

Family Office Technology – Ferrari vs Utility

Key Considerations for Asian Family Offices



Foreword

Family offices are increasingly managing an array of complex assets and are faced with critical decisions on the level of technology infrastructure required to be successful.

Can a family office looking for a truly world class asset allocation mix manage that without the need to spend money on technology, staff and other infrastructure or has this been democratised by technology and wealth manager innovation? Is it more cost effective to continue the idea of giving it over to one counterparty or can they pick a best of breed/ open architecture model?

Is there consensus among Family Offices concerning the optimal technology infrastructure?

There is debate as to the level of operational infrastructure and technology that a 'single' or 'multi-family' office needs to be successful in managing complex portfolios. Family offices across Asia seem to be at the crossroads - how do we make the right decision of what to 'build' or 'buy' when it comes to getting the right digital infrastructure in place.

We know that differentiation in creating the 'family office of the future' comes from having the right digital platform and user experience - an integral part of an overall value proposition that is 'open architecture' at all levels - not just across investments and fiduciary, but across data and IT platforms.

It's clear that one size does not fit all. It's about assembling a platform of services and capabilities that is interoperable - providing the right infrastructure around engagement and giving the family and the family office the flexibility to go where they want, equipped with the required automation and connectivity with underlying custodians and other service providers.

Whether insourced or not, managing the selection and decisions around the right platform and capabilities requires a structured approach with ongoing governance and oversight.

Imagine a world where your technology infrastructure within your family office provides:

- ✓ Real-time, consolidated multi asset class reporting and analytics,
- ✓ Integrated across private and public market assets,
- ✓ Supported by a platform of services and capabilities,
- ✓ Interoperable, highly automated and connected with counterparties of your choice,
- ✓ Supporting access to bespoke, unique investments and transactions
- ✓ Leverages AI to transform the experience for the family office and its key stakeholders

Choices made today will determine the capabilities of tomorrow.



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About this report

We leveraged our experience, coupled with direct interviews with leading Single and Multi-Family Offices in Singapore and Hong Kong to identify the current solutions used to manage portfolios for family members and clients. The focus was on how these family offices built their internal structures, the reasons why and how they are positioned for the future.

We are pleased to be able to share with you the insights from leading single and multi-family offices across Asia sharing their journeys of how they have developed the IT platforms and solutions for their businesses - each is unique but provides key learnings on how to best approach the decisions that need to be considered.

Set out below are the Family Offices across Asia that participated with details of each in Appendix 1

Asian Family Office Respondents – Singapore and Hong Kong:

✓ Covenant Capital, Singapore

✓ DL Family Office, Hong Kong/Singapore

✓ Finaport, Singapore

✓ HP Wealth Management, Singapore

✓ Lighthouse Canton, Singapore

✓ Lumen Capital Investors, Singapore

✓ Raintree Asset Management, Singapore



Key Highlights

- There is no single technology solution that suits all. The systems environment is shaped by the unique needs of each family office. Not a one size fits all. All the respondents considered a combination of proprietary technology combined with vendor solutions with some level of outsourcing. As we see from our respondents, any family office or advice firm with an eye on the future must carefully plan their digital ecosystem for resilience for inevitable change. A strategic investment now in determining the most appropriate systems environment may provide the best bet.
- All appreciate the importance of the need for scale and operational efficiency. Family offices at a tipping point driven by changes to being more automated, requiring the support of underlying custodians with the extent of innovation and willingness of underlying banks / brokers to invest, influencing key decisions made.
- Whilst institutional counterparties such as custodians and banks are beginning to improve their technology capabilities, the family office and advice providers now see themselves as the “hub” rather than the spoke into which service providers will need to plug into.
- As Application Program Interface ‘API’ networks increase in Asian based counterparties, so will the ability to ‘modulate’ the family office - with each required component plugging into this central data centre. When APIs become a method of curation, software users can improve, add or delete incumbent suppliers without disrupting the entire office. Partner expertise will be the major factor in building this mosaic.
- Choose your partners & counterparties wisely. For many, the choice is driven technological capabilities, who are best able to deliver data efficiently and capable of inter-operability.



- Superior technology infrastructure will both attract and retain top talent.
- Technology decisions are often shaped by the overarching philosophy of the organization of open architecture.
- Future proof the technology by maintaining open architecture, flexibility and agility.
- Off the shelf doesn't necessarily mean it remains cookie cutter and for the masses.
- Self-awareness of your use case – you are not the same as everyone, but you are also not unique in every aspect.
- How family offices are leveraging AI – the power of generative AI to understand client's needs and provide personalised recommendations and insights, transcending chatbots and rules based AI.

Report Detail

The Forces of Change

Elevated volatility and uncertainty have provided a tipping point for Asian single and multi-family offices. More “passive” management of investment have given way to increased engagement and monitoring and with that comes the increased need for clarity of how assets are managed and by whom.

Most reports on how wealth management firms navigate uncertainty have re-iterated two very relevant points for those managing family office wealth – the rise of customisation and access to alternative investments such as private markets and VC. Both of which were necessitated the improvement in technology infrastructure.

With this in mind, we focus on how families and their advisers are managing this change, the challenges, and the benefits.



Digital Infrastructure – The Journey of improvement

Starting the process of improving the digital infrastructure for single and multi-family offices seems to be the same across all respondents.

1. Ask our trusted advisers and peers.
2. Seek case studies and testimonials.

There is also homogeneity on the reasons for seeking these improvements that were not just “improve profitability or returns.”

All respondents had challenges with their third-party suppliers, in particular the banks. This “burden of knowledge” meant that when they set out on this infrastructure journey, they had specific ideas on the shortcomings of the current model.

For Raintree Asset Management: “We have a better understanding of custodians and their legacy issues. We can identify the advantages and disadvantages and match up the accounts that would be best serviced.”

This insider knowledge of their counterparties allows for Single and Multi-Family office staff to guide clients and family members through the complexities of legacy infrastructure.

And change is hard when the revenue drivers are opaque or uncertain. DL Family Office sums this conundrum up when asked if the incumbent banks were improving: “yes, they are improving. From experience, it’s very hard due to internal and external constraints.”

Finaport noted that the transformation of the offering is key when looking for growth - in new asset classes such as Crypto Currency, or jurisdictions as they look to set up offices in more countries.

It’s not to say that things have remained static. Covenant Capital noted that since their first review of infrastructure, the banks are more willing to provide data than five years ago.

So if the banks and asset management platforms won’t (or can’t) take on the heavy lifting expected of a diverse and custom hungry client base, then how does the SFO and MFO of the future build investment infrastructure that will become “the hub”?

Ferrari vs Utility

Lumen Capital Investors sparked a compelling argument in the realm of technology infrastructure. Asking: “Why spend money on a Ferrari when there are limited roads to drive it? Better to invest in a utilitarian vehicle which can actually move on all the roads.” This metaphor mirrors the current technological infrastructure in Asia, where the utility of advanced systems is constrained by a lack of digital integration, such as APIs and Open Banking, among large banks and institutions. Family offices are thus navigating a landscape where they must pragmatically decide whether to build, buy, or rent solutions for immediate needs or invest in future-ready infrastructure.

Lumen Capital Investors emphasizes their client-centric, solutions-oriented approach, questioning the primary focus—investment handling or family office management—to tailor their technological strategy. Similarly, Covenant Capital uses the Ferrari analogy, weighing necessity against extravagance in technology adoption, suggesting a more ‘Toyota’-like solution might suffice given the cost and complexity considerations. This reflects a broader sentiment; the U.S. and parts of Europe are leagues ahead in open banking, leaving Asia grappling with a transaction-focused banking sector resistant to enhancing API availability due to control concerns.

The Fintech Shortfall:

A crucial observation comes from DL Family Office, highlighting a disconnect where fintech platforms, despite their technical finesse, often falter in accommodating the financial industry’s intricate demands. They cite instances where basic elements like stock or fund codes become problematic, given the different nomenclatures used by various custodians. This underscores the unique operational nuances of financial services, where a mere misinterpretation can trigger regulatory repercussions or severe fines.

Addressing technology infrastructure, the conversation shifts to the “data in, data out” dilemma. Lighthouse Canton underscores this, noting their preference for API use over

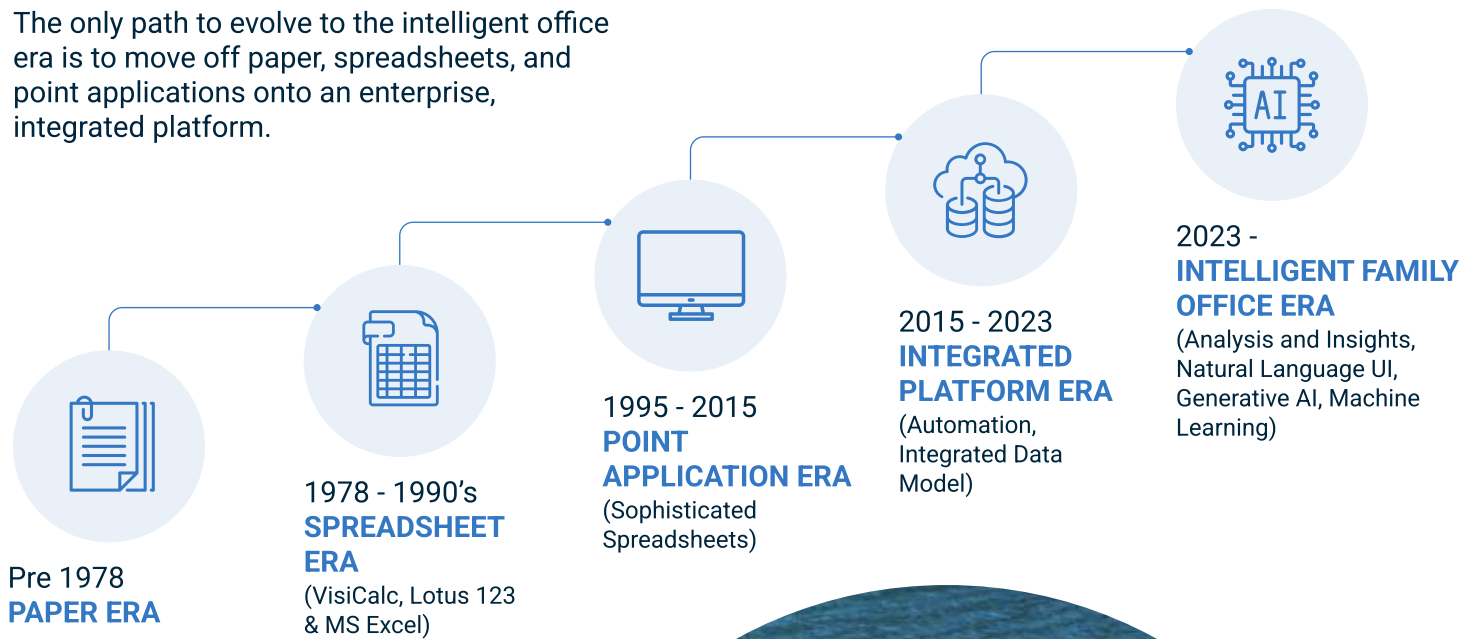


FTP for efficiency, mirroring standards seen in the U.S. Meanwhile, HP Wealth Management articulates a strategic "wait and move" approach, acknowledging connectivity as a fluid, evolving alliance among all stakeholders, necessitating continual support for integrations. Their proactive stance—ushering local banks like DBS to enhance connectivity—shows how these family offices can influence in driving technological change.

However, the inertia persists among banks, often reluctant or slow to facilitate data accessibility to client data aggregators, safeguarding their control. In this dynamic environment, AI emerges as the coveted 'Ferrari,' promising transformative potential for wealth managers and family offices in enhancing efficiency and client engagement. For Finaport, it's not just about embracing AI but integrating adaptable, future-ready technology infrastructures, shaping everything from client onboarding to brand communication, poised at the frontier of technological evolution.

The family office progression - Five Progressive Eras

The only path to evolve to the intelligent office era is to move off paper, spreadsheets, and point applications onto an enterprise, integrated platform.



The Transformative Impact of Artificial Intelligence (AI) on Family Offices

Since the 1970s, family office software has evolved from paper-based systems to spreadsheets in the 1980s, then to point solutions until the 2010s. The year 2015 marked a leap with integrated software akin to SAP and Oracle, consolidating multiple functions. Recently, late 2022 saw a revolutionary stride with generative AI, leveraging machine learning to automate complex tasks and enhance decision making for knowledge workers. AI in family offices is growing in importance and would be fundamentally integrated into future operations and governance.



What type of AI technologies are used in a Family Office?

Family offices cater to a wide array of tasks, from front office client interaction and investment management to administrative middle and back-office duties. This wide and varied array of family office tasks requires a blend of AI technologies, each suited to different purposes.

Four key AI technologies used in family offices includes:

- ✓ Generative AI with Large Language Models for Natural Language Processing, new content creation, customer communication personalization, etc.
- ✓ Expert System-based Business Rule Engines for Decisioning and Reasoning
- ✓ Machine Learning for Forecasting and Analysis
- ✓ Computer Vision for Image to Text Transformation, Document Handling

What are AI use cases in a Family Office?

AI is transforming family offices by automating middle and back-office tasks like data analysis and financial reporting, while front-office operations benefit from personalized client service through data-driven insights, enhancing decision-making and service delivery efficiency. These front, middle and back-office automation capabilities may be divided into five capabilities outlined below and their use cases.

CAPABILITY	DESCRIPTION	USE CASE
EXTRACTION	Extract key data, corrects errors, automates tasks using metadata, converts scans via OCR, and links related content.	<ul style="list-style-type: none"> • OCR for processing Invoices, Payments, Statements etc. • Automatically index, tag and route uploaded documents, reducing manual labor and errors.
SUMMARIZATION	Condense one or multiple documents into a brief, aiding rapid decisions, reducing reading duration, and streamlining content comprehension.	<ul style="list-style-type: none"> • Distill detailed grants, investment or financial planning proposals into executive summaries. • Convert extensive market research or sector analyses into concise summaries for stakeholders and decision-makers. • Condense annual and quarterly reports of companies to glean key financial data, performance metrics, and insights at a glance. • Provide summarized versions of communication meant for shareholders, ensuring transparency without overwhelming with details.
GENERATION	Producing documents or content from given inputs, standardizing through templates, streamlining document assembly processes, customizing content for relevance, and replicating user-specified formats.	<ul style="list-style-type: none"> • Personalize and generate quarterly or annual newsletters detailing family events, philanthropic activities, or investment updates. • Draft detailed portfolio performance reports for family members. • Generate wills, trusts, and other estate planning tools based on the specific needs, structure of the family and existing sample documents. • Provide summarized and personalized versions of communication tailored to each family member.
INFERRING	Analyzing documents against guidelines or market data, etc. for performance evaluation, compliance and evaluating sentiment of feedback, reviews, or surveys.	<ul style="list-style-type: none"> • Evaluate performance of asset portfolios and make informed investment decisions by benchmarking against market data. • Compare internal documents, transaction records, and communications against relevant regulatory guidelines and compliance requirements. • Analyze historical data to determine the best asset allocation strategies for the family's goals, be it wealth preservation, growth, or philanthropy.
TRANSFORMATION	Altering documents: redacting sensitive data, translating content across languages, converting between formats while maintaining layout and context and converting from one form to another example Text to Image.	<ul style="list-style-type: none"> • Translate documents into various languages for international assets or family members residing in different countries. • Redact personal or sensitive information automatically from documents. • Transform textual financial data into visual charts or infographics for easy interpretation.

AI is set to revolutionize family offices, automating tasks across all operational levels and fostering efficiency. The future where AI handles data analysis, risk, and compliance is imminent, freeing staff for strategic roles. This integration promises enhanced service quality, cost management, and a blend of human expertise with AI precision.

Muralidhran Nadarajah is the Chief Information Officer for Eton Solutions which is a US based software and services company specialising in supporting Family Offices and UHNW individuals. He is presently actively involved in working with Microsoft's OpenAI to support the embedding of AI supported processes outlined in the article into the company's flagship product AtlasFive® via Eton Solutions own EtonGPT which is built on the same GPT4 engine used by ChatGPT.



Build or Buy

Navigating the Technology Decision in Wealth Management

In the rapidly evolving landscape of financial technology, wealth management firms and family offices face the critical decision of whether to build bespoke solutions or integrate existing technologies. This quandary arises from the unique, intricate needs of wealth management, particularly concerning data segregation, tailored client services, and cost efficiency. The journey from rudimentary tools like Excel to sophisticated, customized platforms illuminate the sector's growing demand for precision, agility, and scalability in technology.

Steps to take when deciding:

1. THE GENESIS OF PROPRIETARY TECHNOLOGY IN FAMILY OFFICES

Unlike the traditional trajectory in wealth technology stack development, entities like Raintree Asset Management have chosen a path of curation, identifying solutions that fulfill specific prerequisites, particularly concerning data integrity and confidentiality.

2. BALANCING FUNCTIONALITY AND USER ADOPTION

Covenant Capital's journey underscores the challenge of internal adoption, reflecting on their transition from basic tools to more advanced solutions. They observed, "The investment and RM team was not using the software as much as we hoped, with most noting a lack of functionality for their specific tasks. For the next selection process, we made sure all internal teams had input." This insight brings to light the complexity of developing solutions that are not only cost-effective and specific but also user-friendly and functional, accentuating the importance of internal stakeholder engagement in the selection process.

3. LEVERAGING SUPPLIER RESOURCES

DL Family Office highlights an innovative approach, leveraging their custodian banks' technological investments to streamline their infrastructure. They emphasized the strategic selection of banking partners based not just on investment advice but also on their technological prowess: "We select the banks, not only on investment advice but also for how easy they are to extract information. For example, with US equities, we would select the banks with the best online execution and an easy-to-use interface for our staff. We choose our banks based on their ability to be a good technology partner."

This approach provides cost-saving but also redefines the value proposition of banks and other trusted partners.

4. THE TIPPING POINT: DATA SECURITY

The consensus among industry players signals an inevitable need for proprietary systems, especially in managing sensitive components like client data. Lighthouse Canton exemplifies the strategic balancing act, stating, "One combination of buy and build and a simple example is the CRM. We only need to build what is needed. Can you give us an elegant solution off the shelf? We focus on the 10 things that we need as a firm, not the hundreds that are available." This 'curation' mindset, prioritizing essential functionalities over superfluous features, is crucial in optimizing investment in technology. Industry best practices recommend using commercial off-the-shelf technology (COTS) to enhance cybersecurity. Typically, these systems undergo thorough testing and validation, with costs offset by sales to multiple customers.



5. INTEROPERABILITY AND CUSTOMIZATION

With firms like Finaport emphasizing the need for tech flexibility, the discussion advances toward open architecture systems. These systems allow for seamless module integration, enabling firms to "Take one module out and plug another one in." Such adaptability, paired with the capacity for customization, resonates particularly with entities handling complex tasks like performance fees calculations or external manager oversight. However, global platform providers must also contend with regional compliance variations, further complicating the technology landscape.

6. LOCALIZING GLOBAL SOLUTIONS: A STRATEGIC IMPERATIVE

HP Wealth Management's strategic localization of their platform acknowledges the burgeoning significance of regional hubs like Singapore and Hong Kong for family offices. The move, driven by a blend of factors, underscores the imperative for global firms to adapt to local ecosystems, factoring in regional legalities, investment influxes, and supportive infrastructures. This nuanced approach ensures that firms remain agile amidst the evolving demands of wealth management technology.



Compliance vs Operational Improvement

In the dynamic landscape of financial services, particularly within wealth management and family offices, a pressing debate centres around the optimization of regulatory compliance against the backdrop of operational improvement. The criticality of robust, agile, and secure technological infrastructure becomes paramount as firms navigate the intricate regulatory environment while ensuring efficiency and adaptability in their operations.



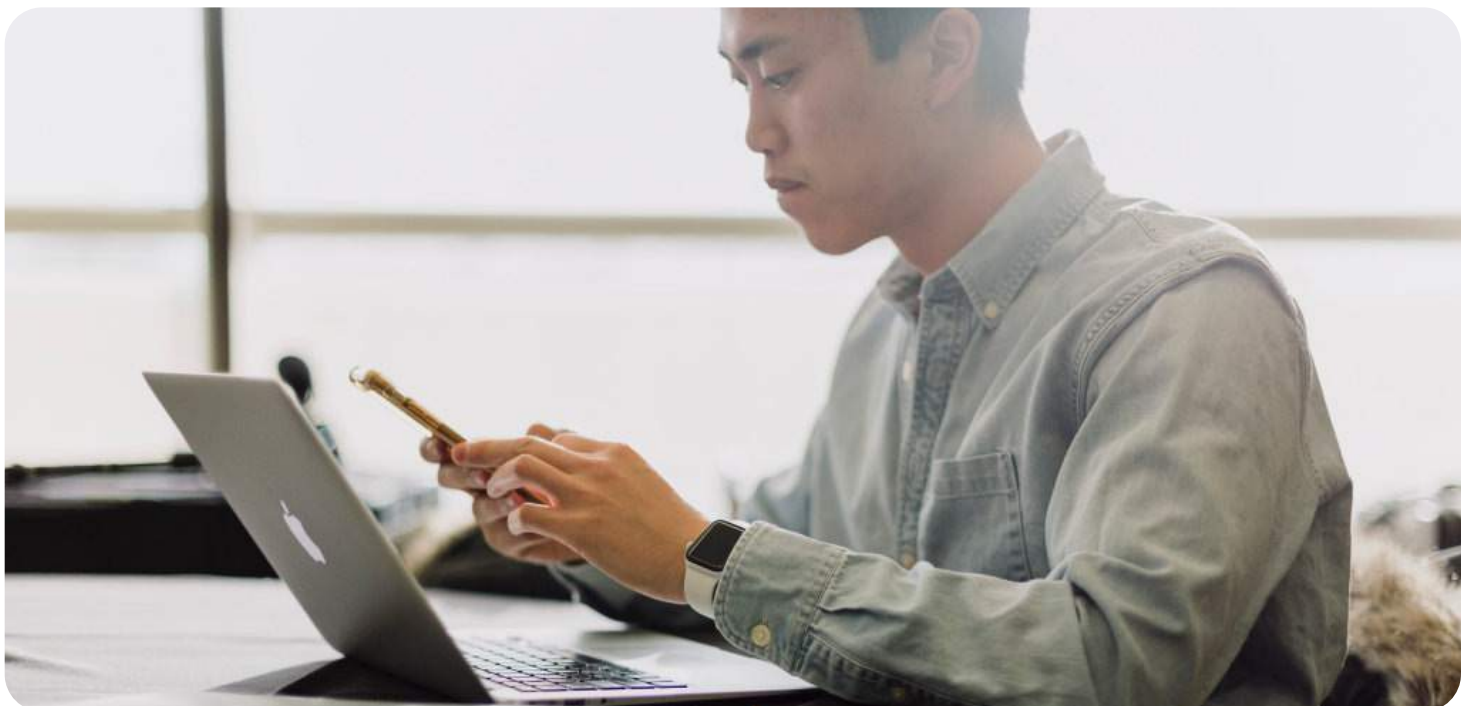
Navigating Compliance and Operational Priorities

DL Family Office accentuates the multidimensional role of technology in their operational strategy, highlighting a triad of objectives:

regulatory adherence, operational efficiency, and meticulous reporting for client satisfaction. Their stance underscores the imperative of a holistic approach to technology, one that is intricately interwoven with the firm's operational and compliance fabric. They state: "Our objective of technology is to 1) help our compliance with the regulatory body, 2) minimize day-to-day operation issues, 3) meet reporting requirements to our family clients."

Risk Outsourcing

The narrative advances with the proposition of strategic risk outsourcing, an approach offering firms the latitude to leverage established infrastructures of larger institutions. DL Family Office elaborates on the tactical advantage in retaining certain operational elements while outsourcing others, especially historical data requisites, to these institutions due to their regulatory obligations: "One aspect of using a large international bank is that they need to maintain information and be able to provide it when asked."



Cost Considerations in Technology Adoption

The discussion takes a pragmatic turn when addressing financial constraints in IT investments, where DL Family Office acknowledges the monetary prowess of banks as a deterrent to in-house system development: “When we started, we decided not to spend money on IT as we could not keep up with the spend of the banks.”

Client Data Security and Third-Party Platforms

Data security, particularly client data, emerges as a paramount concern, steering firms towards larger, presumably more secure, banking platforms. DL Family Office voices the prevalent apprehensions associated with third-party platforms and the ensuing necessity for client reassurance on data security protocols. The discussion extends into the realm of jurisdiction-specific regulatory compliance, as evidenced by Covenant Capital’s rigorous selection process.

Cost-Effective Solutions and Operational Efficiency

Further, the analysis recognizes an increasing trend amongst family offices: a pivot towards more cost-effective, 'plug-and-play' platforms due to resource constraints and escalating operational costs, as observed by the team at HP Wealth Management. This inclination is not merely a cost-saving manoeuvre but also a strategic alignment with firms seeking adaptable, efficient, and integrative technological solutions.

The Imperative for Flexible, Client-Centric Solutions

The consensus amongst respondents crystallizes around the necessity for a technology infrastructure that not only simplifies client engagement but also champions adaptability and integration. This flexibility is foundational in accommodating the evolving needs of clients, family members, and firms, heralding a new era of client-centric, compliance-savvy, and operationally agile solutions in wealth management.

Philosophy as a Key Driver

In the realm of family offices, both single and multi-family structures, the foundational philosophy underpinning their operations significantly influences the construction of their technology infrastructure. This central philosophy guides decision-making processes, future planning, asset growth, talent acquisition, and client relationship management.

Vendor Alignment with Operational Philosophy

Raintree Asset Management underscores the importance of philosophical congruence between themselves and their suppliers, pointing out their ability to be more agile and client-centric, distancing themselves from the operational rigidity of larger banks. They stress: “we choose vendors that align with our needs, we are not a big bank and can be more agile and client-centric.”





Flexibility in Client Service

Lumen Capital Investors emphasizes the significance of client flexibility, illustrating their value proposition rooted in accommodating client preferences for custodian diversity, which they perceive as a competitive advantage. They assert: "... (we) will take multiple custodians and this forms our value proposition for advisers. Clients don't like to consolidate with a single counterparty..."

Outsourcing to Avoid Fiduciary Conflicts

Lighthouse Canton adopts a discerning approach to task delegation, identifying areas best managed internally and those suitable for outsourcing to circumvent potential fiduciary conflicts, a move away from the transactional focus of banks. They explain: "Certain things we don't want to do and keep at arm's length anything that may cause fiduciary conflicts..."

Embracing Comprehensive Portfolio Management Systems

HP Wealth Management highlights their forward-thinking stance by adopting systems that offer a broad spectrum of functionalities beyond mere tracking and analytics. They acknowledge the system's comprehensiveness in CRM, Due Diligence, compliance, AML, and onboarding, despite recognizing that no single system is exhaustive, particularly in advanced analytical tasks.

Aligning with Suppliers Sharing Similar Business Models

Covenant Capital's narrative brings to light the strategic coherence in choosing suppliers, like Clearwater, whose business models—especially regarding revenue and long-term commitments—align with theirs. Their decision markedly contrasts with more prevalent solutions, owing particularly to the supplier's accommodating stance during the onboarding process. Covenant Capital emphasizes the benefits of such alignment, especially in financial terms and operational synergy.

Attracting Talent & The Clients that Follow

In the competitive landscape of financial management and advisory services, technology's role transcends beyond just enhancing investment outcomes. For firms, especially those managing extensive portfolios like family offices, technology's strategic implementation is integral to attracting top-tier talent and improving relationship management (RMs). The discussion underscored how various firms perceive and leverage technology, not just as tools for operational efficiency, but as crucial elements in talent acquisition, client management, and overall service flexibility.



Supporting Relationship Managers

Lighthouse Canton emphasizes the human aspect of their business, particularly the significance of relationship managers. They highlight the need for an infrastructure capable of supporting RMs' client management efforts, ultimately making the firm an attractive place for top talent. They point out: "our business is about people (RMs). The question is often - if you have a good RM, can we support their clients and therefore attract them to the firm. We want good people to stay."

The firm also addresses technology's role in enhancing productivity across the team. By eliminating redundant data handling and improving data processing, technology helps manage the complexities of data normalization, particularly for single-family offices (SFOs). The goal, they mention, is to achieve a streamlined, 'dictionary' approach rather than a convoluted 'story.'

Value Proposition of Multiple Custodians

Lumen discusses the strategic advantage of accommodating multiple custodians, a move favored by clients reluctant to consolidate under a single counterparty. This approach benefits all parties by avoiding the hassles and costs associated with onboarding and switching, providing a compelling value proposition for advisers.

The discussion noted the growing trend of SaaS platforms tailored for single and multi-family offices, reflecting a shift in client preferences towards aggregation and external custodial arrangements. This evolution signifies clients' desire for greater control and flexibility in investment management.

Flexibility and Modern Solutions

Finaport presents itself as embodying modernity, flexibility, and a forward-thinking approach, particularly regarding its dealings with bankers' counterparties and investment needs. Their stance is a testament to the importance of adaptability in a landscape defined by evolving client and talent expectations.

Technology facilitates operational efficiency, particularly in areas often deemed frustrating, such as fee calculations and client onboarding. Notably, technological advancements contribute to personnel mobility, allowing professionals to operate seamlessly across jurisdictions, enhancing the firm's global footprint.

Prioritizing Client Relationships in Wealth Management

In wealth management, the integration of new systems prioritizes enhancing relationship managers' capabilities, enabling them to access client portfolios on the go. Such advancements underscore the client relationship's priority, ensuring that RMs can interact with and manage client needs efficiently, regardless of location.

The Central Touch Point

The shift towards more autonomous and flexible operational models in family offices underscores the growing importance of technology as a central touch point. Beyond mere administrative or compliance roles, technology is increasingly seen as a strategic enabler, allowing family offices to assert greater control, customization, and independence from traditional single counterparties like banks.

This transformation necessitates a move towards more sophisticated 'aggregation' models, wherein the family office becomes the central hub around which other services revolve. Several industry players share their insights on this paradigm shift, emphasizing the strategic, operational, and client-centric nuances that shape their technology decisions.

Lumen Capital Investors underscores the importance of seamless transitions for both relationship managers and clients, particularly when pre-existing relationships are effective. They stress the desire to facilitate these transitions without unnecessary disruptions, stating: "We prefer to allow our new RMs and clients to stay with their current relationships, especially if they are working well. We are looking to make the transition to our firm as simple as possible."

Balancing Client Customization and Efficiency

Raintree Asset Management addresses the delicate balance between accommodating clients' existing custodial relationships and maintaining operational efficiency. They highlight their willingness to integrate new custodial entities while recognizing the need for a sustainable balance: "If a client comes with a custodian that we don't have, we will try to accommodate. There is a need to find a balance between customization vs being able to service the client efficiently."

Prioritizing Key Focus Areas

Lighthouse Canton identifies three critical areas of focus for their technology infrastructure, covering end-user needs, internal environment quality, and performance measurement. They explain: "We have three main areas of focus: 1) End user - better analytics, risk management etc 2) Internal - create an environment that is positive, does the infrastructure meet requirements which are constantly changing. 3) Can we maintain constant measurement?"

Digitalization vs Human Touch

Lumen Capital Investors advocates for a balanced approach between system support and tailored solutions, having opted to develop a proprietary system in partnership with Contemi. This initiative reflects their commitment to digitalization without compromising the human element essential for optimal client and advisor outcomes.



The Evolution from Sole Counterparty to Ecosystem Participation

The narrative progresses to discuss the evolving role of banks and traditional suppliers, which have transitioned from being sole counterparties to integral components of a more holistic ecosystem. This change is driven by family offices' need for specialized reporting and data management autonomy.

Raintree Asset Management emphasizes the importance of maintaining control over their data, using their internal database, Canopy. They elaborate on how this control ensures greater mobility and ownership, allowing for seamless integration with other suppliers while keeping the reins on their data set.

End User Focus

The increasing complexity of client needs, and the unpredictable nature of the global financial landscape have pushed financial planning services to evolve. Family offices are recognizing the necessity to pivot their strategies, focusing more on personalized journeys, secure and reliable data management, and adaptability to changing asset natures.

This evolution is not just about meeting end-user needs but also about distinguishing service offerings in a competitive market. Key industry voices highlight the strategic adjustments they are making in response to these demands, emphasizing the intricate balance between customization, technological integration, and operational efficiency.

Lighthouse Canton discusses the introspective approach necessary to define their unique value proposition in the market. As they articulate their strategy, they emphasize the client's experience as a journey, stating, "We ask ourselves, what is our differentiating factor? What is the level of customisation that is optimal for both the firm and the client? We build a journey."



The Importance of Data Integrity

In an era where data is both critically informative and vulnerable, maintaining its integrity and security is a top priority. This concern influences strategic decisions, especially regarding outsourcing administrative tasks. Raintree Asset Management, for instance, highlights their continued reliance on trusted global banking relationships to ensure reliable client reporting, noting: "We continue to look to outsource the admin to reliable counterparties."

Jurisdictional Complexities and Custodian Relationships

Finaport addresses the complexity that arises from serving end users across different jurisdictions, acknowledging the operational challenges this presents. They discuss the necessity of streamlining processes and relationships, especially concerning counterparties and custodians, to enhance efficiency and cost-effectiveness. They reveal: "The bulk of our assets are with 15 to 20 custodians. We intend to rationalise as smaller custodians are too expensive or they don't have a niche that is attractive." This statement reflects a strategic shift towards consolidation and optimization in response to evolving client needs and market realities.

Simplification to manage complexity

In the realm of wealth management and family offices, the complexity of operations and client servicing necessitates an ever-evolving approach to technology and process management. Simplification emerges as a key strategy in managing multifaceted client portfolios, especially against the backdrop of diverse asset classes and the nuanced needs of contemporary clients. The journey often begins with fundamental tools and evolves in alignment with client expectations, regulatory demands, and market trends.

Starting with Excel:

In the initial stages of technological adoption, many firms, including Raintree Asset Management, found common ground in utilizing Excel.

"For Raintree Asset Management it was the start of a larger build," indicating the inception point of their technological journey in client service and portfolio management. The simplicity of Excel provided a launchpad for more complex, customized solutions as client needs became more intricate.

Accommodating clients' custodial needs is often a nuanced dance between tailored solutions and operational efficiency. As one service provider elucidates, "It's a journey that we take with our clients on a needs basis. If a client comes with a custodian that we don't have, we will try to accommodate. There is a need to find a balance between customization versus being able to service the client efficiently." This statement reflects the delicate equilibrium firms strive to maintain while delivering personalized service.

Excel is a great starting point to build the initial family office practice. It starts to be challenging as the family office scales. Meeting regulatory compliance and audit requirements, functionality that supports automation, etc. usually requires the family office to adopt a family office software solution.



What Were we, Who Are we and Where do we Want to be:

The consensus among respondents highlights an environment of perpetual transformation, driven by client demands and market dynamics. "It's a constant genesis on a client needs basis. We started with one custodian bank and expanded as our client's needs did - we will be the consolidation/aggregation partner which is a big selling point says Raintree Asset Management." This evolutionary perspective underscores the necessity for adaptability within service models.

Furthermore, the collaborative spirit within the industry signifies a shared journey toward operational excellence. Lighthouse Canton does this by investing in platforms that address common challenges and foster industry-wide progress. Their proactive stance benefits multiple stakeholders, underscoring the symbiotic relationships within the financial ecosystem.

Raintree Asset Management provides a case study in evolutionary client service, beginning with straightforward solutions and escalating in sophistication in response to client demand. Their journey illustrates the learning curve and strategic adaptations necessary for handling complex assets. "Direct property is an example, because the non-liquid assets were being onboarded from a new client. This was a learning experience, and we leverage off that to develop a process. We don't shy away from initial inefficiency or lack of scale that a big bank would do, but we always look to streamline that process," they share, highlighting the iterative nature of service enhancement.

The financial landscape is characterized by a state of incessant flux, propelled by the diversification of asset classes, the sophisticated demands of newer generations, and the imperative for transparent, agile portfolio management. Firms and family offices prioritize flexible, scalable infrastructure that can be iteratively refined to navigate this. They will need this to ensure resilience and relevance in a competitive, dynamic domain.





Next Generation

At Raintree Asset Management, the focus is still very much on the first generation of clients and their reporting via a third party platform remains relatively simple in its constituents. However, the current infrastructure was chosen to allow for increased reporting and analytics, as well as new asset classes that may be more attractive to this new client cohort.

One aspect of the next generation highlighted by all firms was that this need for new asset class tracking and the move to more customised or flexible reporting. "The next generation are more self-reliant when it comes to managing their assets and won't just leave it in the hands of one counterparty," says Raintree Asset Management. "And this means firms like ours can be more of an educator for this generation."

For Lighthouse Canton, the next generation is "slightly more hands on, with a focus on potentially less liquid asset classes such private markets and start ups". Because of this, "banks struggle and are harming their own self-interest by not being more open with data and infrastructure."

Lumen Capital Investors commented that historically their client base was predominately in the 50 plus cohort but as a family office the integration of the next generation is part of the DNA. While younger client might have some different views on investments and the use of technology is trust still the key driver for any relationship.

For Finaport, the generational differences are clear and the need for firms to keep up with a changing client base well understood. However, there is still high demand for the classic wealth manager model: "Private Bank clients are still very old school, they still prefer that conversation. The younger crowd needs the digital approach, when it comes to onboarding. We see the 40 plus age cohort as retaining a more traditional mindset when it comes to managing wealth, and like the name of the bank. We want to welcome this client as they approach our services as people are still more aligned to the fancy office and the global private bank affiliations."

"We still have to meet the client standards of the traditional private wealth management. Trust still takes time. Some prefer the limited power of attorney style model but the comfort that they can move on which gives them a sense of control and flexibility."

Action Points for Your Family Office

- 1 Find your segmentation
- 2 Map your office, determine your priorities
- 3 Set up your checklist and compare it to the universe of options
- 4 Speak to others, engage experts

As many respondents mentioned, the first point of call is determining who you are as a family office, importantly what are your priorities and how will the technology assist, rather than lead you.

1. Find Your Segmentation

Segmenting your family office investment reporting platform needs is crucial for aligning your reporting strategy with your specific operational model and preferences. This can range from fully insourced reporting, where your family office handles all aspects of administration internally, to fully outsourced SaaS administration, where a third-party provider manages the entire reporting platform. In between, you have options like self-administration of SaaS solutions, a hybrid approach combining self-administration and outsourcing, and fully intermediated investment infrastructure.

Each of these approaches offers distinct advantages and considerations, and understanding how they fit your family office's unique requirements is key to making an informed choice that optimally serves your reporting needs.



Eton Solutions offers solutions in Group 4 with its core AtlasFive solution, and Group 3 and Group 2 segments with its Administrative Family Office (AFO) managed offering.. In addition, its white label AtlasFive offering is used by large financial institutions, wealth advisory firms, etc.

FULLY INSOURCED - requires proprietary platform that cannot be replicated by an external party.

SELF ADMIN OF OUTSOURCED PLATFORM - you need to own the data and the interaction with the platform, however there are solutions that can be used that are off the shelf or can be customised.

HYBRID ADMIN/OUTSOURCED SAAS - you are comfortable outsourcing some aspect of managing the external reporting and data analytics platform, whilst maintaining some aspect in house such as data management.

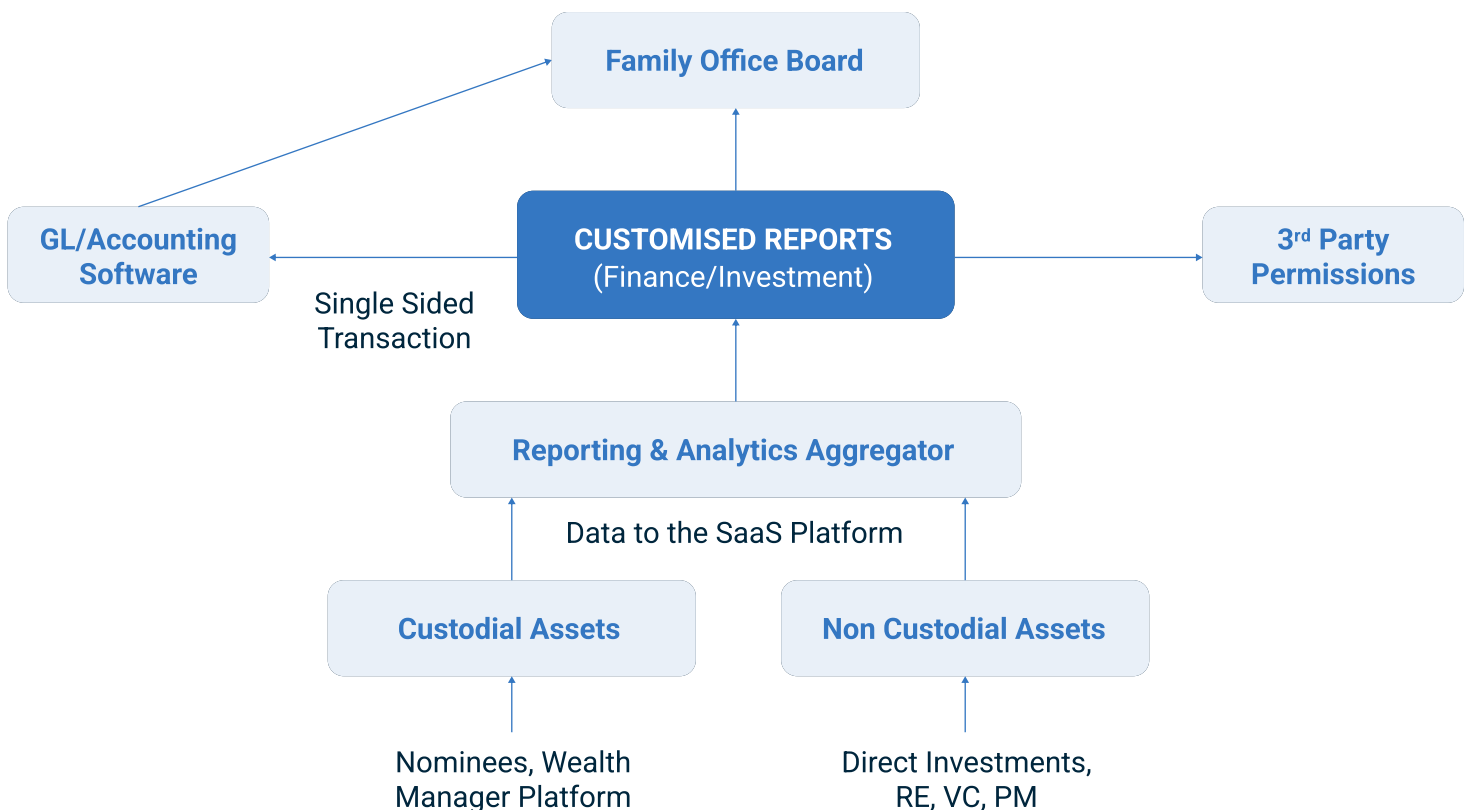
FULLY OUTSOURCED ADMIN - all interactions with your chosen admin suppliers are managed by a third party on your behalf.

FULLY INTERMEDIATED - utilise the curated infrastructure of your custodian or wealth manager.

2. Map Your Office, Determine Your Priorities

Mapping the structure of your family office investment infrastructure before selecting technology is a crucial step. This process serves as the foundational blueprint that guides your decisions and ensures alignment with your specific operational needs and goals. By thoroughly understanding the intricate components of your investment infrastructure, including data sources, systems, and workflows, you gain valuable insights into how information flows and where potential bottlenecks or inefficiencies may exist.

This knowledge enables you to make informed choices when choosing a reporting platform that integrates with your existing setup, enhances data accuracy, streamlines processes, and ultimately empowers your family office to make more informed investment decisions. In essence, mapping your investment infrastructure provides the clarity needed to select components that serve as a strategic asset rather than a mere tool.



3. Set up Your Checklist and Compare it to the Universe of Options

NEED	PRIORITY
Classification: Stocks, ETS, Funds	Must Have
Classification: Currency	Must Have
Classification: Investment Category	Must Have
Contribution of Instrument	Must Have
Breakdown of performance by investment Category	Must Have
ISIN, Ticker, Name of instrument	Must Have
Size of font adjustable	Good to Have
Weightage by portfolio	Must Have
Weightage by Country	Must Have
Weightage by investment sector	Must Have
Multiple portfolios adhoc run together	Good to Have
Grouping of portfolios managed	Good to Have
Evaluation of performance Year on Year	Must Have
Average cost price with more buys	Must Have
Inflow and outflow of cash	Good to Have
Expense Ratio	Good to Have
Transaction to show trades with transaction cost (including comms)	Must Have
Graphs to represent YOY growth	Must Have
Graphs to represent Market Value	Must Have
Graphs to represent Injection/Withdrawal of funds	Must Have
Customization of columns	Must Have
Order system to calculate portfolio of Buy/Sell Instruments	Good to Have
Model Portfolio	Good to Have
Client Data more intuitive (KYC docs, contact log, DOB etc)	Good to Have
Browser based or app based on phone	Good to Have
Instrument display in single line (Instruments bought across multiple accounts)	Good to Have
TWR and MWR selection	Must Have
Search for transactions/holdings within 2 or more accounts	Must Have
Customization of columns (Please indicate if columns are missing)	Good to Have

NEED	PRIORITY
Cashflow projection for dividend, REITs and bonds	Good to Have
Accuracy of Data Feed	Must Have
Training and familiarisation course for system	Must Have
Generate firm AUM in any currency	Must Have
Generate total MV per different instrument	Must Have
Generate AUM per different strategy	Must Have
Generate the actual Management fees charged per account per month per bank	Good to Have
Pre trade and post trade check	Must Have
Integration of IMA into system	Good to Have
Creating investment restrictions	Must Have
Calculation of NAV for PE funds	Good to Have
Regulator reporting capabilities	Good to Have
Easy of retrieval of information if required by Regulator	Must Have
Low RTO time	Must Have
Strong authentication process for user access	Must Have

4. Speak to Others, Engage Experts

Each of the seven family offices that participated in this report are very happy to share their journeys. Each family office's journey is unique, highlighting that 'one size does not fit all', but together bring a collection of best practices and experiences that can be leveraged by others. Our authors, Peter Golovsky and Shaun Parkin can be reached should you wish to discuss your family office requirements or connect with some of the participating firms in this report.



Conclusion

Family Offices are bespoke and complex, each designed to address specific needs. To ensure a Family Office is fit for purpose, capable of attracting top talent and positioned to respond rapidly requires expertise, careful planning and deliberate choices.

Start by defining what is most important for the family office; flexibility, resilience, cost efficiency, scalability or investment decision support.

The key to success is the ability leverage best in class, off the shelf technology, augmented with specific technology solution designed to address unique needs of the Family Office.

Partnering with domain experts to help you build a roadmap for your technology infrastructure is a valuable investment in building a world class Family Office.

Appendix 1 – Asian Family Office Respondents (Singapore and Hong Kong)

FAMILY OFFICE PARTICIPANT	KEY CONTACT	BRIEF DESCRIPTION
Covenant Capital Pte Ltd Singapore www.covenant-capital.com	Kian Ngiap Tay COO	Covenant Capital is a Singapore-based Independent Wealth Manager/Multi-Family Office. Our vision is to be the catalyst for change in the wealth management industry, realigning investment professionals back to the core role of stewardship of client assets.
DL Family Office Hong Kong/Singapore https://www.dl-holdings.com/en/our-services-dlfo	Victor Ai Executive Director Chief Marketing Officer	DL Family Office provides a full range of services, including overseas wealth inheritance structure advisory and design, residency planning, asset management, insurance planning, philanthropy, corporate finance (provided by DL Securities), etc. DL Family Office is licensed by the SFC to engage in Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities.
Finaport Singapore www.finaport.com	Alex Borissov Founder and CEO	Finaport is an independent and regulated Swiss Wealth Management Firm with offices in Switzerland, Singapore and Liechtenstein. Finaport companies are licenced to render investment services to clients in many other countries including most EU/EEA countries, the U.S. and Canada. We offer wealth management, investment advice and investment banking services such as IPO advice and direct investment as well as carefully selected, first class investment products.
HP Wealth Management Pte Ltd Singapore www.hpwm.sg	Urs Brutsch Managing Partner and Founder	HP Wealth Management is an independent asset manager / multi-family office based in Singapore, servicing individual clients and families across the region. We provide tailor-made investment management or advisory services, in both the public and private markets. While our core competency is in asset management, we also provide our clients with comprehensive asset reporting services, including consolidation of assets (bankable and non-bankable).
Lumen Capital Investors Singapore www.lci.com.sg	Thomas von Rueti COO, CRO	Lumen Capital Investors is a Multi Family Office and Asset Manager established in Singapore since 2010

Appendix 1 – Asian Family Office Respondents (Singapore and Hong Kong)

FAMILY OFFICE PARTICIPANT

KEY CONTACT

BRIEF DESCRIPTION

**Lighthouse Canton
Singapore**
www.lighthouse-canton.com

Shilpi Chowdhary
CEO

Lighthouse Canton is a global investment institution offering wealth and asset management services. Led by an experienced senior management team, we work with clients across geographies from our Singapore, Dubai, and India offices. We provide our clients and investors with data-backed, well-researched investment guidance, aided by our robust institutional framework. No matter what a client's specific need, we bring the same diligence and care, working together to achieve sustainable goals.

**Raintree Asset
Management
Singapore**
www.raintreeasset.com

Anson Sng
CEO

Raintree Asset Management Pte Ltd is a Singapore-based independent asset manager. The firm was conceived by a group of investors looking for competent, independent, and far-reaching solutions for their investment needs. Our founders come from a pure investment management background having grown and run one of the largest Discretionary Portfolio Management (DPM) by Assets under Management in Asia

Appendix 2 – About the Authors

Peter Golovsky

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Experience

- Peter Golovsky has over 25 years of experience in global financial services, spending the last 12 years in Hong Kong and Singapore, leading family office and fiduciary advisory businesses
- He works closely as a key advisor to some of Asia's largest tycoon families and their family offices (single and multi) across Hong Kong, Philippines, Taiwan, Singapore, Malaysia, Indonesia and Australia
- Peter has deep M&A experience across Asia-Pacific, having advised on several family office transactions - most recently in assisting a global multi-family office 'MFO' establish their presence in Singapore
- Peter is regarded as one of the pre-eminent advisers to MFO founders and their teams across Asia Pacific, with a particular focus on succession, preserving multi-generational dynamics and value for founders and their businesses and building scalable platforms and digital infrastructure

Prior Experience

- Previously, Peter was Managing Director, Head of Private Wealth and Family Office services for a global investor services platform across Asia. Peter relocated to Hong Kong in 2011 from his native Australia, where he had spent 10 years in private banking, holding senior distribution positions at both Macquarie and Westpac
- Other previous experience included regional leadership roles with Andersen for over 8 years spanning risk management, corporate governance and audit in both Australia, Asia and the US

Education & Affiliations

- Peter is Chartered Accountant and holds a Masters of Commerce (Macquarie University) and Bachelor of Commerce (UNSW). Peter is married with 2 children.

Appendix 2 – About the Authors

Shaun Parkin

Co-Founder
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Experience

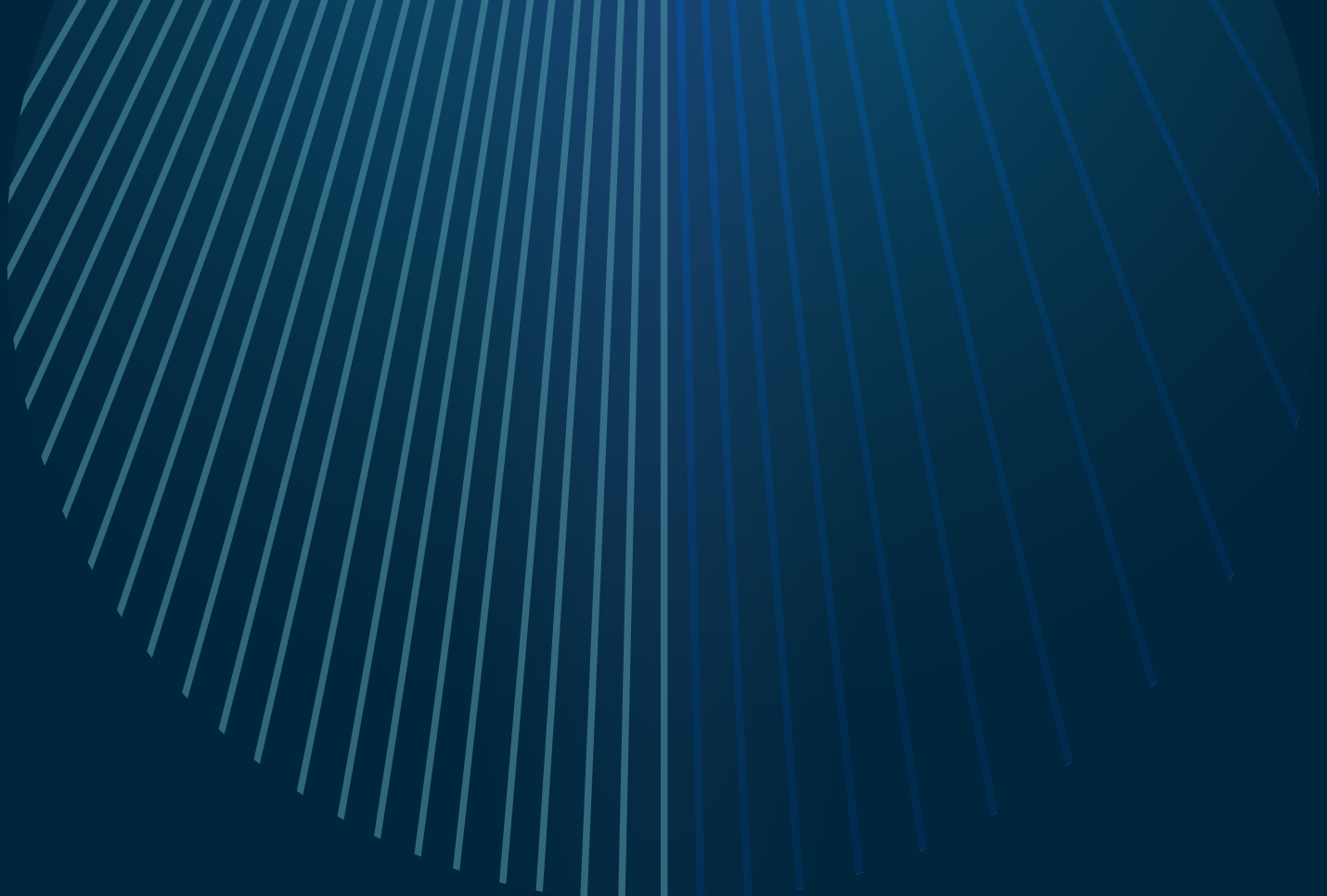
- With over 20 years' experience across asset management, capital markets and operations, Shaun has worked with some of the world's largest family offices. He specialises in investments, operations, and technology.
- Hall Road Services is a partner COO to family offices and not for profit organizations, committed to providing operational excellence and technology solutions.

Prior Experience

- Prior to establishing Hall Road Services along with James MacNevin, Shaun spent seven years at Boston based asset manager, State Street Global Advisors, one of the world's largest with over US\$ 3trillion in AUM.
- At State Street, he had numerous roles including Australian Head of Exchange Traded Funds (ETFs) and Vice President within the Institutional Client Group as national head of relationships for Insurance, Endowment and Family Office clients.
- He also held roles in capital markets and middle office with Lonsec, Shaw Stockbroking in Sydney and GLG Partners and JP Morgan in London. He also had a small Mongolian detour which is worth having a chat about.

Education & Affiliations

- Shaun has a Bachelor of Commerce (Commercial Law & Banking) from Curtin University. He is married with two children.



Key Considerations for Asian Family Offices