10
QUESTIONS
TO ASK WHEN CHOOSING
A REGTECH PROVIDER

As your company works toward strategic success, the technology you choose plays a pivotal role in your ability to manage services, automate processes, and, ultimately, serve your customers and clients.

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The Pre-Planning Process

Technology purchases can be an expensive and time-consuming proposition, with multiple resources involved in the decision making process (Gartner estimates an average of seven people are involved in the process at most companies**).

To get started, gather the right group of people. Your vendor evaluation team shouldn't include only IT people; make sure you're bringing in the people who will actually work with the software everyday, such as your compliance, marketing and sales teams.

Keep the process as efficient as possible by clearly outlining your business needs and required functionalities first, before you start connecting with vendors. Talk with your team about the pain points they experience and the problems they most want to solve, so you can ask the right questions and choose technology that focuses on those specific benefits.

Start By Evaluating Expertise

When you engage with vendors, don't be shy about asking as many questions as you need to feel comfortable. Your potential vendor should be able to answer questions about their expertise in easily accessible language. Don't hesitate to ask for references from their other clients as well, so you can get an idea of how the tool works in practice as well as theory.

1 **What's their key area of expertise?** Many companies try to offer something for everyone, showcasing an impressive breadth of features but not specializing in any one area. Determine which features you most need and whether the company's solutions are focused enough to fit your needs.

2 **Does the technology provide flexibility to meet your business requirements?** When you're shopping for a technology vendor, you should get an understanding of whether you'll be expected to work with an out-of-the-box solution, or whether they'll be able to work flexibly and responsively to meet your business needs.

3 **Are they compliant with industry requirements?** For regtech product evaluation, your due diligence process should be extensive, and your first question should be whether their offerings are 17(a)-4 (17 CFR 275.204.2) books and records compliant. If they're not able to clearly state that they meet this standard, the other interesting and unique features of their product don't have any real signficance for your firm.

Their Business Model

Why does the business model of your technology partner matter? Because knowing how they run their business gives you insight into how their technology will work for you. Will their solution be one-and-done, where your team is responsible for managing implementation and ongoing maintenance? Or, do they have a thorough strategy laid out to keep their product, and your business, relevant as time and technology progress?

Just as your business has a long term strategy for market relevancy, your technology vendors should have a vision for maintaining their offering's effectiveness and relevancy in a rapidly-evolving market. You need to understand how innovation plays a role in their plans, how flexible they are and how they intend to offer solutions to support your needs long-term.

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Are they cloud-based? Cloud-based solutions allow for increased capacity and scalability. And, cloud-based solutions can generally ensure better uptime and efficiency rather than requiring time and staff resources for downtime maintenance and fixes. If you're not considering a cloud-based service, you're risking lengthy downtimes on a regular basis for your IT team to complete regularly required upgrades and maintenance.

5

Who owns my data? You need to think about the end of the relationship at the beginning. When you terminate your partnership with the vendor, who will own your data? You should have clear ownership of your data and information. Ensure you have an understanding of their options for data migration and that your contract includes explicit language in this regard.

6

What's their product roadmap? Regulatory requirements are ever-changing and you need to be certain your vendors are investing the resources required to keep their systems up-to-date and compliant. Choose a regtech vendor that's in tune with the industry, that will meet your current needs and grow with you to meet future requirements.

7

How do they use client feedback? As your team begins using new technology, you'll undoubtedly find areas that could be improved to better fit with your business processes. Understand your vendor's openness to user feedback, focus groups, and beta testing, and whether you'll have a voice in the future of the product.

Their Operations

When assessing operations, do not hesitate to delve into deep technical questions where needed. If you're in a highly regulated industry, for example, you need a thorough understanding of data protection and ownership. Ask questions that give you an understanding of how potential vendors work with their clients long-term.

8 **What does the implementation process look like?** Understand timelines and required resources to plan and staff accordingly. Know whether you'll have a dedicated relationship manager or multiple points of contact. And, ask about fees - whether there's a one-time implementation charge or ongoing costs.

9 **Are there additional implementation expenses?** After your initial purchase and install, you may need updates/enhancements to get the best use form the platform. Will you have to pay each time you request a change to improve the platform's usability for your team or to meet your business requirements? Ask about timelines too, and whether rush fees are required for urgent changes.

10 **What type of support model do they offer?** You need to understand the team that will support you when things aren't going right. Ask your vendor whether they offer 24/7 support, where their support teams are located, and whether additional charges apply for support request. You'll want to understand fully what they provide long before you run into an issue that requires support.

Pragmatically, price will always be a concern for companies selecting new technology. However, instead of focusing on price tags and dollar signs only, using these questions will help you get a well-rounded overall view of technology platforms you're considering.

When you're selecting new technology offerings for your business, choose partners who focus on the benefits they offer, rather than keying in on the features their product includes. The most successful tech providers, and the ones you can build the best partnerships with, will highlight the ways they meet your business and client needs, create efficiencies and bring lasting value to your organization.

About Red Oak Compliance
Red Oak Compliance Solutions is the global advertising review software of choice in the financial services industry, serving clients with more than $19 trillion in assets under management. Red Oak's advertising compliance review software offers quick implementation timelines, as well as agile technology that responds to client needs and is 100% Books and Records compliant. Our clients report 35% faster approvals and 70% fewer touches, with many experiencing even better results. Are you ready to minimize risk, reduce costs, and improve efficiency? Contact the Red Oak team to learn how.

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