



## ASX RELEASE

09 November 2015

# Cerulli Forecasts US\$7.8Trillion Robo Market

- 2500% asset growth projected for robo-advice platforms
- Robo-advice platforms expected to reach US\$489 billion in Assets Under Management by 2020
- Supports Decimal strategy and early results to partner with financial enterprises to deliver robo-advice to their customers now at over \$900 million advised online

Decimal Software Limited (ASX: DSX and ‘the Company’) provides the following media extract and commentary following the release of the report “Retail Direct Firms and Digital Advice Providers 2015: Addressing Millennials, the Mass Market, and Robo Advice” by leading Boston-based analytics company, Cerulli Associates (**Cerulli**) on 4 November 2015.

Decimal is first in market with end to end online consumer driven (“robo”) financial advice technology designed for enterprise application and uniquely capable of working with existing products. Initial deployment with enterprise customers has seen over \$900 million advised online in just several months. With the platform application in other advice channels, over \$1.9bn of funds has been advised using Decimal technology since launch.

### **Decimal’s Executive Chairman, Michael Sertorio, commented:**

*“We are excited by Cerulli’s research in validating and sizing the opportunity we are pursuing. Decimal’s technology was designed, built and tested over 8 years to empower any existing product provider to offer a full robo experience to their existing customers. As Cerulli has identified, this type of capability opens up the whole market of consumers who need financial advice but cannot be reached by traditional channels.*

*Right now, we believe we are the only ones with proven capability to enable any enterprise to quickly and efficiently offer robo-advice to their customers across their existing products. As such, we are confident Decimal can take advantage of the incredible potential that Cerulli has validated.”*



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**About Cerulli Associates**

Cerulli Associates (**Cerulli**) headquartered in Boston specializes in worldwide asset management and distribution analytics. Cerulli also have offices in London and Singapore and since 1992 have blended original research and data analysis to bring perspective to current market conditions and forecasts for future developments. Cerulli has a suite of research publications and an interactive data platform. Cerulli provide financial services firms with unparalleled guidance in strategic positioning and new business development.

**About Decimal**

Decimal is an Australian based company, which has developed the world's first omni-channel, cloud based automated ('robo') financial advice platform designed to work with any existing product. The platform, which includes embedded compliance features, enables enterprises to provide consumer-driven automated financial advice and execution to the mass consumer market with global application. Prior to now this has not been viable or technically possible, providing Decimal with a first mover advantage.

Head quartered in Sydney, Decimal partners with Financial Institutions of all sizes including banks, superfunds, credit unions, insurers, mortgage brokers and dealer groups to enable the execution of Financial Service advice via a seamless omni-channel solution.

For further information [www.decimal.com.au](http://www.decimal.com.au)

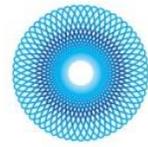
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## Cerulli Forecasts \$7.8T Robo Market

By Jill Cornfield [EDITORS@ASSETINTERNATIONAL.COM](mailto:EDITORS@ASSETINTERNATIONAL.COM) | November 04, 2015

### The rapidly expanding retail channel also means rapid growth in robo-advice providers.

The fastest-growing distribution network in financial services is retail, and the fast-growing share is robo-advice, according to Cerulli Associates, the Boston-based analytics company. Last year, direct retail grew by 11.8% and now stands at \$5.1 trillion in assets. Only the wirehouse broker/dealer market is bigger, according to “Retail Direct Firms and Digital Advice Providers 2015: Addressing Millennials, the Mass Market, and Robo Advice.”

As the retail direct channel has grown, the so-called robo-advisers have emerged as competitors, offering consumers a new, automated approach to receiving financial advice. Cerulli’s report takes a look at how direct firms and digital advisers affect one another in the changing financial services landscape.

Cerulli estimates the addressable market for retail direct firms and digital advisers, analyzing the market for both types of advice from the perspective of the consumer generations: Millennials, Generation X, Baby Boomers and Silent Generation. Because nearly any industry conversation around automated advice involves a discussion of Millennial behavior and preference, Cerulli examines the propensity of the generations to use retail firms and digital advisers.

Millennials have the greatest propensity of any generation to use a digital adviser, according to the report, with 54% of this age cohort open to having their assets managed by online-only providers.

Though Millennials show the highest affinity for online advice, digital advisers should also target Gen-X and Baby Boomers, as they still have more assets than Millennials. A sizable proportion of both groups (39% of Gen-Xers and 29% of Baby Boomers) are willing to work with an online-only adviser.

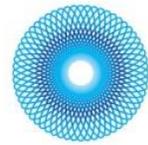
#### **NEXT: Another plum opportunity for robo-providers.**

Also highlighted is the large, underserved mass market of consumers who need financial advice but cannot attract the attention of a traditional financial adviser: Cerulli believes this segment is a rich target for digital advice providers.

More than 101 million U.S. households have less than \$250,000 of investable assets. Of this number, approximately 76 million households have less than \$50,000 in investable assets. Retail direct firms and digital advisers have an opportunity to address these largely forgotten mass and middle-market consumers by creating scalable, online advice solutions.

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The notion that digital advisers provide portfolios without any human interaction is false, according to Tom O’Shea, associate director at Cerulli. Many of the top digital advisers considered to be robos offer toll-free phone support or online advice. As retail channels add digital advice and digital advisers use human service reps, the two channels are converging: both providers are moving toward a model that combines online advice with human support. O’Shea says.

“To be successful, digital advisers will need to develop a strategy that incorporates the human element into their service model,” O’Shea says. “While some consumers may feel comfortable receiving all of their advice digitally, never interacting with a person, this is a small segment of the overall population. Most consumers want to know that they can reach out to a person to solve a problem with their finances.”

More information on “Retail Direct Firms and Digital Advice Providers 2015: Addressing Millennials, the Mass Market, and Robo Advice,” including how to purchase, is on Cerulli’s website.

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