

Addepar hits assets milestone as financial advisors flock to its digital solutions

Article

The US-based wealthtech now services more than \$2.5 trillion in assets, [per](#) PR Newswire. Addepar's cloud-based platform provides data aggregation, analytics, and reporting tools to

financial institutions (FI) and advisors for tracking and managing their high-net-worth individuals' (HNWIs) assets.

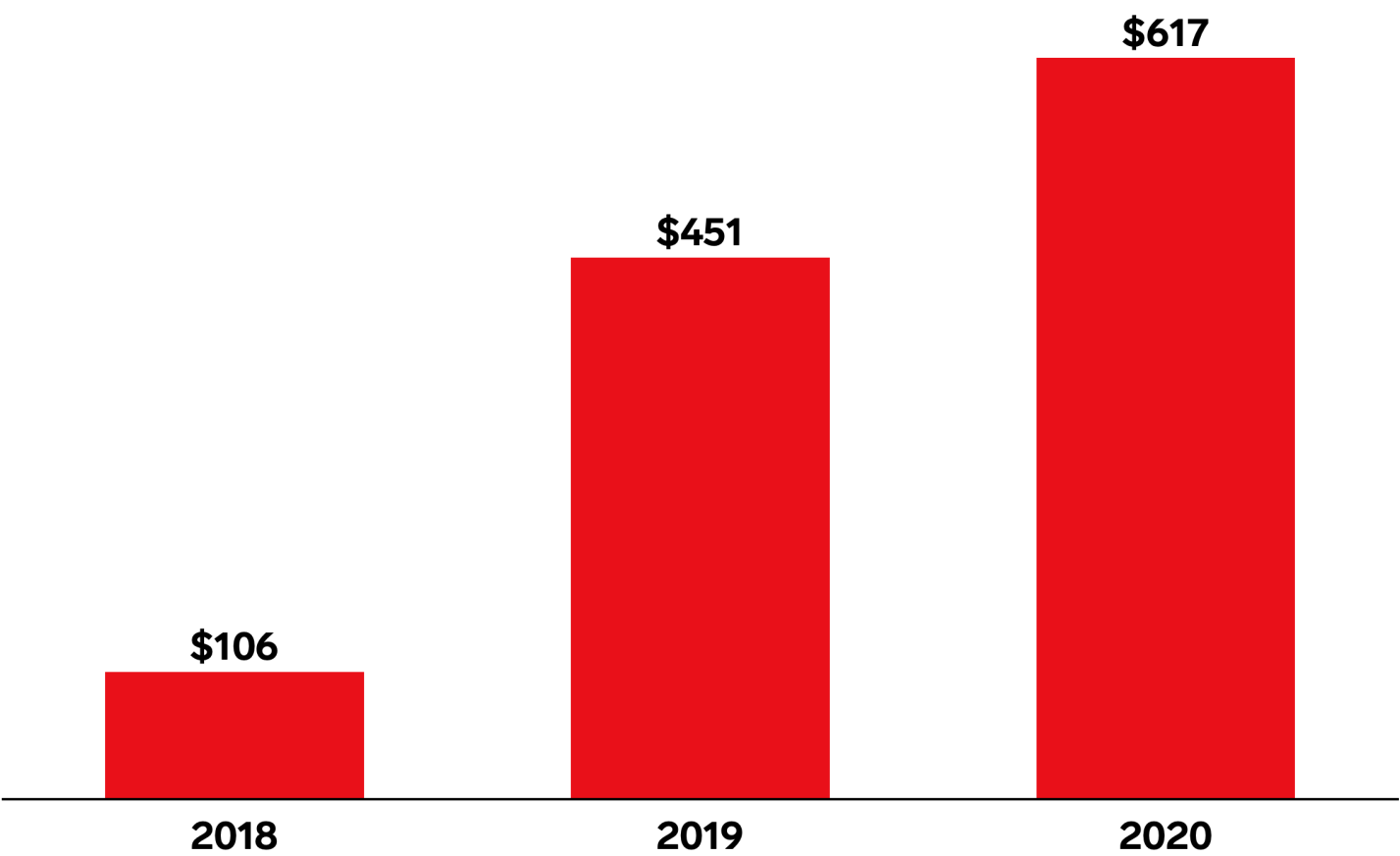
Addepar's milestone follows a record year of growth in 2020, when financial advisors came under intense pressure to acquire better digital tools. It took the wealthtech nine years to hit \$1 trillion in assets, two years to reach a second trillion in August 2020, and just six months to add the other \$500 billion, per Addepar CEO Eric Poirier. Here's why:

- **Addepar's addressable market is getting bigger.** North American wealth managers' assets under management (AUM) is expected to increase in the best-case scenario to \$73.3 trillion by 2025, up 26.4% from \$58 trillion in 2020. Part of this increase can be attributed to the US HNWI demographic growing 11% in 2019, which has helped Addepar grow in parallel.
- **The pandemic accelerated demand for its cloud-based solutions.** Eighty-nine percent of US- and Canada-based financial advisors reported that tech tools became more critical amid stay-at-home orders. Addepar's cloud-based platform makes it easier for advisors to access its data aggregation and analytics tools without having to upgrade their legacy systems. Unsurprisingly, cloud computing was ranked the third-most impactful technology for wealth managers behind AI and data analytics, per Capgemini.

Demand for wealthtech will continue to grow as financial advisors cater to the next generation of HNWIs, and Addepar should add ethical, social, and governance (ESG) impact analytics to enhance its value proposition. Estates are expected to transfer \$36 trillion of wealth to heirs over the next few decades, and these younger HNWIs tend to be more tech-savvy than their parents and will therefore pick advisors with better digital capabilities, driving demand for Addepar's solution. Younger HNWIs also tend to be more socially conscious and want ways to align their portfolios with their environmental and social justice values. To better capture the changing market and increase assets on its platform, Addepar should broaden its analytical tools to calculate things like the carbon footprint of HNWIs' assets.

Root Direct Written Premiums

millions



Source: Root Inc, "FY 2020 Shareholder Letter," February 25, 2021
Methodology: Root Inc's letter to shareholders.

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