

Simple.

Family Office Software & Technology Report 2024

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Simple solutions for complex times



Contents

01	Family office software & technology in 2024	03
	Research methodology	03
02	Today's family offices	04
	Family office archetypes	04
	Digital family offices	04
	Changes within family offices	05
	Technology integration in family offices	05
	AI Use in family offices	05
	Next-Gen and succession planning	06
	Professionalisation, transparency, and governance	06
	Customising and outsourcing services	06
	Changes to family office investing, activities, and outlooks	07
	Alternative investments	07
	ESG and impact investing	07
	Adaptation to external factors	07
	Backoffice & foundational software	07
	Consolidation and performance reporting	07
	Evolving Regulatory Environment	08
	Data Security	
03	Key technological needs of family offices	08
	Family office value chain	09
	Data intelligence	10
04	The state of family office software and technology	11
	Updates and changes	12
	Client demands	12
	Onboarding	15
	Focus on AI	16
	Focus on ESG	17
	Focus on security	17
	Focus on Private markets	17
05	Addressing future challenges	18
	Increasing operational efficiency and professionalisation	18
	Evolving strategies for succession planning	19
	Developing institutional investment functions	19
	Macroeconomics and Geopolitics	19
	Security	19
	Regulation and Compliance	19
06	Conclusion	20

Family office software & technology in 2024

Positivity seems to be winning the day over lingering concerns about geopolitical and supply chain volatility or emerging regulations at the national and supranational levels. Most technology executives surveyed by Deloitte were “optimistic” for the immediate future of their sector, focusing on efficiency and innovation in their firms. Their optimism seems well-placed as 2023-2024 have been watershed years for generative artificial intelligence or gen AI. New applications brought to service decades of artificial intelligence and machine learning research. The opening of ChatGPT captured public interest and helped lead to significant investments in the sector. 65% of the respondents to a McKinsey survey reported that their organisation currently used gen AI. That said, a recent estimate put AI revenue at 3 billion USD from investments totalling 50 billion USD. What is clear at our present moment is that we are at the front end of the broad impact of AI. Use cases and business models are rapidly evolving.

The family office software and technology sector tracks a similar trajectory. 89% of family offices surveyed by Simple feel “less-than-adequately” invested in their tech stack requiring guidance. Encouragingly, 49% of family office respondents indicated that they are developing or launching a new digitisation strategy this year. Only 26% of family office respondents to a Campden survey have adopted advanced portfolio management tools. Combined these findings reveal significant room for family office professionalisation and sector growth. Nearly all of the family office technology industry respondents to our survey see a growing market for their products and services.

They also indicate that their firms are incorporating AI. At the same time, most family offices are hardly digitised beyond Excel, Word, and Email. For those with technology in place, there seems to be a sense of tools working in isolation as the top technology demand of Simple platform users is better integration between products. New market entrants and established firms continue to build out their capabilities, most notably by expanding AI-powered document processing and other automations, in addition to building tools to track alternative assets more efficiently.

Similar to all companies, family offices are evaluating AI to understand risks and opportunities it can bring to their operations. The tradition of privacy in the family office sector, especially now related to data security, brings nuance to the sector in determining which AI technologies to adopt immediately and which require further development. Software and technologies focused on family offices need to keep pace with families adapting to macroeconomic shifts and through changes to their structure and governance. A properly curated technology stack facilitates operational excellence.

Simple’s fifth annual Family Office Software and Technology Report is another contribution in line with our core mission of increasing transparency and professionalisation in all aspects of family office operations and management. We hope this report helps family offices understand their needs and increases clarity of the service provider ecosystem.

Research methodology

The findings presented in this report are derived from data gathered across the family office software and technology ecosystem. Our formal and informal conversations with family office beneficial owners and staff when they are selecting new software providers and optimising their tech stack, along with the needs analysis survey completed by the family office users of the Simple platform give us deep insight into the family office perspective. We also conduct weekly polls and surveys of platform users.

Additionally, we conduct in-depth interviews with family offices to learn about their technology needs, selection, and implementation. Publicly available literature helps us round out the broader picture of family offices globally with comparative data. Lastly, this report presents data gathered from more than 7800 Simple platform users with 50% being family offices and principals, deep conversations around technology with 100+ family offices during the year, and the 26 technology vendor survey respondents.

We relied on a grounded theory methodology to identify key themes that emerged in the data before drilling deeper into these areas through further research.



Family offices are keeping pace with shifting geopolitical and macroeconomic conditions through service design, balancing insourcing and outsourcing, digitisation, and optimising their technology stack. This section first identifies family office archetypes before exploring the latest trends in family offices.

Family office archetypes

At Simple, we organise our thinking about the range of family office organisations into archetypes to distil typical use cases for software and technology.

We believe that family offices can see reflections of their interests and operations within the archetypes, which should help highlight a specific set of technological needs. Are you focused on active trading? Then a trading platform is one of your top priorities. Is ESG at the core of your mission? Then platforms with ESG data built-in are crucial. While a commercial multi-family office will prioritise strong CRM and well-designed customer portals to provide clients with the highest level of service.

“We’re trying to democratise the family office while offering traditional products.”

– Wei Hao Kiow, CEO, DL Family Office

Digital family offices

In 2024 we want to highlight digital family offices. As the name suggests, they are digital-first versions of traditional family offices that offer financial and administrative support to UHNWIs and their families. The primary difference, however, is that digital family offices are fully remote and use technology to connect to clients and offer their services. This reflects a long-standing trend of technological adoption within family offices and next-generation wealth owners looking for a light footprint.

FIGURE .1

Family office archetypes



Full Service

Comprehensive services completed by in-house staff; a traditional family office.



Administrative

Focused on supporting non-investment activities such as operations, estate management, private aviation, etc.



Real Estate

Supporting real estate investments and management, commonly in close cooperation with a family-owned operating company.



Embedded

Leverages resources in a family-owned business to provide family office services.



Direct Investor

Concentrated on supporting investments in private companies by a single or multiple families.



Cluster

A multi-family structure in which unrelated families share services to gain economies of scale and increase their deal flow and reach; a traditional multi-family office.



Active Trader

Services supporting wealth management through capital market investments; e.g., a former fund manager converting their operations to manage their own capital.



Private MFO

A multi-family structure with core staff serving the needs of a closed group of families funding their operations.



Commercial

A multi-family entity serving clients through a profit seeking business.



Digital FO

A digital-first version of a traditional family office offering fully remote financial and administrative support to clients.

Source: Adapted by Simple, based on Edward Marshall / Bill Woodson

Changes within family offices

Technology integration in family offices

Family offices are increasingly leveraging technology to streamline operations, enhance decision-making, and improve service delivery. Integrating advanced technologies such as AI, machine learning, and data analytics is transforming how family offices manage wealth, investments, and day-to-day operations. These technologies automate repetitive tasks, enhance data accuracy, and they can help investment managers make better decisions.

Further, technology integration helps manage the complexities of multi-generational wealth, providing real-time insights into portfolios, and ensuring compliance with evolving regulatory standards. Technology also enables wealth transfer and provides a better way for the next generation to interact with advisors and their wealth. Tools such as customer relationship management (CRM) systems, investment management platforms, and financial reporting software are essential components of modern multi-family offices, allowing them to offer personalised and efficient services to their clients.

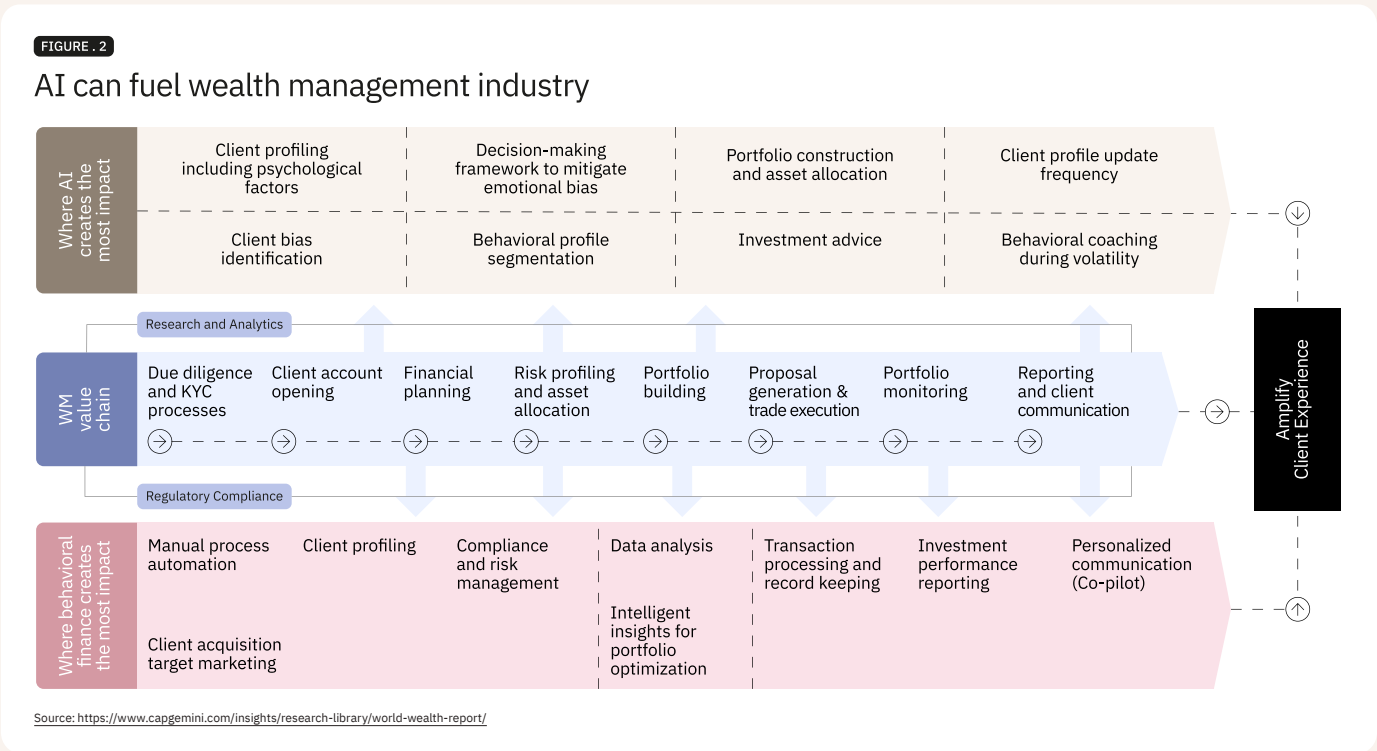
AI Use in family offices

Artificial intelligence is assisting the way family offices operate by providing advanced predictive analytics, risk assessment, and personalised investment strategies. 75% of wealth management executives believe AI will significantly impact their industry within the next two years. AI tools can analyse vast amounts of data to create personalised profiles that enable behavioural finance approaches. AI is helping family offices build solutions to risk profiling, asset allocation, and other business challenges.

AI can also enhance the client experience by providing personalised recommendations based on individual preferences and risk tolerances. AI chatbots and virtual assistants are also being used to enhance communication and provide quick responses to inquiries, thus improving overall efficiency.

“Each family office is unique, and one size does not fit all - it’s about assembling a platform of IT services and capabilities that are ‘interoperable’ giving you as the ‘user’ the flexibility to go where you want, how you want to engage and for what type of services, underpinned by automation and connectivity with custodians and other service providers of your choice.”

– Peter Golovsky, Non-Executive Director and Independent Board Advisor to Family Offices, Sydney, Singapore, Hong Kong, Your MFO Pty Ltd



Next-Gen and succession planning

Succession planning is a critical concern for family offices as they look to ensure a smooth transition of wealth to the next generation. With a significant portion of global wealth set to change hands in the coming decades, family offices are increasingly focusing on engaging the next generation of leaders. This involves not only preparing heirs to take on roles within the family office but also educating them about investment management, governance, and family values. Incorporating the next generation into the decision-making process early helps align family interests and prepare future leaders for their roles. Technology has a role in opening communication channels among family members, education, and sharing information to ease generational transitions.

“I believe we’re witnessing substantial growth in the family office technology sector for several reasons. Firstly, the number of new, digitally native family offices is increasing. Secondly, as the next generation assumes control, the push towards digitalization accelerates. Overall, the shift from manual spreadsheet management to automated wealth tech solutions is driving higher demand and fostering industry growth.”

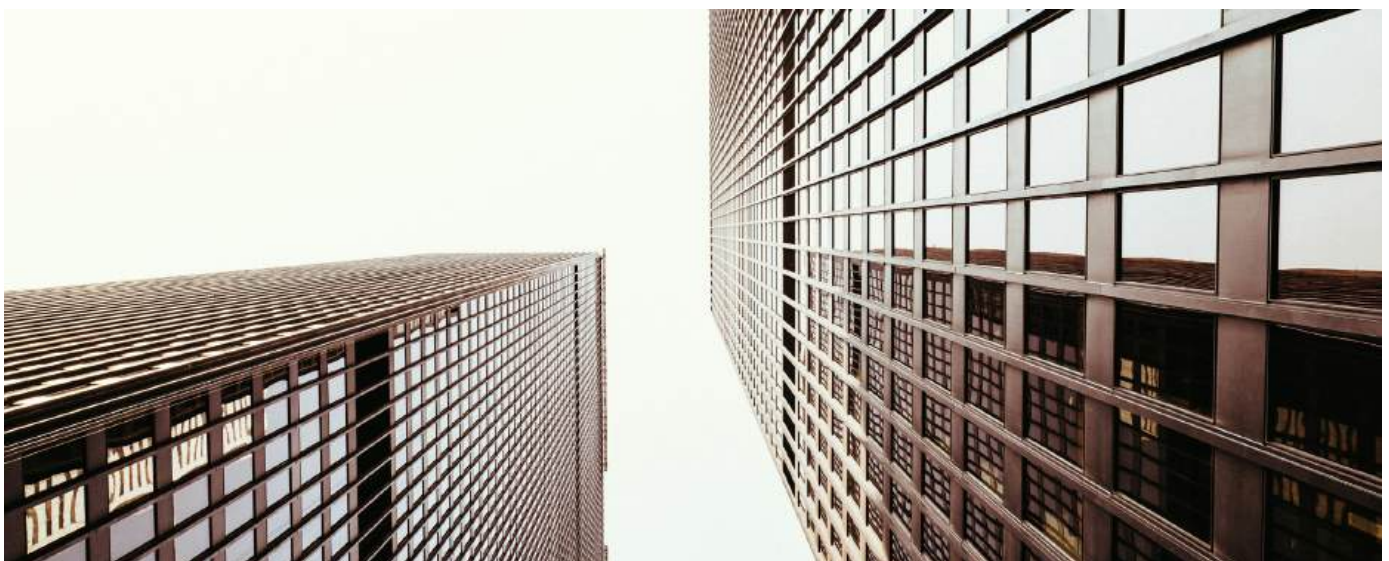
– Ken Gamskjaer - CEO, Aleta

Professionalisation, transparency, and governance

As family offices grow in complexity, there is a shift towards greater professionalisation, transparency, and improved governance structures. Family offices are hiring experienced professionals from the financial industry, such as investment managers, legal advisors, and compliance officers, to bring a higher level of expertise and accountability. Professionalisation helps family offices navigate complex financial landscapes, adhere to regulatory requirements, and implement best practices in governance. Improved governance frameworks help mitigate conflicts, align family goals, and ensure that the family office operates in the best interests of all stakeholders.

Customising and outsourcing services

Family offices provide customised services tailored to provide bespoke solutions that consider the family's values, goals, and long-term vision. Many family offices outsource non-core functions such as accounting, tax planning, legal services, and even investment management, to enhance operational efficiency. Outsourcing allows family offices to access specialised expertise without the need to build large internal teams, reducing overhead costs and operational risks. By partnering with external service providers, family offices can also benefit from the latest technology, industry best practices, and regulatory compliance support. This approach allows family offices to scale their services according to their needs while maintaining flexibility and control over strategic decision-making. Simple recommends taking a holistic view of family office operations through a service design approach to appropriately balance internal and external capabilities.



Changes to family office investing, activities, and outlooks

Family offices are shifting their investment strategies to adapt to changing market conditions, technological advancements, and the evolving needs of their clients. There is a **growing focus** on private markets, direct investments, and alternative assets as families seek to diversify their portfolios and achieve higher returns. Family offices are also increasingly involved in venture capital and private equity, allowing them to invest in innovative companies and emerging technologies. This shift reflects a more entrepreneurial approach to wealth management, where family offices act as strategic investors rather than passive allocators of capital.

Alternative investments

The appetite for **alternative investments**, such as private equity, private markets, private debt, hedge funds, real estate, and venture capital, is growing among family offices. These investments offer opportunities for higher returns and diversification compared to traditional asset classes. Family offices are particularly drawn to alternative investments because they allow for greater control, the ability to invest in unique opportunities, and align with family values.

ESG and impact investing

Environmental, social, and governance (ESG) considerations and **impact investing** are gaining traction within family offices as families increasingly prioritise sustainability and social **responsibility**. ESG investing aligns investment strategies with family values, focusing on opportunities that demonstrate ethical practices, environmental stewardship, and social impact usually through investment screening. Family offices are also using impact investing to drive positive change while generating financial returns by investing in areas such as renewable energy, healthcare, and education.

There are several digital platforms of particular relevance to expanding interest in ESG and impact investing, supporting decision-making with data layers in user-centric platforms.

Matter concentrates on providing comprehensive ESG metrics through datasets, integrations, and their own platform. **Doland Pro** provides two core services for family offices in a digital platform tailored for end users: investment advisory and impact reporting. **Proof** offers tools to automate tasks such as impact due diligence and post-investment tracking performance inline with **SDGs** and **IRIS+** rubrics. **Sopact** provides leading tools to analyse your data to support impact measurement. Several platforms are integrating the sustainability strategy and then executing the strategy by aligning the portfolio to the values. The range and power of these tools reflects the growth of responsible investing, particularly among family offices seeking to increase the positive impact of their wealth.

Adaptation to external factors

Family offices must constantly adapt to external factors such as economic volatility, geopolitical risks, technological disruptions, and changing regulations. This requires a proactive approach to risk management, scenario planning, and portfolio diversification. By staying informed about global trends and anticipating potential challenges, family offices can better protect their assets and seize new opportunities. Flexibility and agility are key attributes for family offices, enabling them to respond swiftly to changes in the market and adjust their strategies accordingly.

Backoffice & foundational software

Efficient back-office operations are essential for the smooth functioning of family offices. Foundational software solutions, including CRM systems, consolidation tools, and financial reporting platforms play a critical role in managing data, streamlining processes, and enhancing decision-making. These tools help family offices consolidate information from multiple sources, automate reporting, and provide accurate, real-time insights into portfolio performance. The use of advanced software also supports compliance with regulatory requirements and enhances data security.

Consolidation and performance reporting

Accurate performance **reporting** is a top priority for family offices, especially when dealing with diverse asset classes, including bankable, non-bankable, private markets, and alternative investments. **Consolidation** tools allow family offices to aggregate data from multiple accounts and custodians, providing a holistic view of the family's wealth. These tools also facilitate performance tracking, risk assessment, and strategic decision-making. By providing detailed and transparent reports, family offices can enhance communication and ensure that investment strategies align with family goals.

Evolving Regulatory Environment

Family offices operate in an increasingly complex regulatory environment, with growing scrutiny from tax authorities and regulators. **Compliance** with anti-money laundering (AML) regulations, data protection laws, and tax reporting requirements is essential to avoid legal risks and penalties. Family offices must stay abreast of regulatory changes and implement robust compliance frameworks to protect their clients and ensure legal adherence. This often involves working closely with legal and tax advisors, investing in compliance technology, and conducting regular audits.

03

Key technological needs of family offices

Data Security

Data **security** is a critical concern for family offices, given the sensitive nature of the financial and personal information they manage. **Cybersecurity** threats, such as hacking, phishing, and data breaches, pose significant risks to family offices, potentially leading to financial loss and reputational damage. To safeguard their data, family offices are investing in advanced security measures, including encryption, multi-factor authentication, and intrusion detection systems. Regular security audits, staff training, and the adoption of best practices in data protection are also essential to mitigate risks and ensure the privacy of family information.

“Technology has become a central pillar of Family Office operations. With the increasing reliance on technology, information security has become a top priority to protect sensitive data, which all software providers need to prioritise.”

– Alexander Wahlgren, Swimbird



The family office software and technology industry meets the needs of the family office archetypes through three principal market segments. Taking a needs-first approach to auditing your tech stack and designing services best prepares you to evaluate the range of available products and services.

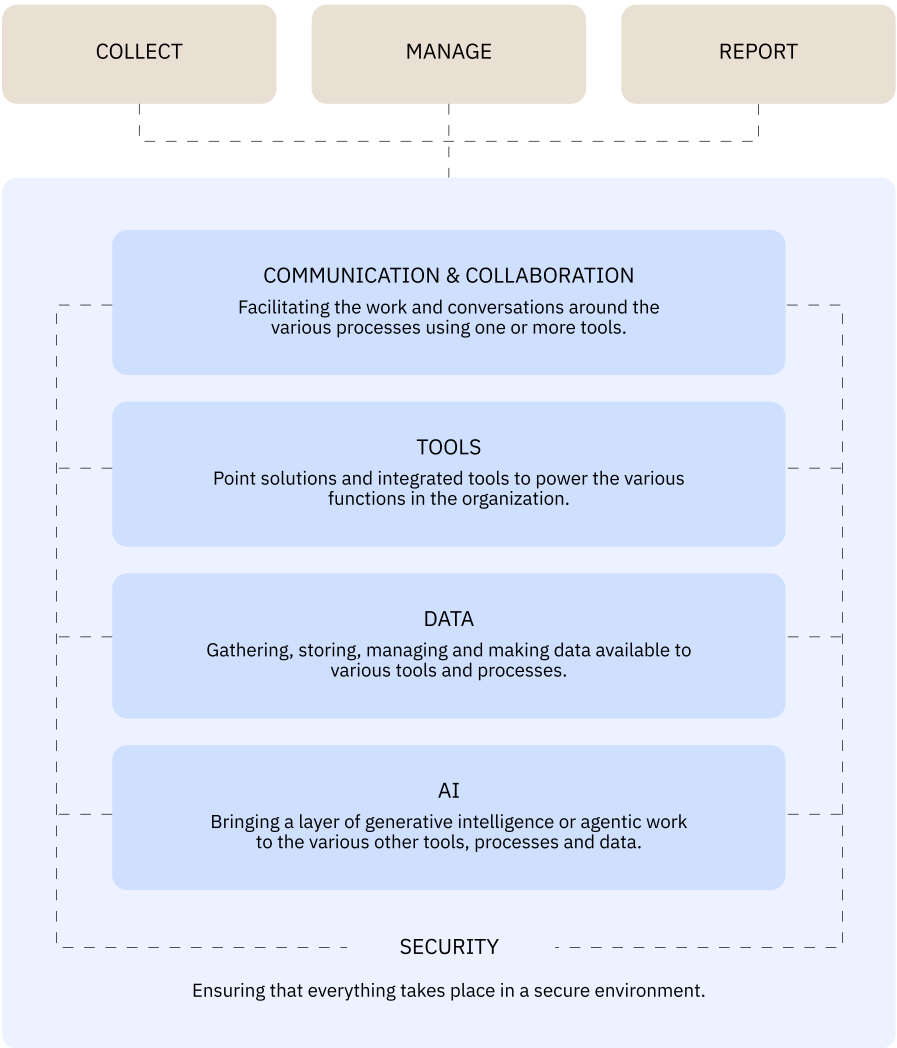
Another way to view family office needs is as essential elements of their **value chain**, focusing on the family office as a business optimising its activities and processes. To this end, family offices variously need tools to aggregate data, manage investments and operations, construct portfolios, report, and offer client portals. Depending on the type of family office, these may be primary or secondary activities within **Michael Porter’s** definition of a value chain.

“The global wealth transfer is a driver of continuous digitalisation and professionalisation of wealth management and family wealth preservation.”

– Simon Kaufmann, Altoo

FIGURE . 4

Technology map & value chain



Source: Simple 2024

Key technological needs of family offices

Data intelligence

Data intelligence refers to the collection, analysis, and application of data to make informed decisions. For family offices, data intelligence encompasses the use of advanced analytics, data integration, and visualisation tools to manage wealth, streamline operations, and enhance investment strategies. Given the complexity and diversity of assets managed by family offices, from traditional investments to private equity and real estate, data intelligence is crucial. It helps inform data-driven decisions that optimise portfolio performance, mitigate risks, and ensure compliance with regulatory requirements.

Good data aggregation involves collecting and integrating data from multiple sources in a seamless, accurate, and timely manner. Effective data aggregation ensures that information is consolidated in a way that provides a clear, real-time view of the family's entire financial landscape. Poor data aggregation, on the other hand, is characterised by inconsistencies, delays, and incomplete data, which can lead to inaccurate reporting and flawed decision-making. High-quality data aggregation tools are user-friendly, secure, and capable of handling diverse asset classes, including both bankable and non-bankable assets.

“Many solutions merely offer flashy interfaces without addressing core needs. The key is strategic automation and data integration. By meticulously mapping out processes, family offices can identify opportunities to streamline operations, eliminate redundant tasks, and ensure data flows seamlessly across the organisation. This approach minimises manual effort while maximising efficiency. The goal is a “touch it once” philosophy, where information entered propagates automatically to all relevant systems. This holistic perspective on operational optimisation is what truly elevates a family office’s performance, far beyond what any off-the-shelf tech solution can provide.”

– Raymond diNunzio, ToS Advisors

“Our Investment Data Intelligence (IDI) is designed to provide family offices with their data foundation. We designed the Point platform to aggregate data across all asset classes, irrespective of custodian, banks or manager, and share data with digital applications, CRM systems, accounting platforms, trade and execution venues. Integration is at its core.”

– Tom Williams, Point Group

Using the right data allows family offices to gain deeper insights into their investments, assess performance accurately, and identify opportunities for improvement. Proper data utilisation enhances transparency and governance, enabling family offices to track assets effectively and make better strategic decisions. For example, predictive analytics can help identify emerging trends, while real-time reporting tools can improve cash flow management. This ultimately leads to more effective portfolio optimization, risk management, and strategic planning, aligning operations with the family's financial goals.

Several data intelligence and aggregation solutions are tailored to meet the needs of family offices. Platforms like Point Group, Asora, and Orca provide robust tools for data consolidation, performance reporting, and analytics. These platforms are designed to handle complex, multi-asset class portfolios and offer customizable dashboards for real-time insights. Such solutions also come equipped with strong data security features, ensuring the protection of sensitive information.

Family offices should prioritise solutions that offer comprehensive data integration, high levels of customization, and strong security protocols. It is essential to select platforms that can handle the specific needs of complex portfolios, provide reliable customer support, and offer compliance features to meet regulatory demands. Additionally, scalability and the ability to adapt to evolving technological trends are critical considerations to ensure the solution remains relevant over time.

The state of family office software and technology

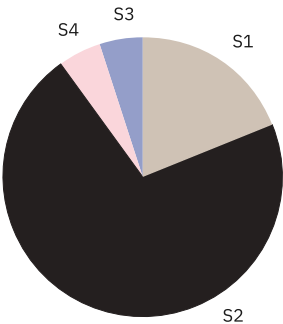
Nearly all the firms that responded to our survey see growth in the family office software and technology sector. A few respondents look out to a changing industry landscape, though they agree with the other respondents on the forces currently shaping their industry. This is a clear indication of the strength of a sector building innovative solutions for family offices. Segment growth, established players building out capacity, and new market entrants increase options for family offices and increase competition among providers. Interesting nuance underlies these top-level perspectives.

Drivers of industry growth include the rising number of UHNWIs, new family offices, and the often-discussed theme of next-generation wealth transition. Demand for better investment screening and decision-making tools, including ESG considerations, also contribute. The increasing complexity and diversity of investment portfolios lead investment managers to look for integrated, customisable, and digitised solutions.

Advanced reporting and data analytics requirements are also fueling growth. While we see many family offices leading the way by incorporating innovative technologies into their operations, many still rely on legacy products such as Excel which lack analytic tools and integrations. This is an untapped opportunity for family offices to increase their professionalisation and productivity through the adoption of better tools.

POLL DATA

Family office technology industry direction



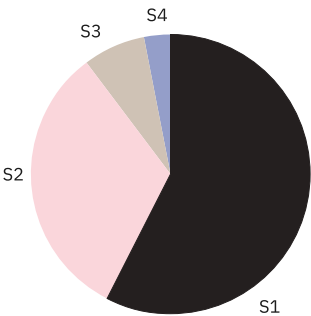
SURVEY RESPONSES

19.05%	S1	Changing
71.43%	S2	Growing
4.76%	S3	Shrinking
4.76%	S4	Stalling

Source: Simple 2024

POLL DATA

What percentage of the prospects that you are in discussion with still use Excel?



SURVEY RESPONSES

57%	S1	80% or more
32%	S2	60%
7%	S3	40%
3%	S4	20%

Source: Simple 2024

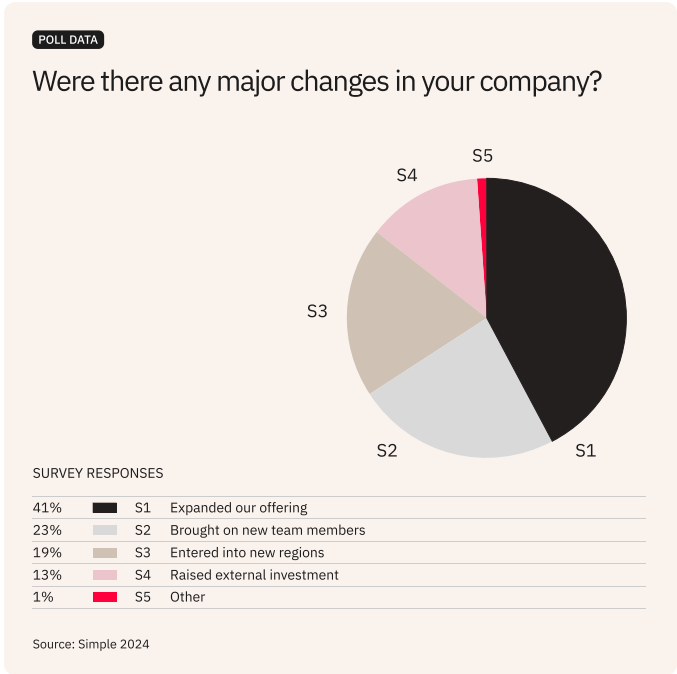
Single family offices, often staffed by very small teams, are optimising their operational efficiency and increasing their capacity while controlling costs. This leads to the onboarding of new technology partners to increase their productivity and agility through automation. The push toward digitisation and the integration of AI into these tools are key indicators that the industry will be continuing development to meet these demands.

Privacy and security concerns also direct attention toward new technology over legacy products. Regulatory compliance, especially in family offices with global footprints, elevates the need for professionalised wealth management. Family offices with several members involved in decision-making—and the accompanying family dynamics—are turning to more sophisticated suites of tools to foster collaboration, transparency, and communication.

Updates and changes

Service providers are adapting their offerings and building out capacity to meet the needs of family offices. One area seeing development is investment analytics. As family offices professionalise and keep the core function of investment management in-house, they expect tools to provide deep insights into performance, risk, exposure, and liquidity to inform their decisions. The industry is providing its clients with increased digitisation, advanced data analytics, and enhanced cybersecurity, enabling more efficient and secure wealth management. Additionally, the adoption of AI, cloud-based solutions, and blockchain is driving more personalised, scalable, and future-oriented services. Many players are adding tools to support a growing range of alternative asset classes and illiquid holdings. At the same time, the smaller players are working to build out the functionality of their products.

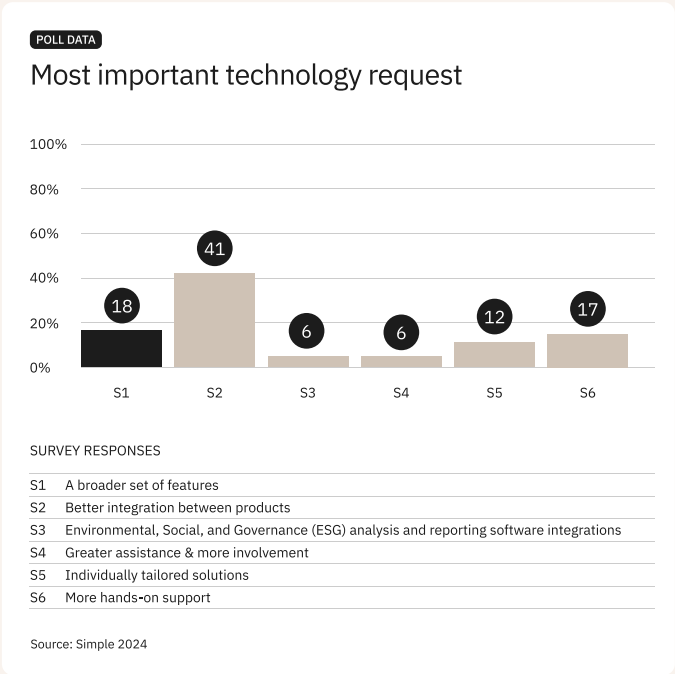
Currently, the main challenge for firms is incorporating the latest AI developments into useful services for their customers like data scraping tools and co-pilots. Some firms already offer AI and ML integration to drive data analysis, automation, and personalised insights. Data aggregation, management, and visualisation enable the exploitation of proprietary data sets by AI. Robotic process automation (RPA) brings efficiency gains, freeing employees to focus on value-added activities. There is a growing focus on software to support sustainability, impact investing, as well as improve family governance and personalise services. Regulatory compliance and data privacy are also major concerns. Overall, the goal of family office technology is to help families make better financial decisions, manage their wealth efficiently, and achieve their long-term goals.



Client demands

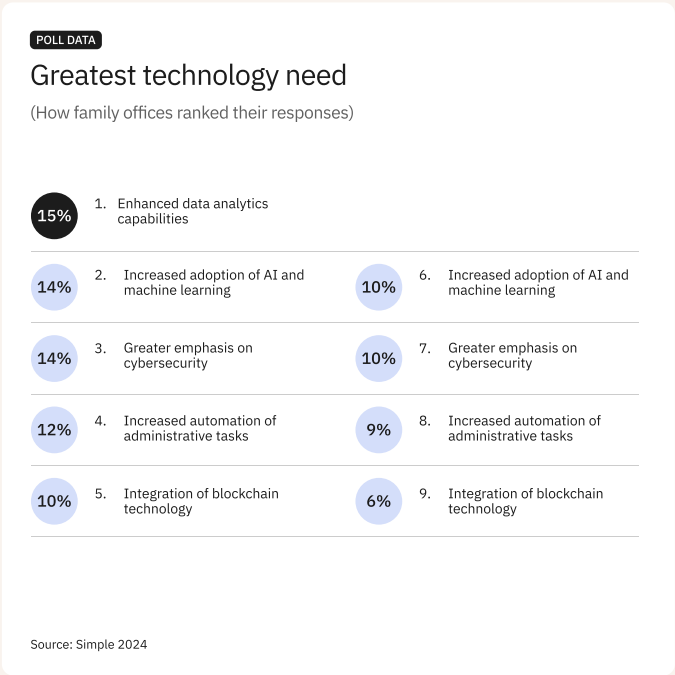
Service providers hear family offices demanding greater customisation, broader features, and better integration between products with strong security. The top technology request of the family offices in Simple’s user community is better integration between products, followed by increased hands-on support and broader features. The service providers we spoke with shared their experiences of working closely with family offices to incorporate their feedback into product updates.

The shared goals are clean customisable workflows that meet the needs of different family office configurations, decision-making processes, communication channels, and governance.



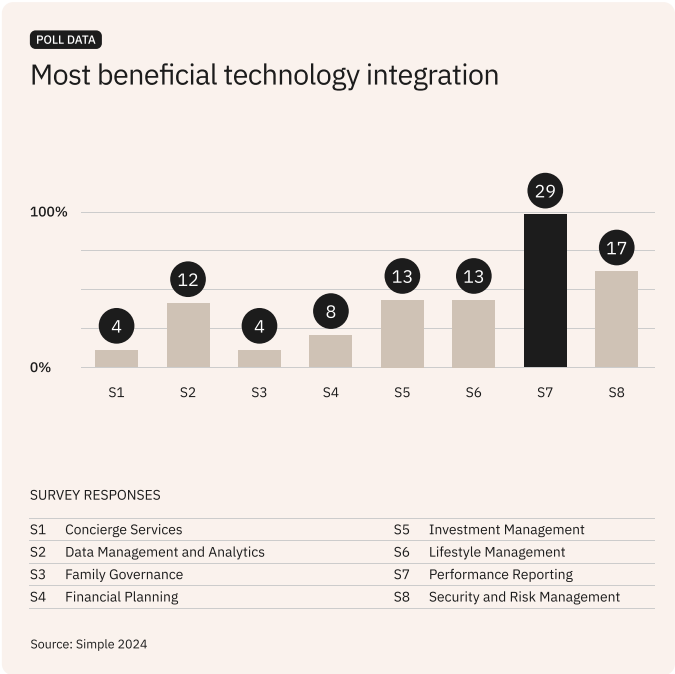
“Finding the right partners or software that can cater to these specific requirements has been particularly difficult. Most existing systems are either too rigid or not flexible enough to accommodate the bespoke needs of our operations, which has been a persistent challenge in developing or adopting appropriate software solutions.”

– Liquid Cui, General Manager of Global Digital Technology | Managing Director, Junson Capital

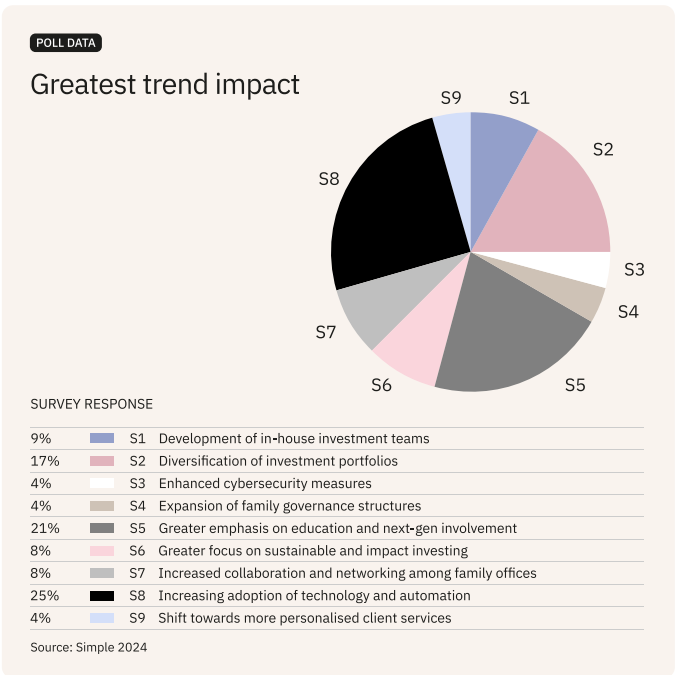


Simple’s family office community indicated that their greatest technological needs were data analytics, AI, and cybersecurity. They also want to shift labour time from administrative tasks through automation to more strongly value-added office functions.

The state of family office software and technology



Simple’s family office community clearly indicated their view that performance reporting is the more beneficial technological integration, followed by security and risk management.



Simple’s family office network views the impact of technology across the range of their operations. Automation is having the biggest impact. Core financial functions like helping diversify investment portfolios and developing in-house investment teams are also important.

Yet, technology’s impact on education and next-gen involvement illustrates its broad adoption and range of applications across operations and mission areas.

The state of family office software and technology

Onboarding

Creating smooth and supported onboarding processes is a key benchmark for quality service providers to meet. There are two primary approaches to onboarding new clients across firms and types of offerings. One group of providers view onboarding support as a concierge-level service in which they invest considerable human resources. The other group are streamlining and digitising their onboarding process to reduce the number of touchpoints between client and firm.

The hands-on approach allocates staff for onboarding, viewing it as a critical piece of their client engagement process. The entire process might last months led by a dedicated relationship manager who steps in after the sales team to maintain an ongoing relationship with family offices. Many firms have onboarding specialists who can assist clients with any questions or concerns in real time. This personalised approach helps build trust and fosters strong relationships from the outset. Providers need to have feedback mechanisms allowing family offices to share their experiences and suggestions to work through any pain points encountered. Some smaller firms continue to build out their implementation and client success teams as they scale.

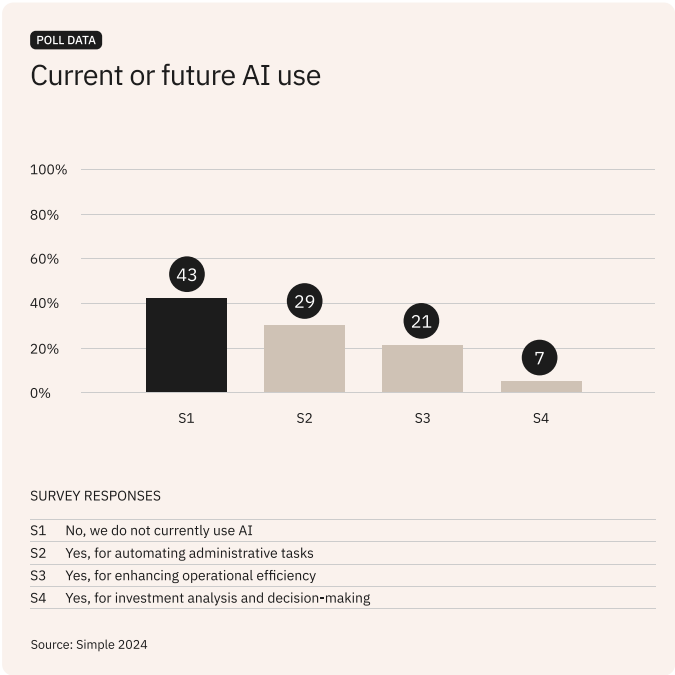
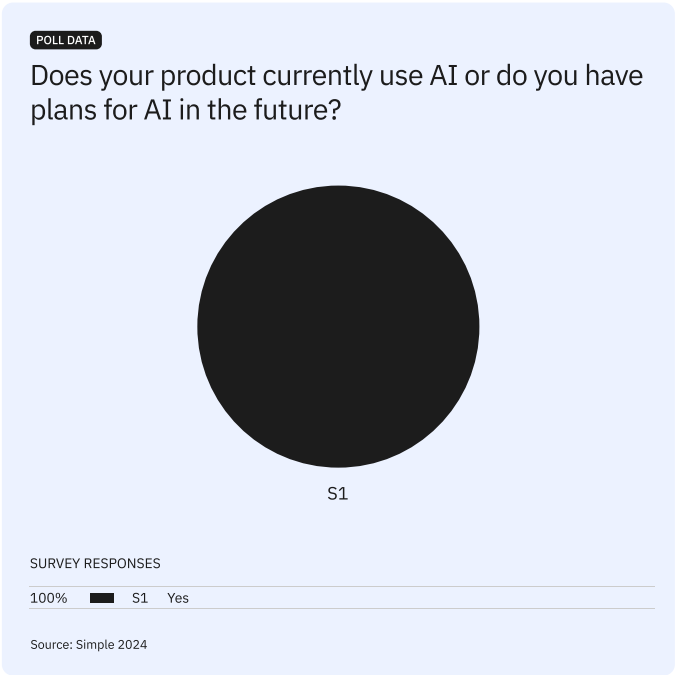
The self-service approach seeks to reduce the touchpoints between clients and providers through integrations and effective user interfaces. Some firms offer fully digital onboarding platforms that allow clients to complete the onboarding process online, reducing the need for paper documents and in-person meetings. Streamlining minimises delays to improve the overall experience. This approach may also be supported by comprehensive online knowledge bases, which provide clients with access to step-by-step guides, FAQs, and best practices. Effective knowledge sharing helps clients get up to speed quickly and resolves common issues independently to supplement training sessions personalised to clients.



04

The state of family office software and technology

Focus on AI



All of the service providers in our survey indicated that their products use AI in some form, but 42% of Simple’s platform users responded that their family office does not currently use AI. Given the rapid recent deployment of this technology, some incongruence is expected. As this technology matures and its power is leveraged in more areas, AI use and its integration will become more aligned with expectations and understandings.

The integration of AI into workflows to automate data input and other tasks, ensuring speed and accuracy, is a significant advancement in family office technology in operations. AI generates insightful and actionable information that enhance knowledge, decision-making, and task management in real-time. Some major AI feature updates include co-pilots, document parsing, data chats, and robotic process automation (RPA), reconciliation, and report generation. Digitised data enables advanced data analytics.

Some industry insiders believe that one of the biggest use cases for AI within the family office ecosystem is likely to be portfolio management. AI can be used to analyse vast amounts of data to identify investment opportunities and risks, develop sophisticated risk models, optimise portfolio allocations, and provide personalised financial advice. AI can translate structured data and unstructured text into a computable knowledge graph that allows users, such as wealth managers, to ask questions such as “What is my best performing portfolio?” or “What was the currency exchange rate impact on my portfolios?” and receive accurately sourced answers.

“We have built out an extensive capability leveraging AI in a closed loop across client documents, transactions, and holdings, while also allowing inquiry to outside data for analysis. All client information is stored in their own secured database assuring that none of their private information is leaked to outside sources through AI tools.”

– Bryan Henning, Senior Vice President, Head of International, Eton Solutions

These AI applications can help family offices make more informed investment decisions, improve risk management, and enhance their overall performance. We asked service providers what their family office clients asked them about AI. Responses varied. There is a strong interest in automating tasks to streamline quantitative and qualitative data processing and aggregation. Family offices also often queried their service providers about the security and reliability of AI, where their data was being processed, and, simply, if they should be using AI in light of these concerns.

The state of family office software and technology

Focus on ESG

We again asked firms in 2024 to elaborate on their integration of environmental, social, and governance (ESG) frameworks into their products. ESG analysis is a data-driven investment approach. Software is the ideal tool for efficient and effective adherence through data integration, scoring, evaluation, and reporting. ESG software packages assess potential or current investments along user-selectable criteria and then generate scores on the sustainability of their portfolios. Approaches vary and proper support is crucial if ESG concerns are important to your family office.

Perhaps the most common approach for software with portfolio management features is to connect to third-party ESG ratings. Some providers have their own integrated capabilities, like Sage Earth, a tool to estimate a carbon footprint by automating emissions calculations. The platform connects to a general ledger and uses natural language processing to analyse transaction data to identify the purpose of individual purchases. Sage Earth then matches the transactions to emission factors to create a benchmark carbon footprint estimate.

Focus on security

Firms take a comprehensive approach to digital security to safeguard clients' sensitive financial data.

Core components of security include:

- Encryption
- Multi-factor authentication (MFA)
- Firewalls
- Backups
- Employee and vendor vetting and training
- Role-based permission
- Third-party vendor vetting

All firms agreed that at a time of increasingly sophisticated external threats, ensuring data security and privacy is one of their primary responsibilities, in line with family office demands.

Some providers securely store data in AWS or MS Azure servers, while others maintain their servers in locations like Switzerland to increase security. It is also crucial to focus on the human element by training all employees in data security and protection. Security requires a multi-layered approach by incorporating technical, administrative, and physical measures, along with regular internal and external third-party tests on data applications, systems, and infrastructure associated with accessing, processing, storage, communication and/or transmission of sensitive data.

We had a very painful exercise migrating from one platform to another, which taught us a lot, including patience and anger management. But now we are fully on boarded with a cloud-based, azure platform that can be used worldwide.”

– Luciano Tattoni, Managing Partner, CIGP

Focus on Private markets

Family offices are increasing their investments in private markets across its six primary segments: private credit, private equity, venture capital, private infrastructure, private real estate, and natural resources. These investments require specific software capabilities to track non-custodial assets, track capital calls, distributions, and valuations. The capability to ingest and analyse data is essential to meet the specific needs of this asset class. For example, FundCount can handle specialised data requirements for private market investments, such as carried interest calculations, waterfall structures, and preferred return provisions. The Aleta platform has a dedicated private market module with staff experts available to assist with modelling private market instruments and investments.

Asora's private equity dashboard integrates comprehensive data aggregation and reporting features, enabling users to calculate IRR & MOIC metrics. It also enhances portfolio management through real-time data visualisation, offering a clear overview of liquidity by tracking cash and currency exposures. Additionally, it supports the management of documents and tasks related to private equity investments, ensuring that all relevant information is centrally located and easily accessible for streamlined decision-making and reporting.

“Clockwork is designed for investment offices with alternatives as a meaningful piece of their asset allocations. Our platform outperforms when it comes to investor preferences centred around direct investments, funds, SPVs and other illiquid assets, in addition to the traditional asset classes.”

– Cory Shea, Clockwork

05 Addressing future challenges

POLL DATA

Main technology challenge in 1-3 years

(How family offices ranked their responses)



Source: Simple 2024

The Simple family office community sees a range of technology challenges over the next 1-3 years. Cybersecurity, integrating different systems into a functional “tech stack,” staying current with rapid technological development, data privacy, and controlling costs. Bringing technology into operations also necessitates training and retaining staff in their use.

Service providers had similarly broad views with substantial nuance about particular challenges. In the next 1-3 years, family offices are likely to encounter significant challenges as they navigate a complex and dynamic world. These challenges will arise from technological advancements, regulatory changes, the need for operational efficiency, and shifting regulations and compliance requirements.

Increasing operational efficiency and professionalisation

Retaining and attracting core talent is the clearest way to optimise operations. Family office investments in the right technological tools that reduce the mundane, tedious tasks that increase attrition are important. Talent acquisition and retention is especially challenging in emerging wealth centres, not because the positions in family offices are not attractive, but because the jobs require multifaceted skills. To mitigate this, family offices should look at technology adoption to create operational leverage. Family office portfolios commonly reach across multiple asset classes, custodians and

currencies, and investments in various legal entities such as trusts, LLCs, foundations, and personal accounts. This complexity makes creating a complete view of allocations difficult and time-consuming to produce. It can lead to unintended concentration risks, unnecessary costs, and ill-informed decisions. Modernising workflows and upgrading technology can help streamline time otherwise wasted on low-level manual tasks. This is the technological component of operational efficiency and professionalisation.

Veracy Family Wealth Partners case study

Family offices face an arduous and opaque process determining their technology requirements and then connecting with the right providers to meet their needs. Veracy Family Wealth Partners tackles the software selection process by tapping their network to consult current or previous users of a piece of software they are considering adopting. Once they choose a piece of software, they turn to working with the provider to overcome any hiccups or pain points. Attention to detail is crucial to build trust in the solution’s accuracy and dependability at this stage.

[Read the full Case Study](#) →

“Software has allowed us to streamline processes and create sophisticated and helpful data output reports.”

– Whitney Zeta, Managing Partner & Co-Founder, Veracy Family Wealth Partners

Addressing future challenges

Evolving strategies for succession planning

The great wealth transfer is well underway, and it is important that family offices put in place strategies that ensure that the next generation is equipped to take on the responsibility of family wealth. This includes wealth management education, fostering strong family values, and a sense of stewardship among the younger generation. It can be an especially significant challenge for UHNW families as the risk of wealth dilution increases when it is transferred to several heirs.

The next generation of UHNW individuals expects more from their family offices. They want one place to turn to for guidance on everything from investments to lifestyle. This generation is demanding that family offices take a holistic approach to wealth management, evolving beyond financial services and recognizing that financial health is closely intertwined with physical, emotional, mental, and social well-being. Many family offices are partnering with technology providers that allow them to create efficiencies and expand their offerings to include services like estate and property management, charitable giving, family education planning, personal development, and more.

Planning for the future presents a significant challenge for families, whether it involves replacing a key organisational member or preparing for the transition of a principal. The complexity of organising and structuring a comprehensive life map of assets and important items is often underestimated, with much of this critical information residing in the minds of long-serving individuals rather than being managed in a centralised and secure system. Establishing a well-documented history of decisions, including the context, relevant documentation, discussions with trusted advisors, and approval processes, can greatly reduce anxiety and ensure a smooth transition when properly planned.

Developing institutional investment functions

Many family offices continue to professionalise their investment function. Most now have an investment committee as part of their governance structure and an investment policy statement (IPS). Despite the progress in these areas, many still use Excel for consolidated reporting. This indicates a significant opportunity for further digital transformation in investment reporting and analysis.

The complexity of the investment landscape continues to increase, with alternative investments becoming a larger part of portfolios. Managing diversified portfolios, especially with a significant portion of assets allocated to alternative investments, which lack standardised data, increases the challenge. As portfolios continue to grow in complexity and span multiple asset classes, currencies, and geographies, through a variety of ownership structures, it is more important than ever that family offices have a platform capable of aggregating this data for a complete overview of wealth.

As AI becomes more embedded in investment processes, there will be a need to carefully navigate its implementation to ensure it enhances decision-making without introducing new risks. Complex strategic asset allocation is driving the demand for intelligence-led investment decision-making. This requires the data challenge to be solved first.

Macroeconomics and geopolitics

Unprecedented markets and geopolitical tension over the last few years have fundamentally changed the mindset of wealth owners, pushing them to quickly and frequently rethink their approach to asset allocation and planning. They have to think about potential wars, trade wars, natural disasters, epidemics, de-globalization, and tightening regulations. Such challenges reach far beyond adjusting asset allocation to redesigning portfolios for agility through extreme market scenarios. As geopolitical risks appear to be set to continue for the foreseeable future, real-time value-add data analysis of all investment classes is one way to stay ahead of the risk curve.

Security

The shift to modern digital platforms is essential but can be difficult for those entrenched in older practices. Additionally, as these offices digitise, they become more susceptible to cyber threats, making robust cybersecurity measures a constant concern. In recent years, family offices in Singapore have increasingly become targets for sophisticated phishing attacks. Given their vast stores of sensitive financial and personal data, they are prime targets for data breaches as well. Security will remain a challenge for years to come.

Regulation and Compliance

The evolving regulatory landscape also adds complexity, for example, the Monetary Authority of Singapore (MAS) has tightened compliance and anti-money laundering (AML) requirements. Family offices must now maintain relationships with MAS-regulated financial institutions for AML checks and adhere to stricter standards. These challenges highlight the need for family offices to adapt quickly, and embrace the digital transformation to help them remain compliant with rapidly evolving regulations across their global footprint.

05 Conclusion

Family offices today look out for opportunities and the risks that come with technological advancements. Embracing digitisation by moving away from traditional spreadsheets to modern software is significantly improving data management and bringing efficiencies to increasingly complex and diversified investments. AI tools are transforming decision-making, automating routine tasks, and enhancing data access and analysis. Embracing these new technologies is streamlining operations and bolstering security. However, there are also risks to consider. Ensuring data accuracy across different systems is challenging, and any misstep in this area can lead to significant complications.

The process of onboarding new software can be complex and needs to be effectively managed. Family offices must select technology partners carefully to ensure they meet their specific needs. The goal of family office software adoption is to empower your team and not increase operational costs or burdens. Choosing a provider or bundling several providers into an optimised tech stack with the capacity to accommodate the complex nature of your family office's portfolio and operations is crucial to future-proofing your family office for generations to come.

Acknowledgements

This review was made possible because of expert input. Simple wishes to thank the following family offices, industry experts, and service providers for taking the time to share their knowledge and expertise in technology and software.

[Adroit Vantage](#)

[Aleta](#)

[Altoo AG](#)

[Alwy](#)

[Apligo](#)

[Asora](#)

[Asset Vantage](#)

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