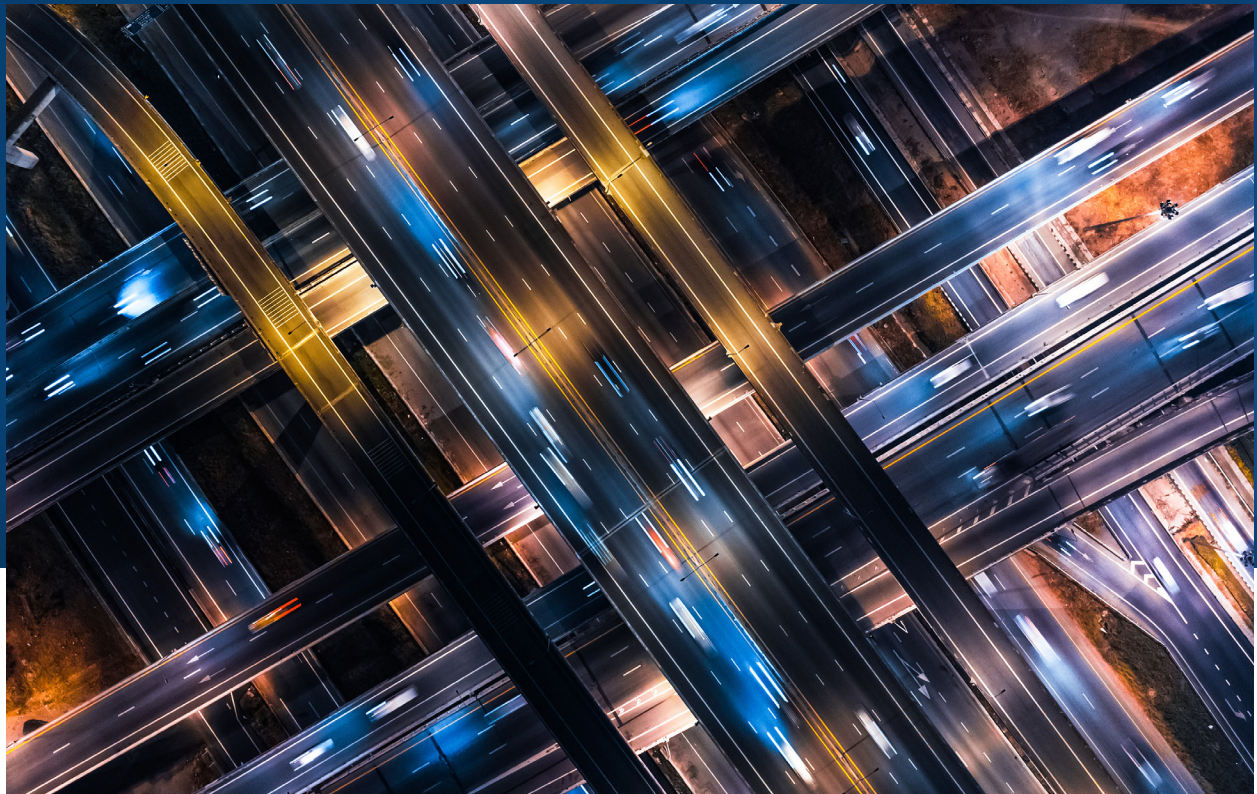


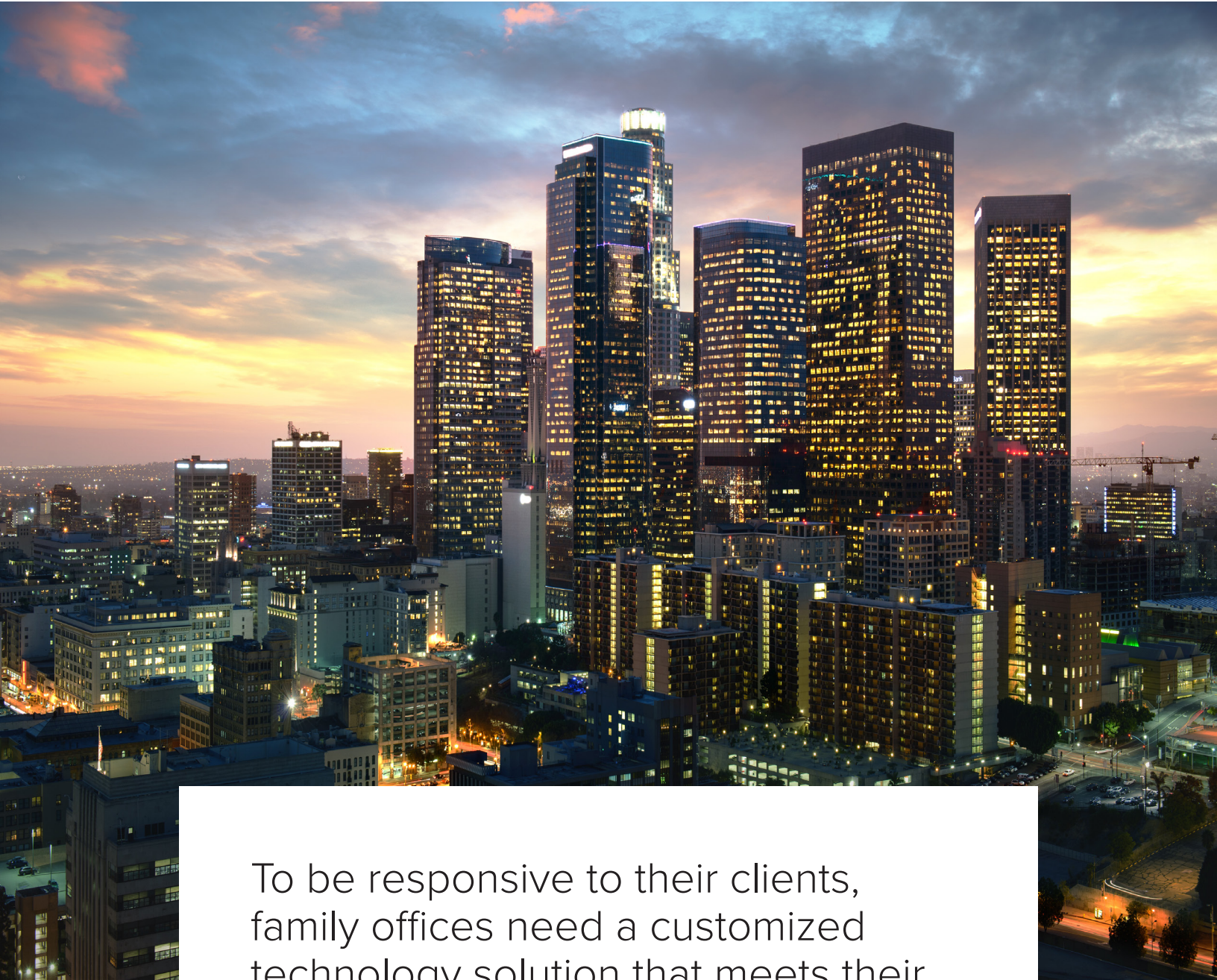


# Family Office Technology at a Crossroads

HOW SPECIALIZED TECHNOLOGY SOLUTIONS ARE OPENING  
NEW PATHWAYS FOR THE MODERN FAMILY OFFICE







To be responsive to their clients, family offices need a customized technology solution that meets their specific requirements — enabling them to combine personalized service with efficiency and scalability.

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## Challenges Confronting Family Offices

While family offices vary, they face common challenges. For example, many family offices are looking for ways to do their work faster, better and more efficiently — and improved technology is often the answer. Integrated technology has become much more important for addressing issues such as:

- Systems that do not communicate with each other
- Information that must be manually rekeyed into multiple systems and spreadsheets
- Extensive reconciliation required to arrive at a single source of the truth

Offices often accumulate piecemeal solutions over a period of years in response to the needs of the moment, which results in a collection of disparate systems. Sooner or later, lack of integration among the systems hampers

### Changing Client Expectations and the Rise of Next-Gen Investors

While the founder of a family office may prefer reviewing paper statements once a quarter, the younger generation often expects a more interactive and graphical display of information. Younger clients are looking for a mobile app that allows them the convenience and 24/7 access of viewing data from anywhere.

Clients may also want different insights from the data than simply how much money was made or lost during a given period. For example, next-generation investing is concerned with social responsibility. Next-gen investors want to know how their investments are helping to make a difference.

staff productivity, making it difficult to provide a complete picture of a client's investment and financial life.

In addition, many family offices are caught between the need for customization and the need to scale. Family office executives are challenged with turning the complex into the simple and turning customized information delivery into a scalable, repeatable and reliable process. For multi-family offices, scale is a critical differentiator because it enables a firm to provide customized services while growing its client base.

“Many clients want to leverage mobile technology to directly approve their own bills for payment, without having to speak with a bookkeeper.”

Rick Higgins, Founder and CEO, Risclarity, LLC

Interaction with technology in their personal life further changes client expectations. People have devices with beautifully designed apps that — for the most part — work smoothly. When clients work with their financial advisor, they expect easy-to-use technology and seamless, personalized information delivery that is similar to their experience with tech giants.



Rick Higgins, Founder and CEO of family wealth systems integrator Risclarity, LLC, has seen growing demand for direct, mobile access. “When clients need to know the status of a particular account or investment, they want the ability to pull up that information on their phone or tablet, whether at home or when traveling,” says Higgins. “Many clients also want to leverage mobile technology to directly approve their own bills for payment, without having to speak with a bookkeeper.”

In addition, as cyberattacks appear in the headlines with increasing regularity, clients are more concerned than ever with issues of privacy and confidentiality. Family offices are expected to make sure information is kept safe, and many are working on new ways to deliver information in a more secure manner than mailing paper statements or emailing documents. Any business technology used by the family office, including remote access, must provide strong security measures.



## A Choice of Solutions

Meeting all these demands can be a huge challenge. Family offices have a choice of two paths: Create a specialized solution combining the best-in-class application for each functional need, or consider implementing an all-in-one solution that has all the major functions in a single platform. Family wealth management is at a technological crossroads, with the marketplace split between these two approaches. Each approach has pros and cons, and choosing the best path for your office depends on many variables and considerations.

### All-in-One Solutions

An all-in-one approach can simplify things for the office. You work with one vendor, and all the functions an office needs can be found on one platform. Despite these benefits, aspects of the

platform may not be best-in-class. For example, an offering may have great partnership accounting, but an underdeveloped accounts payable (AP) module. If your firm performs bill payment but works with relatively simple ownership structures, this mismatch in capabilities —weak where you need strength and strong where you don't need it — may leave your firm lacking the scale and efficiency you were hoping to achieve.

“Gone are the days when you could get by as a jack-of-all-trades,” says Ken Coelho, partner at Armanino, LLP. “All-in-one solutions have their benefits and are great for supporting a generalist business model. But to support the highest level of business, you need specialized technology.”

Another consideration is that this type of solution typically requires a rip-and-replace installation that is not only expensive but also disruptive to the office workflow and services. Once installed, it is difficult to swap out components. “Each element is deeply embedded in the overall solution,” says Risclarity’s Higgins. “As a result, the ability to pivot and adapt to change becomes very cumbersome with all-in-one systems.” For all these reasons, offices need to assess the strengths and weaknesses of the vendor’s platform and map them to their specific needs.

### Specialized Solutions

A specialized approach supports choice, enabling firms to pick the best applications in each category — the solutions that are second to none in what they do. Family offices can choose from a whole ecosystem to fill gaps. For example, if they have a great aggregation system and workflow in place, but don’t like the reporting that is provided, they can plug in a different reporting solution.

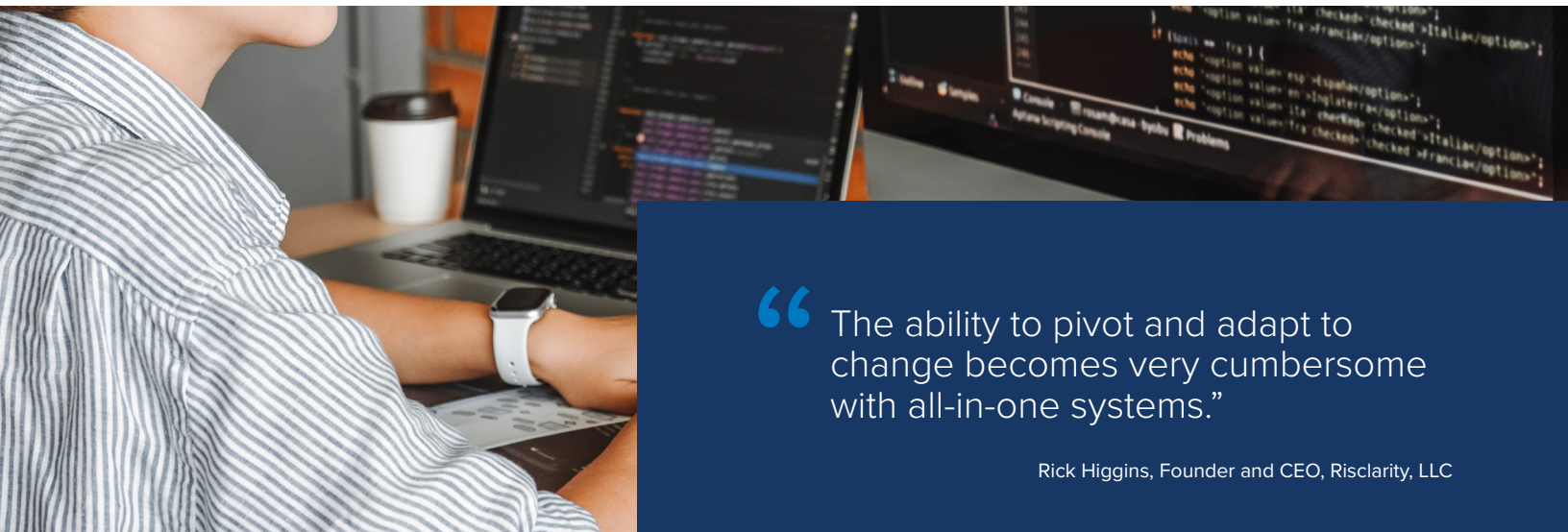
Offices can also readily adapt to new client needs. “Think about an office where they are about to pick up their first client that’s non-U.S. based,” says

Higgins. “With a best-of-breed approach, they can add multi-currency support without changing their whole platform.”

More family offices are picking and choosing the best components for their technology stack. From operating system to database to application server, each layer of the stack builds on the features of the layer below to provide a fully functioning application platform. The specialized approach allows a family office to create a technology stack that meets its specific needs.

In the past, the specialized approach presented the challenge of integrating different vendor products. Systems wouldn’t talk to each other, and data had to be rekeyed multiple times. Fortunately, things have changed for the better.

Technology has taken a leap forward with the advent of mature application programming interfaces (APIs) and data integration hubs, and more coordination among vendors. Together, these factors allow for safe and easy data exchange among systems, and a seamless user experience.



“The ability to pivot and adapt to change becomes very cumbersome with all-in-one systems.”

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## Technology Support for Specialized Applications

APIs allow one application to “call” and talk to another application through simple commands based on industry standards used by multiple vendors. For example, an API could enable a banking system to provide information directly to an accounting application or query information from it. Data hub technology enables merging of multiple unrelated data sources. These capabilities mean data movement can be automated as part of an application, so that it takes place electronically from machine to machine - thereby eliminating the possibility of manual errors.

An API approach can help firms remain more flexible and responsive in an evolving business landscape. “Today’s business environments require you to be flexible and nimble, and you need technology that supports those needs,” says Coelho. “API-driven integration allows us to create best-of-breed technology solutions for those shifting business environments.”

API integration applies not only to software products, but also to services. For example, Joe Larizza, Managing Director, Data Solutions at iCapital, the data management and reporting unit that runs client financial reporting for UHNW families and wealth managers, is a strong proponent of the best-of-breed approach using APIs.

### CASE IN POINT:

#### Portfolio Management

AgilLink is using API integration together with a data hub that is purpose-built to merge multiple data sources for wealth management. These technologies enable plugging other types of applications, such as investment portfolio management, into the AgilLink core general ledger solution. The challenge of tying systems together has partly been a process-oriented problem because three different roles are involved:

- A software engineer who writes the code enabling the systems to interact
- An accountant who understands how the general ledger system works
- A portfolio manager who understands how the portfolio accounting system works

These experts are frequently unfamiliar with the fundamentals of one another’s expertise — in effect, they do not speak the same language. AgilLink is designed to eliminate this constraint by enabling different systems to talk to each other and exchange data.

“Firms should focus on leveraging simple-to-use data movement tools such as InvestLink to move data.” Joe Larizza, Managing Director, Data Solutions at iCapital. “Family offices should understand their core competencies and differentiators,” says Larizza. “If a business process isn’t a core competency, the family office has the option of using the best service provider available.”

Larizza goes on to say, “Once you’ve identified your ecosystem of service providers, you can stitch them together to gain better data accuracy, faster information delivery, and new insights, while eliminating the need to rekey data into several systems. To do this, firms should focus on leveraging simple-to-use data movement tools such as InvestLink [AgilLink’s investment API] to move data.”

## Benefits of an Integrated Approach

Technology advances enable an integrated, specialized approach that frees family offices from rip-and-replace solutions. As a result, family offices can tailor their technology to meet immediate needs and change flexibly as business requirements evolve. Additional benefits include quality of information delivery, speed of response, security, scalability and office efficiency.

### Quality of Information Delivery

An integrated, specialized solution allows family offices to quickly bring together information from disparate systems for end-of-month or end-of-quarter reporting. An integrated approach can also provide a better overall picture of a client’s financial life, making it more comprehensive yet at the same time more visually appealing and easier to understand. And it can help automate compliance for multi-family offices subject to regulation.





# Family Office Technology at a Crossroads

## Speed of Response

Workflow integration speeds response to client requests by providing the capability to quickly access other systems from within the core accounting application, such as drilling down into a transaction record to view backup materials. Accelerating workflow can also help reduce the reporting cycle. Less reconciling is required because instead of each system generating a version of the truth, an integrated system provides one source of truth.

## Security

Modern APIs can be secured in multiple ways, such as restricting access, verifying user identity through a certification process, and limiting the actions that different users or systems are allowed to take. In addition, by enabling the movement of data without human intervention, integration can improve both security and accuracy.

## Scalability

An integrated solution is simple for multi-family offices to scale as needed, providing responsive service to clients even as the number of clients grows. Scalability can also be a benefit for private family offices as they become multi-generational and there is significantly more work to do. The family may start with a commercial, consumer-grade solution, but at some point find that it is no longer adequate.

## Office Efficiencies

Office staff can provide digital services with seamless workflow, increasing their productivity. For single-family offices, improved efficiency might mean not needing to hire that next new person. For multi-family offices, it might mean the ability to serve that additional family.

What are the consequences of lack of integration? The family office can't get a true picture of the client's net worth. There is the cost in terms of time and staff turnover. And finally, inefficiency and limited productivity make it difficult for multi-family offices to grow.





## A Focus on the Client

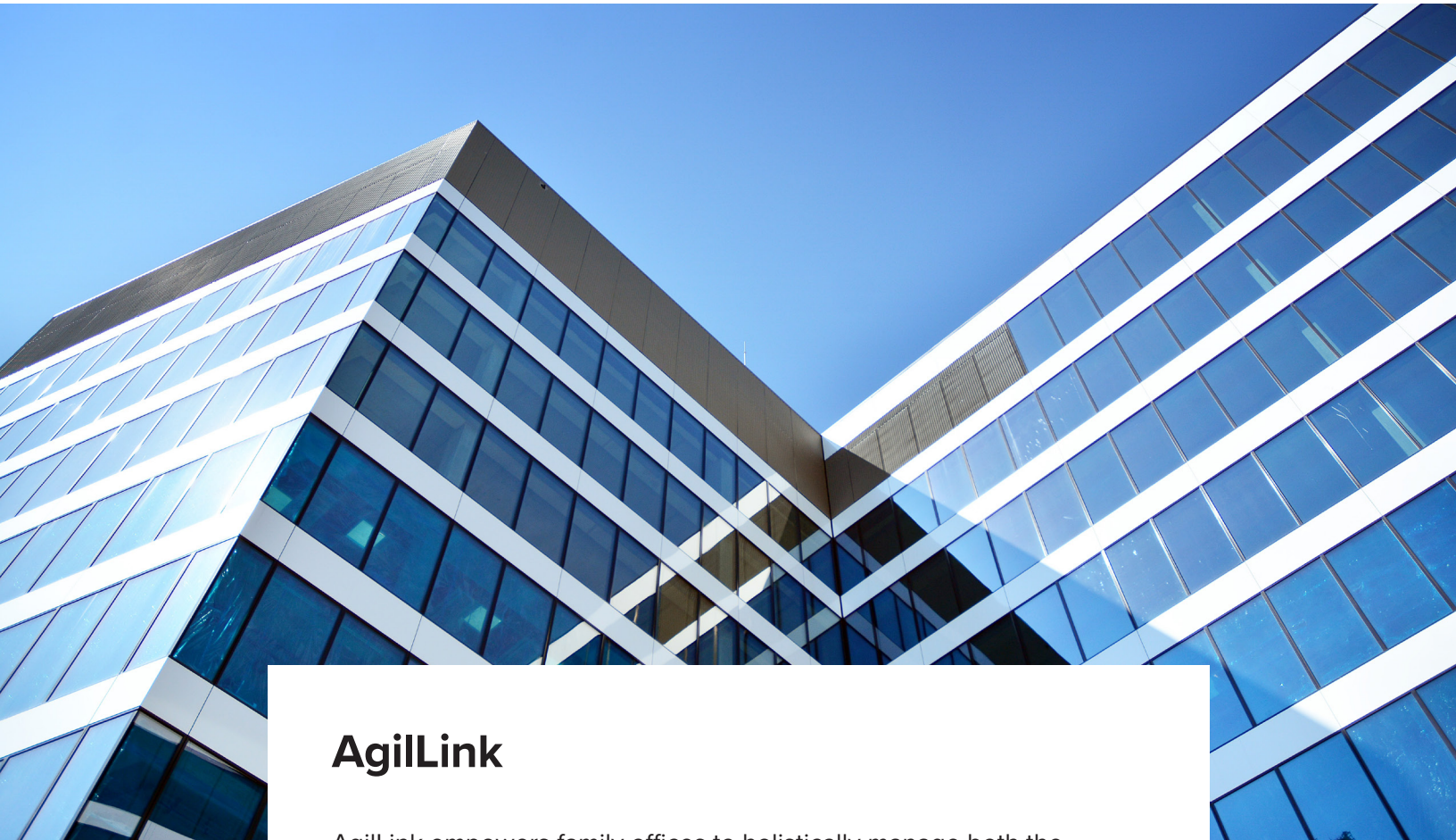
For family offices involved in almost every aspect of a client's life, responsive and personalized service is everything. Technology can allow for new levels of efficiency and scalability while keeping the personal touch that clients expect.

“Every key strategic decision should incorporate thinking about how to use technology,” says Larizza at iCapital. “Ideally, the plans should include both a short-term approach that can be deployed quickly to gain some level of automation, as well as a longer-term approach that includes insights on how particular technologies are evolving and can be integrated into the firm's technological ecosystem.”

Integrated tools and workflow now provide family offices with a new, holistic view of financial data to provide better advice that meets the client's goals. The ability to choose and integrate specialized solutions makes it much easier to find ways of fulfilling client requests. And this ability becomes a competitive differentiator for both current and prospective clients.

Integrated and scalable technology is critical to enabling family offices to effectively serve their clients. Technology implementation starts with a focus on the client's needs, not only for today, but looking forward to tomorrow, with solutions that give you the agility to take customer experiences to the next level.





## AgilLink

AgilLink empowers family offices to holistically manage both the investment and financial aspects of their clients' lives efficiently and cost-effectively—with a personal touch.

This core technology offering complements an advisor's portfolio management system to provide a complete financial and tax picture of their client. Purpose-built for the wealth management industry, AgilLink enables multi-family and single-family offices to create a best-of-breed technology solution.

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Contact us at [sales@agillink.com](mailto:sales@agillink.com) or visit [agillink.com](http://agillink.com)



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