



## Business Model Innovation Mindset For Financial Services

By Bill Hertz - November 07 2024

*[Business model innovation is one of the most dynamic strategies available for forward-looking business leaders by providing expanded ways to explore business opportunities, deliberately redesign your firm for competitive positioning and leadership and potentially change the game in your industry. This requires challenging your thinking to open up your mind to new and different ideas and learning from other industries.]*

*To explore this business innovation process more fully, we reached out to Brian Moran, founder and CEO of [FLX Networks](#) – a FinTech company at the intersection of asset and wealth management that was designed to revolutionize engagement between asset managers and wealth management firms. Brian has clear expert knowledge of the traditional asset management business model as he held multiple senior leadership roles at Neuberger Berman and AMG Funds during his 25+ year career in financial services.*

*Along this journey, Brian was motivated to envision and create the FLX Networks platform to solve substantial pain points shared by asset and wealth managers through creating a single destination for aggregated insights, investment ideas, engagement, and business solutions. He also designed the platform from his experience to tailor needed services and processes to the business needs and goals of all stakeholders offering productivity, cost savings, and value potential. Brian accomplished this by rethinking how this ecosystem could come together, work more efficiently, and access value via a single network that aggregated professional services and integrated technology solutions.*

*We focused our questions to learn from Brian's forward-thinking mindset and implementation steps in his entrepreneurial journey creating a tech-enabled network and community platform to redraw the landscape of engagement between asset managers and wealth management firms. This accomplishment is a great case study for all of us on how to develop business model innovation in all our businesses.]*

**Bill Hartz:** With all your success in mainstream financial services distribution, what motivated you to come up with a new approach to the traditional distribution ecosystem?

**Brian Moran:** I would like to consider myself a realistic dreamer. Meaning, I believe everyone is capable of achieving great things, but in most cases, being grounded and self-aware can help you realize your goal. For example, a person may have visions of being a professional athlete at a younger age, but if you are not physically built to compete at those premier levels, chasing down an unrealistic dream is nothing but futile.

After 20 years of learning, observing, and operating, I took the leap to chase down a dream that I believed was realistically possible - Change how an entire business model engages and accesses value.

**Hartz:** Based on your comprehensive knowledge of financial distribution, what areas or trigger points did you see that most needed to be addressed?

**Moran:** With my extensive experience across the distribution channel – spanning sales, marketing, and strategy – I saw clear signs that the industry was poised for a shift. FLX's Analytics, powered by Broadridge, revealed that just 6% of all mutual funds, ETFs, and interval funds account for 75% of assets in these vehicles. Similarly, 3% of asset management companies hold 84% of the total assets in those same vehicles. The data paints a compelling picture - only a select few are truly dominating and it is only a matter of time before economies of scale begin to pressure the rest of the industry.

**Hartz: What were the specific market observations or challenges that created the idea for this platform?**

**Moran:** Throughout my experience, three key challenges became increasingly clear by 2019: financial pressures, fragmented technology, and outdated sales tactics.

First, the decline in asset management fees has been undeniable. Average expense ratios for equity mutual funds dropped from 0.99% in 2000 to 0.42% in 2023 - a 58% decrease (Source: ICI Factbook). This put immense financial pressure on the industry.

Second, while innovation has surged, with over 13,100 FinTech companies in the U.S. and more than 26,000 globally as of January 2024 (Source: Google AI), it has introduced its own complexity. By 2019, it was clear that navigating these siloed solutions was overwhelming. I began to wonder why there was not a unified platform to integrate these workflows, reducing financial strain and increasing efficiency.

Lastly, I noticed a shift in how consumers, including myself, make decisions. We no longer rely solely on traditional sales channels. Whether for banking, real estate, or financial advice, we now do our own research online before engaging with

professionals. This shift underscored the need for a more modern, client-centered approach to sales.

These realizations culminated in an idea: *What if we could create a platform that consolidates all the services and technology that asset managers need to engage with the wealth management channel?* A one-stop, modular, and on-demand solution to implement strategies more effectively and efficiently. That vision became the foundation of what FLX is today.

**Hortz: As an entrepreneur, what** were some of the first steps you took in creating your solution?

**Moran:** I was like a dog with a bone, once the idea was taking form. Looking back, the first things I did after coming up with the concept of FLX were to write it down, do research, and talk to people.

When you take a big-picture, 20,000-foot idea and put pen to paper, you start to see what is possible. It helps you define what you want to build, why it matters, how it will help the market, who your competitors are (both direct and indirect), the revenue potential, costs to budget for, and where you will need third-party help (legal, tech, etc.). It really helps to organize your thoughts. It is a great way to build momentum and dive deeper into the idea.

Second, research the areas where you do not have subject matter expertise. For me, I did not need to dive into asset or wealth management trends - I live and breathe those every day. I know the pain points and the opportunities. But I did need to figure out how to build something I had no experience in, like developing a tech platform!

Third, test the idea. Go to your network and casually ask, *"What if this existed?"* See how they respond. Is there interest? Is there a spark? Looking back, that was the most thrilling and exciting part of the journey. I had this cool idea, I was building a case, and I got to see how some of the smartest minds in the business reacted - often for free! Innovating, thinking creatively, and finding ways to solve the "impossible" is what it's all about.

**Hortz:** Not being a technologist, **how** did you employ AI into your tech platform solution?

**Moran:** There is a flood of information about AI – its impact on the future, jobs, and culture. It can feel overwhelming to know where to begin your AI journey. I believe success comes down to three key steps: compartmentalize, start small, and go deep.

First, compartmentalize. Identify which administrative and daily tasks you wish could be lifted off your plate. Before long, you will have a list of tasks to prioritize.

Next, start small. Choose a handful of tasks to begin with. Remember, execution often fails when teams are stretched too thin.

Finally, go deep. Analyze the steps, workflows, and people involved in each task to ensure smooth implementation.

By applying this approach, we have achieved significant efficiencies in financial management, HR functions, content creation, AI implementation, and even Next Best Actions.

**Hortz:** Where do you feel you are now and where do you yet have to go on your entrepreneurial journey with FLX Networks? Any advice you can share with other entrepreneurial financial services professionals that can be of help?

**Moran:** I often describe working at a technology and early-stage company as being in a permanent sandbox. Meaning, you are always innovating, thinking creatively, and trying new ideas. The reality is that we must stay true to our vision – modernizing, simplifying, and revolutionizing how asset and wealth management engage but we also need to constantly evolve based on what the market presents or takes away.

My advice to anyone considering the entrepreneurial path: do not be afraid to fail, do not have a plan B, and be relentless in your pursuit of success. Expect the unexpected, listen and adapt when necessary, make decisions, and take action. While there are countless other lessons, these always stay top of mind.