Key Family Office Trends across Asia: Challenges & Perspectives Across The Ecosystem



9th February 2023 | The Fullerton Hotel, Singapore | Family Office Forum 2023



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Head of Banking APAC

Financial services expert with 15+ years consulting experience

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- +2,000 professionals globally with hands-on experience on Commercial Strategy, Private Equity and Digital transformation
- 200+ dedicated specialists in APAC in Singapore, Hong Kong, Shanghai, Beijing, Tokyo and Sydney

Sour Clients

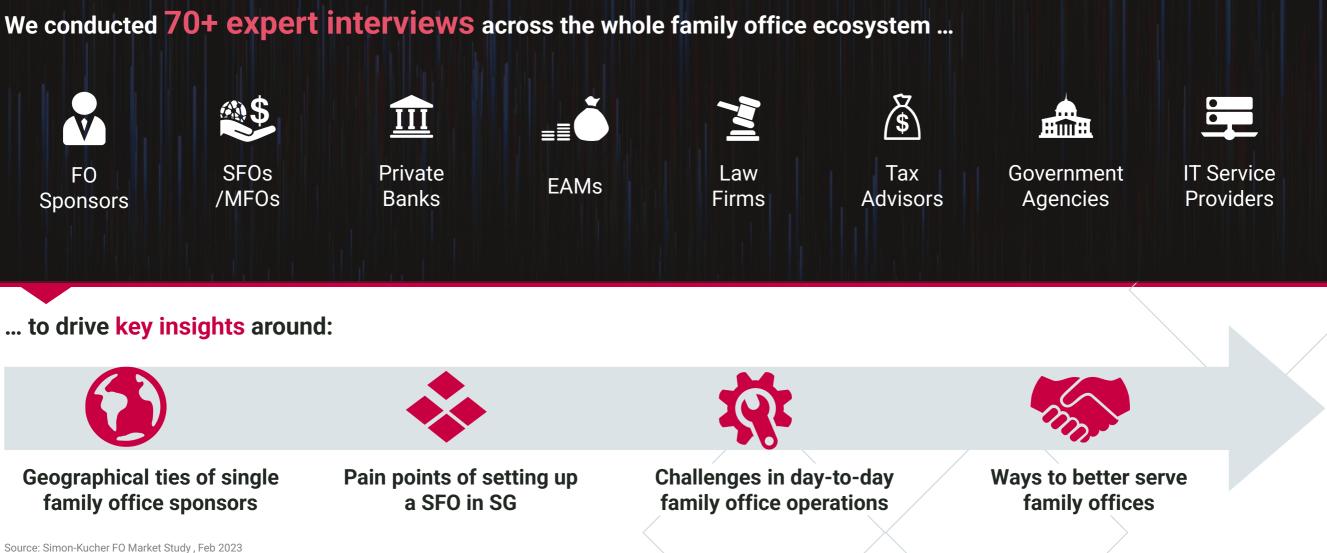
- We are serving clients from all parts of the business – from Fortune 500 firms to unicorns
- We have worked with the majority of top 20 leading private banks across Asia

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- Financial Services
- Wealth Management
- Technology Media and Telecoms
- Consumer Goods
- Healthcare & Life Sciences

🖏 🎉 Our Track Record





Our in-depth market study aimed to understand the challenges and key needs of New Single Family Offices in Singapore



Geographical ties of single family office sponsors While most sponsors seem to have ties to Northern Asia...

Ranking of geographical ties of new SG-based SFO Sponsors

Based on % of responses indicating sponsor domiciles in the past 12 months¹



...we observe **diversity** in SFO needs, operations and their interactions with experts



Why Singapore? More than just tax benefits

Besides the favorable regulatory conditions, sponsors often have **pre-existing personal connections** to SG (e.g., business, education, networks, family, etc.)



Sponsors typically operate across multiple jurisdictions

On-shore and off-shore wealth across liquid/illiquid assets (Property, PE, etc.) in multiple entities and trust structures with multi-generational BOs, leading to high complexity in accounting, regulatory reporting, etc.



Multiple ecosystem players involved in FO formation

High coordination efforts with multiple partners in the formation journey e.g., lawyers, Big 4, immigration agencies, both local and international private banks.

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Short-term goals dominate Sponsor's mindshare over longer-term goals

SFO Sponsor motivation (expert view) High Importance of the motivation to FO Sponsor¹ Residency Structurina **Benefits** Wealth Mgmt. Succession Planning nvestment opportunities Med Establish Family Governance Prerequisite Operational \ and Admin Low High Med Low Perceived achievement of the motivation²

1. Importance measures by % respondents rated 'important' and 'very important' on the motivation to set up a new F0; 2. Perceived achievement measured by % respondents rated 'achieved' & "fully achieved' on the respective goal Source: Simon-Kucher SF0 Market Study, Feb 2023

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Solid implementation of family governance and adequate operations are critical to long-term success



2

3

Set-up of efficient structure is the top-of-mind priority

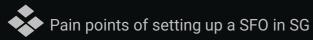
At early formation journey, new Family Offices tend to focus more on the **immediate one-off objectives (i.e., entity formation, tax structuring) over mid-term day-to-day operations**.

Achievement of investment goals yet to be realized

Investment management and succession planning are core functions of FO, although some find it **hard to fully achieve their ambitions without the right capabilities and set up**.

Operational excellence & family governance are prerequisites for longer-term success

New SFO sponsors tends to underestimate the complexity of running a SFO. **Sound governance and admin functions** are foundational to cost-efficient day-to-day operations.



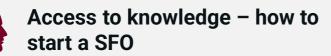
Acquiring the right capabilities and talent are big hurdles



Top pain points that SFOs face in incorporation *Based on % of responses indicating the specific pain point*



#2



Recruitment of the right talent



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Plan success for Day 2, not Day 1 Hindsight of established Family Offices



Starting a Family Office is a complex undertaking

We didn't have a holistic project plan at the beginning, and stitch vendors or solutions whenever we need. This led to many issues in managing running costs..."

- Sponsor, Singapore-based SFO



Balancing in-house vs. outsourced functions

It's hard to find the right talent and retain them over years. With rising costs (especially after the pandemic), we use **outsourcing as a go-to recruitment strategy** for accounting, tax reporting, etc.

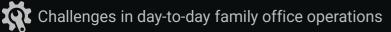
– CEO, Singapore-based SFO



Proper and secure infrastructure is essential

G Tool and systems were not on the top of mind when we started. We don't know what we need and who we should trust with the important data of our clients..."

– CIO, Hongkong-based MFO



Don't underestimate what it takes to run an efficient SFO



Top challenges in day-to-day operations Based on % of responses indicating the specific challenge



On-going fulfilment of regulatory requirements



#3

#4

Staff management and hiring



Data gathering for tax and accounting reporting

Management of **multiple vendors** and outsourcing partners

Substantial administrative burden and costs can have a snowball effect

Fulfilling regulations and reporting obligations remains a challenge for SFOs, especially with MAS tightening FO rules.

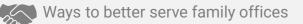
Staff turnover coupled with **rising labor cost** will put more pressure on SFOs to acquire and retain the right people.

Manual data aggregation and poor data governance result in unnecessary risk exposure and potential cybersecurity threats.

Combining various solutions results in higher **coordination** efforts and cost accumulation.

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SFOs will need higher degree of automation and interconnected solutions

Top needs of SFOs – All require integration

Based on % of responses indicating that the value driver is important¹

	Single view of all assets across entities	94%
O,	Complete view of total costs and fees	93%
Ð	Automated data feeds to banks and custodians	86%
Ĵ	Secure infrastructure and IT security	84%
	One service provider for all important functions	82%

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Implications for family offices & ecosystem partners

Holistic wealth view is key to managing family wealth (across bankable & non-bankable assets, jurisdictions, entities, etc.).

- Aggregation of **total costs (incl. bank fees)** is often not available, even though cost control is crucial for an efficient management.
- Automated data sharing critical to drive timely decision making, risk management and capture of investment opportunities.
- Manual processes and tasks with XLS are error-prone. Growing importance of cybersecurity solutions to avoid data leaks.
- Thoughtful selection of a close group of service providers to avoid unnecessary costs and inefficient operations from multiple parties.

Before we go...



Plan success for Day 2

Sponsors to look beyond incorporation and initial setup, draw attention 'how you will run it'

BETTER PLAN

Build industrywide solution

Ecosystem partners to collaborate, build integrated and interconnected solutions empowered by data

BETTER COLLABORATION

The future is now and is digital

Digitize manual family office processes and freeup time for what really matters: harvesting investment opportunities

BETTER GROWTH



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" The best time to plant a tree was 20 years ago. The second-best time is now."

- Chinese Proverb