Building a family office wealthtech strategy.

Starter questions to help family offices evaluate their technology ecosystem.

As wealthy families grow in size and assets, their corresponding entity ownership blueprints, investment strategies and administrative requirements also grow in complexity. As a result, family offices and financial institutions serving high-net-worth (HNW) families have become increasingly focused on modernizing their wealth management technology solutions to accommodate the complex, highly-specialized accounting, investment data aggregation and reporting demands of HNW, multi-generational families.

In this evaluation, we introduce a variety of considerations to take into account as you begin strategizing and planning your own family office technology stack to help you design a manageable solution that is right-sized for you and your end-clients.

Initial considerations

Prior to implementing new technology we recommend thinking through your organization's long-term technology strategy and how it will impact staffing, resources and data integrity.

Technology & staffing infrastructure

- Is the primary purpose of your technology solution focused on **accounting, investment management, client reporting** or **some combination of the three**?
- Are you **properly staffed** to run one or more technology systems in addition to your existing responsibilities?
- What other **types of technology platforms**—like Customer Relationship Management (CRM) platforms, Order Management Systems (OMS), trust and estate administration applications or foundation management software—do you plan to use?
- Will you **buy** an integrated wealthtech solution or **build** a proprietary technology stack?
    - If building a proprietary technology stack:
        - Do you plan to invest in multiple best of breed solutions?
            - Are you prepared to build and support your own data warehouse and conjoin multiple facets of data?
        - Do you have staff members with the appropriate degree of technical expertise to run the systems, write APIs, validate calculations related to investment analytics and design modern user experiences?
        - Do you have the resources and capacity to perform system maintenance, development and troubleshooting on an ongoing basis?
        - If necessary, where will you host the technology?
- Will you run the technology **in-house** or leverage a third-party **outsourcing partner** to manage the data on your behalf?
    - If running the technology in-house, do you plan to manage every aspect of the business processing or will you use external expertise for specific operations like portfolio reconciliation, bill payment, partnership administration or consolidated reporting?
    - If you plan to leverage an outsourced service partner for specific operations, will your technology infrastructure support shared usage of the platform(s) with external resources?

Detailed considerations

Once your organization has worked through the initial consideration set for your future technology strategy, we recommend drilling into the nuances of your operational and end-client technology needs.

Data collection

How will your team access and aggregate the family's financial data?

- Are you able to import historical data, if needed?
- Do you need access to automated data feeds with banks?
    - Can data be received directly from the bank or does it arrive via a third-party data aggregator?
- Do you need access to automated data feeds with custodians and/or brokerage firms?
    - Can data be received directly from the custodian and/or brokerage firm or does it arrive via a third-party data aggregator?
- If using multiple technologies to collect data, who will normalize and reconcile data flowing in from multiple disparate systems?
- Will your technology stack include solutions with existing connectivity with third-party systems like tax or trading software?
- Will your technology stack include solutions that offer a readily-available Application Programming Interface (APIs) for ad hoc system connectivity with outside solutions like proprietary reporting tools or data warehouses for enriched data analysis?

Functionality

What type of functionality will be needed across your wealth management technology solution?

- **General ledger**
  - Does your team have capacity to manually book journal entries or do you require the capability to automatically create journal entries across core operations like investment transactions, cash movements, bill payments, accruals and fees?
- **Investments**
  - Do you desire a global security master or investment library?
  - What types of assets do you need to track (e.g. equities, fixed income, hedge funds, real estate, private equity funds, personal assets, etc.)?
  - Do you need the ability to track both investment market value and cost basis?
  - Do you need to create user-defined data groupings to classify investments, portfolios and entities?
- **Performance engine**
  - Do you need access to multiple performance calculations like money-weighted returns (XIRR) and time-weighted returns (TWR)?
  - Do you need to be able to incorporate data across multiple performance periods, including historical date ranges?
- **Accounts payable**
  - Do you have a need to track vendors and expenses?
  - Do you have a need to pay bills using check writing, ACH or wire instructions?
  - Do you have a need to initiate cash movements in the technology?
- **Cash management**
  - Do you require a mechanism to transfer and/or gift assets, securities or cash?
- **Partnership accounting**
  - Do you need a solution that handles complex nested ownership?
  - Do you need to be able to enter and/or create K-1s?
- **Trust accounting**
  - Do you need to track principal versus income?
  - Do you need to the capability to perform trust management or administration functions?

Reporting

How will your team get information out of the system for internal management and end-client reporting?

- Will reports be produced out of one system, multiple systems or a consolidated data warehouse?
- Do any of the solutions in your technology stack include a query-style report builder, pre-formatted reporting or both?
- What types of reports will you need to be able to produce?
  - Management reporting
  - Financial statements
  - Expense reports
  - Net worth reports
  - Asset allocation and exposure reports
  - Performance reports
  - Investor reports
  - Advanced investment analytics
- What file formats will you need to be able to produce for reporting purposes (e.g. .xls, .csv, PDF or digital)?
- What types of report formatting options do you require (e.g. custom headers, branding, pagination, etc.)?
- Do you intend to automate the report preparation, packaging and delivery process?
  - Do you need the ability to collate multiple reports and/or documents into report packages?
  - Do you need the ability to schedule report creation and/or distribution for specific days, times or intervals?
- How do you want to share financial reporting with your end-clients: digital client portal, online sharing or in-person?
  - If client portal:
    - Will you require secure document vault?
    - Do you plan to create interactive dashboards depicting analysis like net worth, investment performance, holdings, asset allocation and expenses?
  - If online sharing:
    - Do you need to be able to send reporting directly from the solution via email?
    - Do you need to be able to share reporting to an FTP site?

This list represents a subset of potential functionality to consider. Each family office will have a different set of requirements.

About SEI Family Office Services

SEI Family Office Services delivers technology and outsourced services that support the accounting, investment management and reporting functions of family offices, private banks, private wealth advisors and alternative asset managers. Designed to help family offices and advisors to wealthy families better serve their ultra-high-net-worth clients, SEI's award-winning Archway Platform℠ and high-touch outsourced services efficiently handle complex partnership, portfolio and corporate accounting alongside bill payment, investment management and multi-asset class data aggregation. As of Dec. 31, 2023, SEI Family Office Services has $585 billion in assets on platform. For more information, visit seic.com/archway.

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SEI (NASDAQ:SEIC) delivers technology and investment solutions that connect the financial services industry. With capabilities across investment processing, operations, and asset management, SEI works with corporations, financial institutions and professionals, and ultra-high-net-worth families to solve problems, manage change and help protect assets—for growth today and in the future. As of Dec. 31, 2023, SEI manages, advises, or administers approximately $1.4 trillion in assets. For more information, visit seic.com.