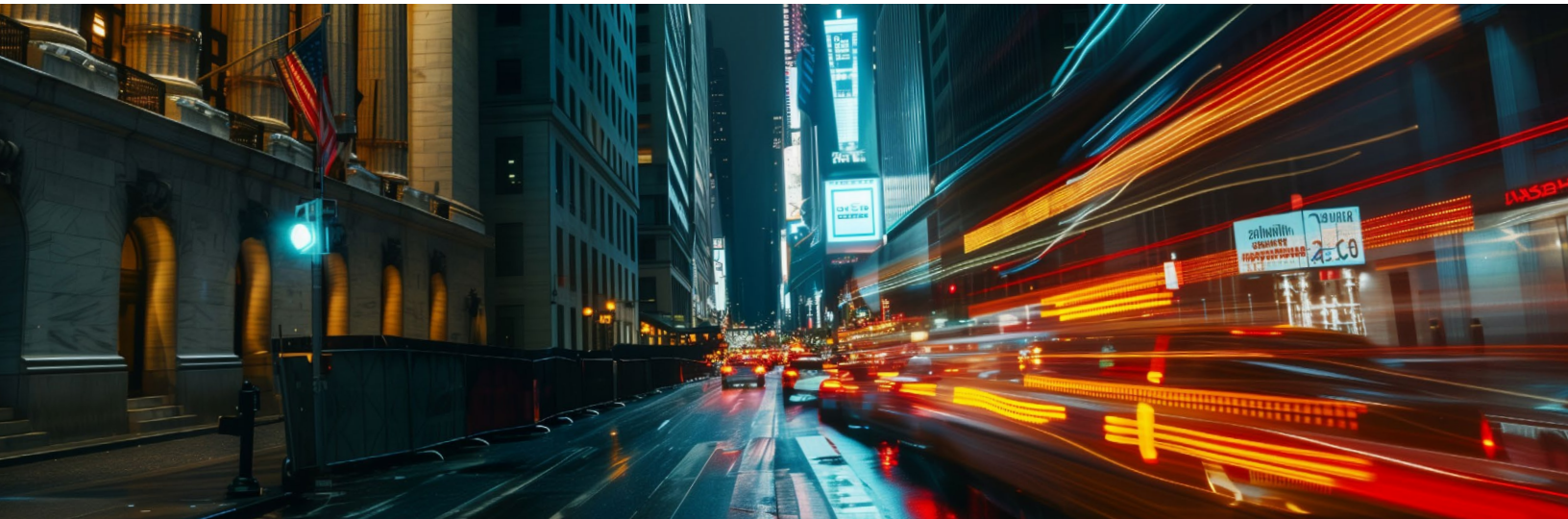


Firms that are largely/mostly reliant on vendors are more likely to strive for real-time data capabilities (67% vs. 61% overall) — indicating how important it is for vendors to enable real-time data.

67% of vendor-reliant firms strive for real-time data (versus 61% overall)

Key Takeaway

Data solutions vendors have an opportunity to be more strategic partners in helping their clients accelerate their data modernization efforts, especially by easing integration and enabling real-time data capabilities.



Takeaways



Data modernization is a near-universal priority and only growing in importance. Investment and wealth management firms that are not yet undertaking modernization and cloud migration efforts risk falling behind competitors. Taking action to modernize now will prevent the domino effect of data chaos on future downstream issues.



Firms feel challenged by the need to simultaneously update, integrate and innovate in their data modernization efforts.

All these priorities should be addressed from the ground up to maximize success, with a future-proof data foundation.



Establishing these fundamentals first — a strong security framework, good data governance and a single source of truth — will enable investment and wealth firms to modernize more quickly and innovate more easily.



Talent and culture matter as much as technology and infrastructure in data modernization.

Hiring data-minded leaders helps ensure the full enterprise realizes data modernization's importance and commits to achieving it.



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Survey Methodology

Methodology, data collection and analysis by Wealth Management IQ. Data collected February 3–23, 2025. Methodology conforms to accepted marketing research methods, practices and procedures.

Beginning on February 3, 2025, Wealth Management IQ emailed invitations to participate in an online survey to active users. By February 23, 2025, Wealth Management IQ had received 420 completed responses. Of those, 244 represented firms with at least \$100M in AUM, and personal involvement in data modernization purchasing and/or strategy decisions. The analyses in this report are based on those 244 respondents.

To encourage prompt response and increase the response rate overall, email invitations and survey materials were branded with the WealthManagement.com name and logo to capitalize on user affinity for this valued brand. The first 200 respondents were afforded the opportunity to receive a \$10 Starbucks gift card as a token of appreciation for their participation in the survey.

About BetaNXT

BetaNXT

BetaNXT powers the future of connected wealth, investing in platforms, products and partnerships to accelerate growth. We are a leading provider of frictionless wealth management enterprise solutions, real-time data capabilities and an enhanced advisor experience.

Through our software, data, and operations-as-a-service approach, we empower our clients with flexible, efficient and connected solutions that anticipate their changing needs. Our comprehensive model reduces enterprise cost, streamlines operations processes, increases advisor productivity and strengthens the investor experience. Together with BetaNXT investment and wealth management firms are transforming their platforms into game-changing differentiators that enable enterprise scale and stimulate commercial growth.

For more information visit www.betanxt.com.

About WealthManagement IQ



Wealth Management IQ is a dedicated division of Informa Connect that provides research, content creation and marketing services to the wealth and asset management communities. WMIQ offers a unique combination of:

- Deep research and analytical capabilities
- Extensive knowledge of the financial advice industry
- Content strategy and direct distribution to over 400,000 wealth management professionals

The mission of WMIQ is to educate and inform financial advisors through our research content and to provide unparalleled access, intelligence and understanding of the wealth management market to the companies that support and empower advisors.

Through the audiences of **WealthManagement.com** and **Trust & Estates**, WMIQ has the ability to tap into some of the most influential communities of financial advisors to conduct targeted surveys, focus groups and one-to-one interviews to inform our research projects. Our audiences of RIAs, IBDs and wirehouse advisors — and their affinity for our brands — position WMIQ to access more engaged advisors than any other industry research provider. This reach across the entire wealth management ecosystem is a unique differentiator of WMIQ and allows us to discover the true drivers of change, behaviors and influence throughout the industry.