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## NEWS RELEASE

### AMERICAN EXPRESS FINANCIAL ADVISORS PREPARING TO SPIN OFF FROM AMERICAN EXPRESS COMPANY

#### AMEX UNITS RE-ORG TO IMPACT ADVISORS

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American Express Financial Advisors (AEFA) has made Glen Salow head of its technology and operations group, a new position. AEFA, which is preparing to spin off from American Express Company, says that unifying its tech and ops groups will speed its growth as an independent enterprise by improving service delivery to advisors and end-clients alike.

"By having these two core areas under one leader, we will be better able to leverage technology to create competitive advantage for our new company and achieve best-in-class economics," says Jim Cracchiolo, AEFA's chairman and CEO. "Glen's outstanding business and technical expertise, his leadership skills and his record of achievement make him uniquely qualified to take on this exciting new challenge."

#### Under a microscope

Salow has been developing technology solutions for financial service companies for more than 25 years. He joined Amex in 1997, and spearheaded the New York-based company's early e-commerce initiatives.

The move to combine tech and ops is one of a number of changes afoot throughout AEFA as it readies itself for independence, according to spokesman David Kanihan. "We're taking the opportunity to assess all aspects of the company and to strengthen our position in the marketplace," he says. "We're trying to make sure we have the right structure, the right infrastructure, the right resources to be successful as a stand-alone company."

To that end, Kanihan adds, AEFA has decided to marry service delivery – including client-facing functions like call-centers, transaction processing and statement delivery – with the technology those functions rely on to be successful. And that's meant to improve service to AEFA's financial advisors as well as to its end clients. "Part of what we hope to achieve is an advisor experience that is even better than it is now."

#### Efficiency dividend

Dan Seivert of 3C Financial Partners, a Los Angeles-based investment bank and consulting firm, says a re-organization of a firm's tech and ops platforms is typically intended to cut costs by reducing administrative headcount and minimizing processing errors.

Improving advisor-facing technologies meanwhile can "make advisors more efficient by streamlining their workflow," says Seivert, adding that around 40% of an advisory's revenue go to cover general and administrative costs, not including principals' compensation. "To have to process paperwork for 100 to 300 clients is daunting if the workflow is truly paper-based," he says. "But with scanning capabilities and other straight-through processes you can hope to push those expenses down to the low 30s as a percentage of revenue."

Minneapolis-based AEFA supports a network of about 12,000 brokers and registered investment advisors on in-house and independent platforms, including the broker-dealer, RIA and insurance brokerage platforms of Omaha-based Securities America.

Amex plans to complete AEFA's spin-off to shareholders this summer. -FWR

## ABOUT ECHELON PARTNERS

ECHELON Partners (ECHELON) was formed in 2001 to offer investment banking and consulting to a subset of the financial services industry known as "investment product developers and distributors" (IPDADs). Since that time, ECHELON's professionals have helped hundreds of senior executives envision, initiate, and execute a multitude of complex business strategies and transactions. ECHELON's business is making companies more valuable through delivering advice and orchestrating transactions. Accordingly, ECHELON measures its success in the enterprise value it creates for its clients. Companies that strive to outperform their peers choose to work with ECHELON because we are as passionate about their results as they are.

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