

# Leo Wealth CIO Harmen Overdijk Surveys Key Opportunities and Challenges Around Digital Transformation at Leading EAMs

Harmen Overdijk, CIO of the leading external asset management firm that connects the US and Asia, Leo Wealth, is committed to the firm's efforts to upgrade its digital technologies. Indeed, he recently explained to Hubbis that the firm is investing heavily in upgrading its global platform across all facets of operations, investments, administration, analytics and reporting. The key missions are to boost capabilities, enhance capacity, improve productivity, elevate the investment offering, help team members with automation, and upgrade the client experience. Harmen was one of our three experts who spoke at the Hubbis Digital Dialogue event on December 7th that focused on the opportunities and challenges around digital transformation and implementation.

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**HARMEN OVERDIJK**  
Leo Wealth

**Harmen, what are your priorities in Leo Wealth, and are you achieving what you set out to achieve in what you recently described as a major investment in ongoing digital transformation, and can you outline some of the key missions and challenges?**

To start with that, as other panel members have already mentioned, the selection of solutions is one thing, but then it is highly challenging to make sure you achieve your goals when it comes to execution, implementation and integration.

Many new tools are available that can help us be more efficient, operate more effectively, curate and manage data more comprehensively, improve the investment offering and communication of information and ideas to clients, and all simultaneously, and compliantly across different jurisdictions.

Within Leo Wealth, we have three pillars, namely tax advisory and planning, wealth, estate and

**SETTING THE SCENE**

The panel’s mission was primarily to focus on the application of the latest digital solutions in the world of Asian wealth management, as technology revolutionises the offerings and efficiencies of private bankers, EAMs, MFOs, SFOs and across the broad wealth management community in the region. Central to the conversation was to match technology to current and future needs in the wealth industry and boost outcomes for the firms, the team members and the clients.

They discussed whether technology investment is being properly targeted and executed, and they considered how wealth management organisations competing in the Asia region can best select, adopt, and assimilate these new technologies. The panel also focused on the ‘how’ to manage the implementation and later operation of those new technologies in order to maximise the returns on what is often a significant and perhaps ongoing investment.

They explained they are all critically aware of the need to ensure that there is internal buy-in to the concepts and commitment in terms of budget to the innovations to be undertaken. Similarly, this will then help with internal and client adoption of the digital tools that will emerge. It will all take time, they said, and to coin an old adage, ‘Rome was not built in a day’, so it is vital to build the foundations well and layer the architecture gradually on top.

legacy structuring, and portfolio management. Most of our clients use either all of these services or two of the three of them.

Our approach is to focus heavily first on digitising the backend, making the firm more efficient and saving costs. And, of course, there is a lot of the operational work that should really be handled by software.

But the next step that we need to make is really driving the evolution at the front end, in other words making really good use of these technologies to boost the client outcomes, to really help the

RMs and advisors and portfolio managers in their efforts on behalf of those clients.

We are, for example, exploring ways to leverage the collective in-house knowledge of Leo Wealth’s senior bankers and specialists in these three key business areas, using AI to create our own internal database and make information and expertise available faster and more comprehensively, perhaps for client meetings or conversations. That is an application of AI that I think will make a lot of the firms in the financial industry a lot more efficient.

AI in itself is not new, but some of the applications that are now being rolled out, including enterprise solutions, are really speeding it all up. But remember that the financial industry, of course, is hopelessly old-fashioned and conservative compared to any other industry. We still have discussions with clients about their portfolios send them proposals and ideas, and research as a pdfs or PowerPoint afterwards, just as we all did 10 or 20 years ago.

We can take lessons from other industries and businesses to help improve all this, although we will need to keep a close eye on the regulatory side, which can significantly hamper progress in these areas. For example, we are a significant-sized EAM operating in four countries, including the US, where we operate in several states, many of which have their own regulations as well.

This means a central challenge for us in trying to implement our global platform, as we are now, is finding providers that can implement all these different needs and nuances across multiple markets and jurisdictions.

Then, the next challenge is making sure that all the different tools and solutions can actually communicate with each other, whether it is for data, CRM, reporting, compliance and audit, and so forth. These are huge challenges.

The good news is that despite the many significant challenges, we are making the progress that is really helping our teams and the clients. That is why we are rather excited about the evolution that we are confident we will achieve in the next couple of years and further ahead.

### A SHORT NOTE ON LEO WEALTH AND HARMEN OVERDIJK

By way of background, Leo Wealth is an Asia and US-based asset management firm that focuses intently on the fee-based asset management and advisory model. The firm, in its current form, was created from the August 2021 strategic merger of a US-based multi-family office and The Capital Company, the Hong Kong-based IAM that Harmen had originally co-founded in February 2017.

The deal was conceived as an ideal fit because The Capital Company, as an independent firm, had focused on offering global and Asia-specific investment advisory and related services to wealthy international investors, with robust connectivity and expertise linking Asia and the US. The US merger brought additional AUM, as well as a specific focus on the US, and a strong inclination towards alternative assets, where they had developed a good reputation, expertise and track record.

Today, Leo Wealth boasts an AUM figure of around USD 6 billion and the partners believe that the enlarged group is even better at providing a broad range of value-added services in terms of helping clients and families build and protect their asset portfolios and, therefore, a stronger competitive position competing against the private banks and other providers.

Harmen Overdijk is the global Chief Investment Officer of Leo Wealth, a U.S. and Asia-based asset management firm focused on fee-based asset management. Leo Wealth was created from the strategic merger of two existing independent asset managers, where the partners have decades of Asian and International wealth management experience.

The firm's portfolio management philosophy is based on Evidence-Based Investing, a disciplined approach that gains insights about the markets and returns from academic research, structures portfolios along the dimensions of expected returns and adds value by integrating research, portfolio structure, and implementation. This investment approach makes extensive use of low-cost investment instruments.

Harmen is an experienced portfolio manager with 25 years of investment management experience. Prior to Leo Wealth, he held senior management and CIO roles for several successful asset management practices at EFG Asset Management, Fortis Bank and MeesPierson.

He is a Chartered Financial Analyst (CFA) holder and has an MSc in economics from Tilburg University, The Netherlands.

**EAMs often rely on core and often older types of clients. Will this help future-proof your business model as that older, founder wealth passes to the next and younger generations?**

The answer lies in continuing to deliver added value to the next generations; only then will we retain clients. They will go elsewhere if they don't understand or appreciate the value we offer. Relying solely on past relationships, such as with a family patriarch, is insufficient if the next generations do not see the value or like the way we approach their affairs and needs.

Digital solutions are more 'hygiene' for the younger generations, and they are much smarter in terms of their ability to leverage technology themselves, so digital solutions in themselves are not enough - we must leverage digital to demonstrate our value to these families, beyond just one generation and across our advisory suite.

We continue to believe in the RM model but enhanced by technology. In our view, AI will not replace that human relationship and the trust element between the firm and the clients. We

need to make sure we leverage technologies to enable our RMs and portfolio managers to provide the best possible service and value-added to the clients; if we do that, we will be able to win and retain the next generations of clients.

**From your own experiences, can you offer delegates some insights into how to get it right regarding implementation, internal adoption and ending up with the right solutions that deliver the added value you have mentioned to the end clients?**

Another panellist highlighted the importance of defining goals and accepting that not all projects will succeed. Leo Wealth is a partner-owned firm, and there is an understandable resistance to some digital strategies, fearing a shift towards becoming more of a robo-advisor. I assure them we are not replacing staff with avatars, but aiming to enhance the client experience with a digital platform.

Overcoming internal resistance and deciding on a direction, especially in larger organisations, requires clear leadership and careful management

to help everyone understand the objectives, and then deliver on what we planned, and that will result in the necessary buy-in and adoption internally. We cannot achieve everything at one step and must prove these solutions work and make progress sequentially.

We are globally implementing a new reporting and portfolio management system called Addepar. Initially, there was pushback from partners due to the size of our investment, but they already appreciate the benefits of a global integrated platform. For example, our CFO has found it easier to collect data on client profitability and understand activity and groupings amongst clients, and this type of acceptance and adoption has spurred new business solutions and ideas for client services and additional investments.

A central challenge around data is in integrating various internal databases, folders, and systems to make our collected knowledge more accessible to our RMs and other specialists. We are looking at AI and language models, for this purpose.

As I said, I am taking it all sequentially, ensuring each

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development and innovation is met with partner buy-in at each stage. Additionally, I do not like to get too far ahead in all this. In other words, make progress on each step and then move to the next step, rather than extrapolating from the start as to the later investments and solutions that we could procure. And remember that it all takes time to implement, test, to prove and then ensure internal and also client adoption.

And as to the actual implementation, that is handled by our COO, and it is important that the right people handle these matters. I have plenty of ideas, but I leave the actual implementation to other experts.

I can add that not all will go to plan. For example, timeframes can and do slip. And costs can and sometimes do rise during the process, for a variety of reasons.

For example, while implementing the reporting and portfolio management system Addepar, during implementation, their pricing changed on the bands of AUM the system handles, and as we had very strong AUM growth this year, we are already two bands higher in their pricing model, which is higher than the budget we had all agreed internally. The growth of course

is very good, but it underlines the importance of communication and managing expectations.

### **Finally, what about communication with the clients? How is that evolving?**

As I said earlier, I have no interest in transforming our offering into some sort of robo-advisor. We have wealthy clients with high expectations of our RMs and advisors, and therefore we want to focus largely on using technology to enhance the skills, capabilities and efficiencies of our teams, especially when it comes to direct communication with the clients.

I see the potential for AI models to help streamline tasks such as creating presentations and proposals, making the process faster and improving the client experience. This, in turn, frees up the RMs and others to focus more on what they are best at, generating ideas and connecting with their clients.

The reality in our wealth industry is that this type of client communication and personalisation is still largely manual and time-consuming, so any progress we can make in these areas is valuable, and it is certainly possible given the tools out there.

We can make communication more engaging as well, for example with avatars, and deliver short video messages that quickly address recent events or client-specific situations. This strategy enhances outcomes as well as the overall client experience.

We can also automate some of this, for example, automated personalised birthday messages using avatars. This idea, although simple, reflects a blend of personalisation and automation, aiming to make clients feel individually valued and at the same time using that avenue to deliver information, ideas, suggestions and so forth.

None of this is rocket science, but it all needs to be envisaged clearly, communicated internally and implemented effectively.

My final word is to reiterate that technology is there for us to elevate but not change our business model and approach. Solutions need to be imagined and selected with that in mind. We want to continue to offer value-added in every facet of our proposition, and across the older, founder-type clients, through to the second and then the younger generations. ■

