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# The Family Office Insights Series - Global Edition

Digital Transformation of Family Office Operations, 2024

# Interactive navigation

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# Contents

# Foreword

Welcome to **Digital Transformation of Family Office Operations,** which is the fifth report in Deloitte Private's new **Family Office Insights Series**. This report offers invaluable insights into family offices' use of operational technology across their front, middle, and back office functions, and the extent to which they are obtaining value from such technology.

The data in this report is based on a survey of 354 single family offices from around the world which was conducted between September and December 2023 (figure 1). These offices oversee an average assets under management (AUM) of US$2.0 billion, while the associated families have an average wealth of US$3.8 billion. Collectively, this totals an estimated US$708 billion in AUM and US$1.3 trillion in family wealth (figure 2).

We also conducted in-depth interviews with 40 senior family office executives to provide commentary and case studies with personal insights that can help family offices benchmark themselves to their peers. To make the findings as useful as possible, the report is interactive, with the option to scroll through the findings by region and size (AUM above and below US$ 1 billion).

We hope these insights prove useful, and we would like to offer a heartfelt thank you to all participants who generously shared their time and perspectives.

Figure 1: Participating family office regional headquarters' locations

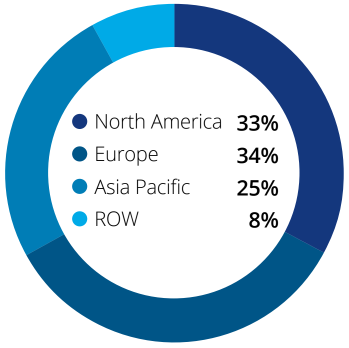
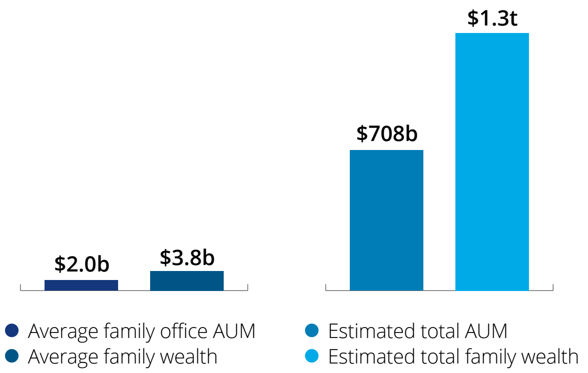



Figure 2: Respondents' family office AUM and family wealth

*Click on each button to view the data*

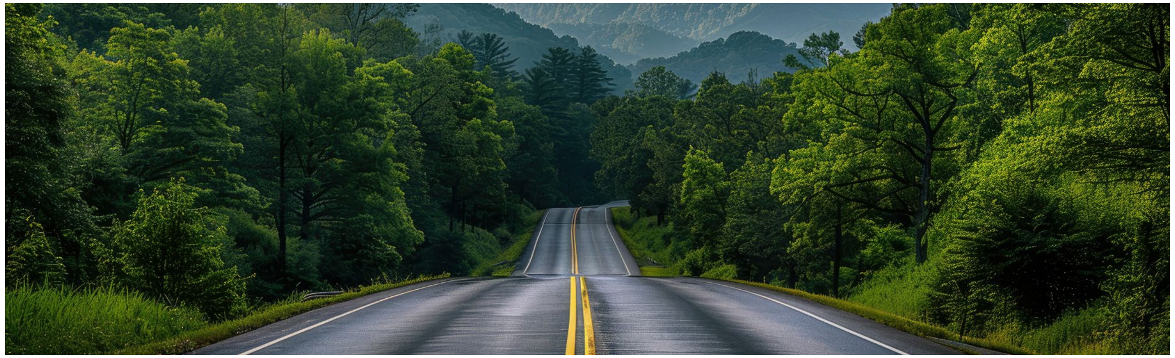
Global | North America | Europe | Asia Pacific | ROW



# Key takeaways

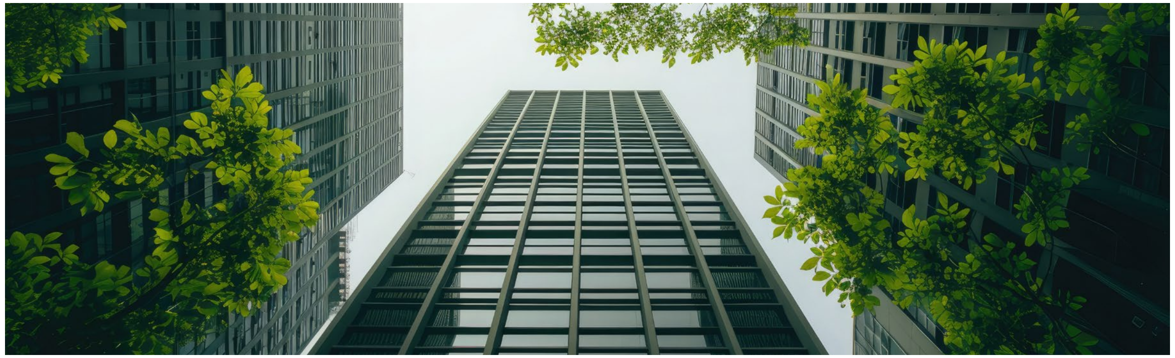
## 1 A sharpened focus on technology

A notable 43% of family offices are developing or rolling out a technology strategy this year. This comes as nearly one in five family offices (17%) identify inadequate investment in technology as a core family office risk, while nearly three-quarters admit they are either underinvested (34%) or only moderately invested (38%) in the operational technology needed to run a modern business.



## 2 Top priorities: Technology supporting security/risk management and investing

Family offices' number one focus is on utilizing technology to support their security and risk control processes, with 65% claiming moderate/extensive technology adoption, followed by technology to support their investment operations (49%), investments (47%), tax and wealth planning (35%), and client management activities (28%).



## 3 Family offices go digital

The most common types of technology family offices use are cloud-based applications/services (which 87% use), followed by virtual meetings (82%), mobile communication apps (71%), and identity and access management systems to safeguard one's systems and data (61%).

# Key takeaways

## 4 Data analytics is gaining steam

Over half (55%) of family offices now use data analytics to a moderate or large extent in their investments, while 42% do so in their operations, to identify trends/patterns and support better quality decision-making.

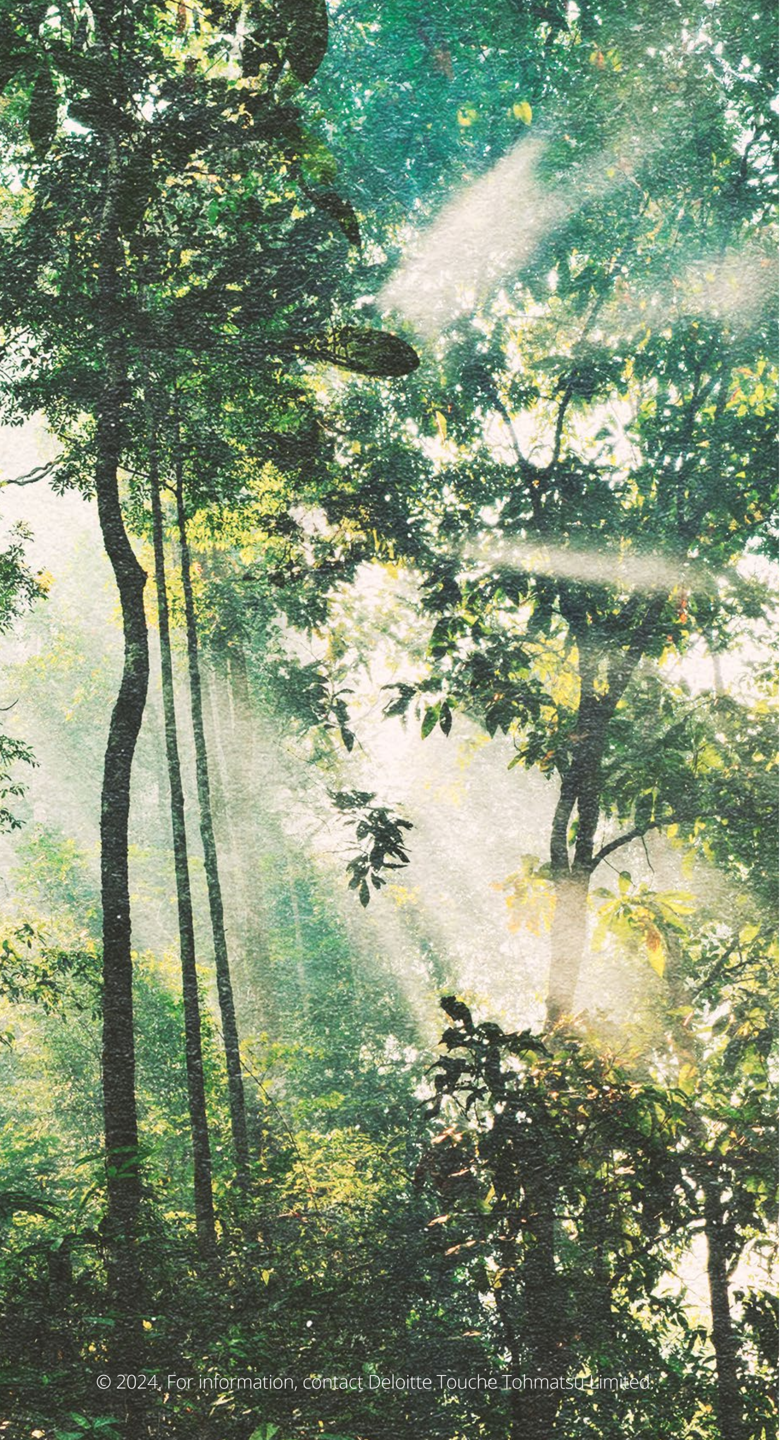
## 5 Artificial intelligence is taking seed

As family offices see AI's potential as a transformative technology, they are trying to grasp its future impact and how it can be operationally leveraged. Testing the water, over one in 10 family offices (12%) have begun to use AI-driven solutions to automate tasks, optimize portfolio management, enhance risk management, and more.

## 6 Recognizing value

Family offices assert they are obtaining considerable value from their use of operational technologies that enhance controls/privacy and reduce risk (according to 38% of respondents), enable greater scalability/flexibility (30%), improve efficiency and reduce costs (30%), improve employee experience (29%), and enhance services to family members (25%). Those who claim to be moderate/extensive users of new technology are, on average, more satisfied with their systems than low-level adopters at 87% versus 66%.

# 1 Family offices' technology strategy



# 1 Family offices’ technology strategy

- A notable 43% of family offices are developing or rolling out a technology strategy this year. This comes as nearly one in five family offices (17%) identify inadequate investment in technology as a core family office risk, while nearly three-quarters admit they are either underinvested (34%) or only moderately invested (38%) in the operational technology needed to run a modern business.

Technology is evolving rapidly, bringing forth an array of services and systems that can support family offices with their investing, tax and wealth reporting, client management, security protocols, and more. Despite this, family offices are often behind the curve when it comes to integrating emerging technology into their operations. The average family office examined here has a notable US$2 billion in AUM, but a mere 15 members of staff to oversee an array of complex and globalized initiatives. Given the limited staff within their organizations, they often lack the systems larger institutional players rely on to support the running of a modern business.

But, as these insights highlight, the environment is changing as family offices increasingly recognize the importance of staying operationally competitive to best support the families they serve now and into the future. In turn, as we are in a state of evolutionary change, it is important to capture family offices’ insights in relation to their technology strategy, the types of systems they are adopting, and the value they bring.

## Family offices recognize they are currently under invested in operational technology

Nearly three-quarters of family offices (72%) admit that their investment in the technology needed to run a modern business is either insufficient/non-existent (34%) or only moderately sufficient (38%) (figure 3). Similarly, 17% of family offices rank inadequate investment and/or adoption of new technology as a core risk to their office (figure 4).

Figure 3: Whether family offices believe they have sufficiently invested in operational technology needed to run a modern business now and in the future

*Click on each button to view the data*

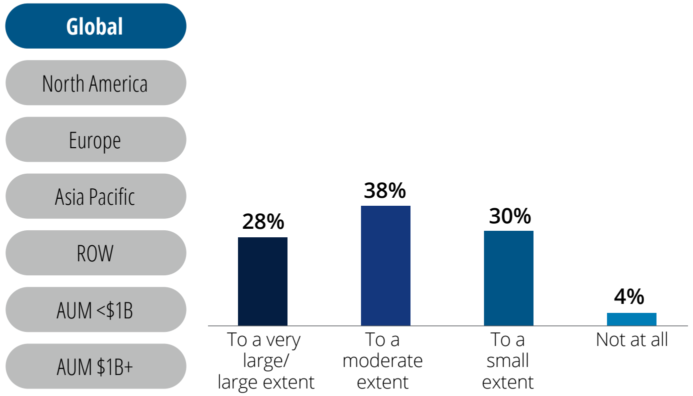
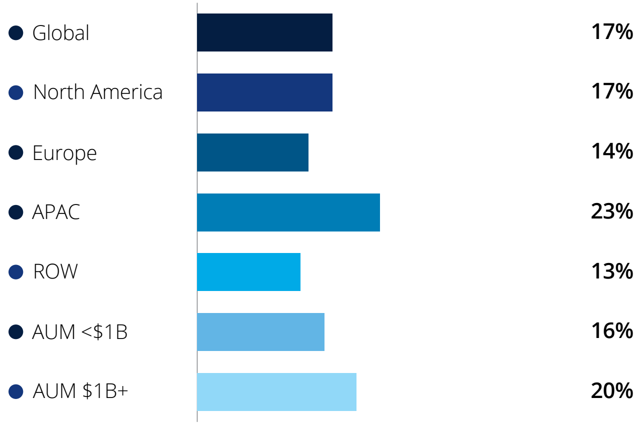



Figure 4: The proportion of family offices that rank inadequate investment and/or adoption of new technology as a core family office risk



# 1 Family offices' technology strategy

## Rolling out a technology strategy

In recognition of the work that needs to be done to modernize existing family offices and attract talent in the rapidly evolving landscape, 43% of family offices say that they are developing or rolling out a technology strategy this year (figure 5). This comes as merely 28% of family offices claim to currently have a well-integrated strategy in place.

That said, family offices with US$1 billion or more in AUM are further ahead in embracing technology than their smaller counterparts: 44% of larger family offices say that their technology strategy is well integrated into their operations, compared to just 19% of their smaller peers. This suggests that larger family offices, which typically have more complex investment portfolios, bigger budgets, and a wider range of services, tend to invest more in technology to support the scale of their operations and investments.

However, family offices should not consider technology in isolation. In some cases, process improvements might address issues without the need for technological upgrades. Additionally, family offices need to assess how technology impacts staffing, such as if it can replace manual tasks or how to allocate budgets for upskilling current employees. Hence, a successful strategy should holistically address people, processes, and technology.

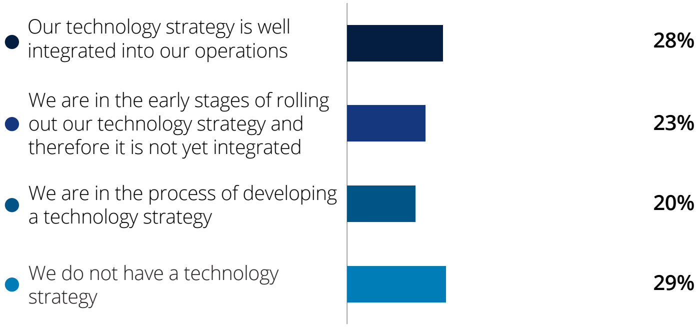
*"When it comes to technology, we are not cutting edge. We have been transitioning to a popular wealth management platform after hanging on to our old software for too long. We are looking at technology solutions all the time in terms of documents and organizational management. They are not cheap, so I am always trying to wrestle with the costs relative to the efficiency gains. And because we are leanly staffed, we are constantly busy given the complexity of our organization, so anytime I mention some kind of technology conversion, everyone thinks, 'Oh no, here we go again'."*
**– President, single family office, United States**

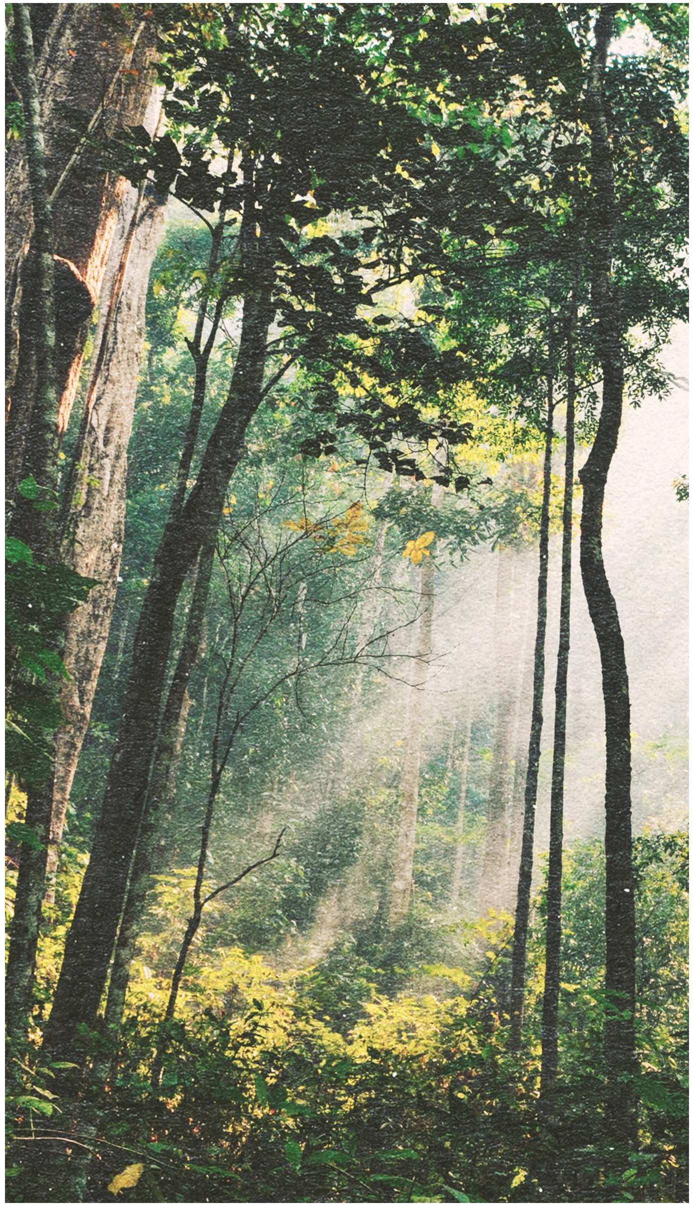
*"Like so many other family offices, we have a lot of information sitting in various entities and across individual systems. We currently pull all the data manually and maintain it in Excel, but implementing a technology solution to create timely, consolidated views by asset class and against benchmarks is definitely on our agenda. I believe the space of providing integrated reporting platforms to family offices has been developing rapidly—we just need to spend time to find the right service provider."*
**– Head of family office, single family office, Australia**

Figure 5: Family offices' strategy for integrating emerging technology into their operations

*Click on each button to view the data*

Global | North America | Europe | Asia Pacific | ROW | AUM <$1B | AUM $1B+



# 2 Family offices' extent of operational technology use

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- Family offices’ number one focus is on integrating technology to support their security and risk control processes, with 65% claiming moderate/extensive technology use, followed by technology to support their investment operations (49%), investments (47%), tax and wealth planning (35%), and client management activities (28%). On average, those who claim to be moderate/extensive users of emerging technology are more satisfied with their systems than low-level adopters at 87% versus 66%.

## Areas for advancement

Technology solutions are now available across a wide range of areas for the front, middle, and back office covering investing, tax and wealth planning, client management, data management, finance, security protocols, and more (figure 6). For example, technology solutions can enable a family office to interlink its front office portfolio management capabilities to its tax and fund accounting requirements, and then feed this into its performance analytics and reporting. A more integrated view across the full lifecycle can help identify investment opportunities, aid in tax planning, and streamline financial operations. Furthermore, a family office can adopt a complete, centralized, and interconnected document management system that can embed data and cybersecurity measures across the entire technology suite and strengthen client relationships.[1]

While family offices use a range of applications at least to some extent, there is considerable room for further advancement:

### Front office

When it comes to the front office, family offices most commonly utilize new technology that supports their investments (e.g., with deal flow, manager selection, due diligence, portfolio construction/management, trading, etc.) with nearly half (47%) claiming moderate/extensive technology use, and just over half (54%) claiming minimal/no use (figure 7). These figures vary considerably though based on the size of the family office, as 61% of those with AUM over US$1bn are moderately/extensively invested, compared to just 39% of those with AUM under US$1bn.

Figure 6: Types of technology applications

| | |
|---|---|
| **Front office** | |
| Investments | Deal flow, manager selection, due diligence research, portfolio construction/management, trading, benchmarking and analysis |
| Tax and wealth planning | Tax and wealth planning, tax compliance, investment structure design |
| Client management | Customer Relationship Management (CRM) software, client access/ communication, workflow |
| Philanthropy | Management of investments for philanthropic purposes |
| **Middle office** | |
| Investment operations | Data management, performance analytics, settlement and reconciliation, private fund operations, reporting and statements |
| **Back office** | |
| Document management and storage | Update, search, access |
| Financial operations | Management of family office finances |
| Security and risk control | Cybersecurity, data security |

Next in line in terms of use is technology relevant to tax and wealth planning (e.g., for planning, tax compliance, and investment structure design) with roughly a third of family offices (35%) claiming moderate/extensive use and two-thirds (65%) claiming minimal/no use. This is followed by support for client management activities (e.g., CRM software, client access/communication, etc.), with roughly a quarter (28%) claiming moderate/extensive use and three-quarters (72%) minimal/no use. Given how sophisticated client management technology has become and how the CRM can serve as a centralized hub for client information to feed into portfolio strategies, a lack of investment here can be a missed opportunity which can impact the effectiveness of other strategies that could benefit from CMR information via an application programming interface (API, a software that serves as an intermediary between programs to allow them to communicate and share data).

### Middle office

Insofar as adopting technology to support family offices’ investment operations (e.g., data management, performance analytics, reporting, etc.), about half (49%) are moderately/extensively invested and half (51%) minimally/not invested, with higher AUM offices again notably more invested in new technology than their smaller counterparts, at 72% versus 39% claiming moderate/extensive use.

### Back office

# 2 Family offices' extent of operational technology use

The one area that family offices assert they are most invested in relates to their security and risk control processes (e.g., cyber and data security)—a key factor when dealing with ultra-high net worth families—with roughly two-thirds (65%) claiming moderate/extensive use and one-third (35%) minimal/no use. Echoing the above, larger family offices are more likely to invest here (at 78% for moderate/extensive use) than smaller family offices (at 59%). This is followed by investment in finance and operations technology, as 61% globally claim moderate/extensive use, compared to 29% with minimal/no use.

It is also important to highlight that it is common for family offices to implement technology upgrades in an ad hoc manner. However, it is advisable to begin with developing a wider technology strategy so that any changes can be integrated across various business needs, assisting with greater economy of scale across investments.

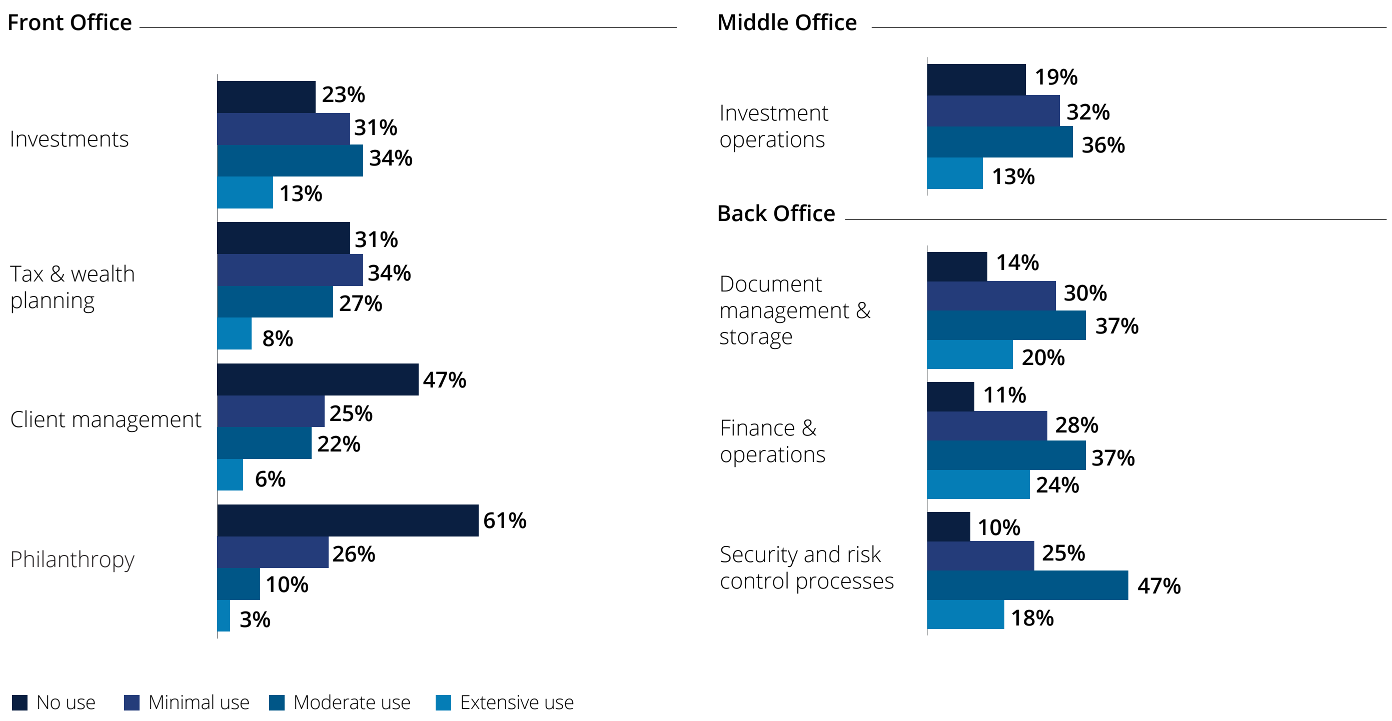
*"We have outsourced the digital transformation of our family office to develop a customized solution. This solution provides an integrated platform with functions such as performance analytics, data mining and research, and the ability to access real-time performance data from mobile phones. One thing that I hope to further improve is for the system to also provide real-time operational data of our portfolio companies, such as the monthly sales of each retail outlet."*
**– Head of family office and family member, single family office, Hong Kong**

*"Our family office processes a great deal of information, including portfolio management, family management, and governance documents. To ensure their completeness and accuracy, we maintain multiple data back-ups. We have also invested in installing cybersecurity measures. We did not hire an external service provider because of third-party risks, so we implemented all our systems in-house."*
**– Head of family office, single family office, mainland China**

Figure 7: Family offices' extent of use of new technology in front, middle, and back office functions

*Click on each button to view the data*

Global | North America | Europe | Asia Pacific | ROW | AUM <$1B | AUM $1B+



# 2 Family offices' extent of operational technology use

## The more family offices use new technology, the more satisfied they are

Family offices' satisfaction with their existing technology was analyzed against their extent of technological use, and it revealed that those who have upgraded their systems are more satisfied with their performance than those who have not (figure 8). On average, 87% of those who claimed to be moderate/extensive adopters of front, middle, and back office technology were satisfied with their systems, compared to just 66% of those who have minimal/no adoption of new technology, indicating the benefit of a holistic tech strategy that spans all three areas.

Broken down by category, 87% of higher-level front office technology adopters expressed satisfaction, compared with 75% of minimal/no use adopters. For the middle office and back office, the discrepancies in satisfaction were even greater at 83% versus 58% and 91% versus 65%, respectively.

Analyzing these figures in greater detail reveals that the benefits of emerging technology are most widely recognized when it comes to integrating technology that pertains to family offices' investments and investment operations (figure 9). It is here that there are the largest discrepancies in satisfaction rates among moderate/extensive versus minimal/no use technology adopters at 93% versus 68% and 83% versus 58%, respectively.

Other notable differences in satisfaction pertain to those who have integrated new technology into their document management/storage systems, at 91% versus 55%, and those who have upgraded their security and risk processes at 91% versus 68%. If family offices are looking for a steer from their peers as to which areas they are most satisfied they invested in technology wise, this information may prove useful.

Figure 8: Family offices' satisfaction with their existing technology functionality, based on their extent of use of the technology

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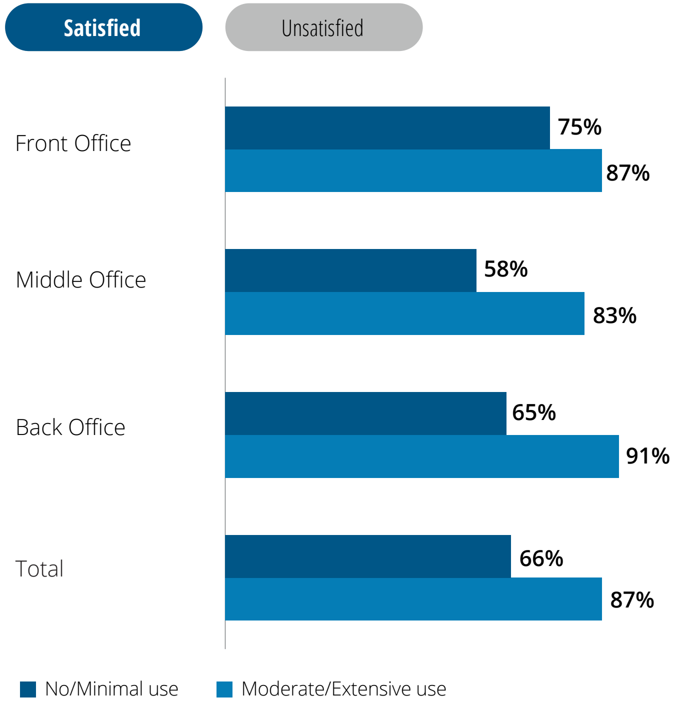


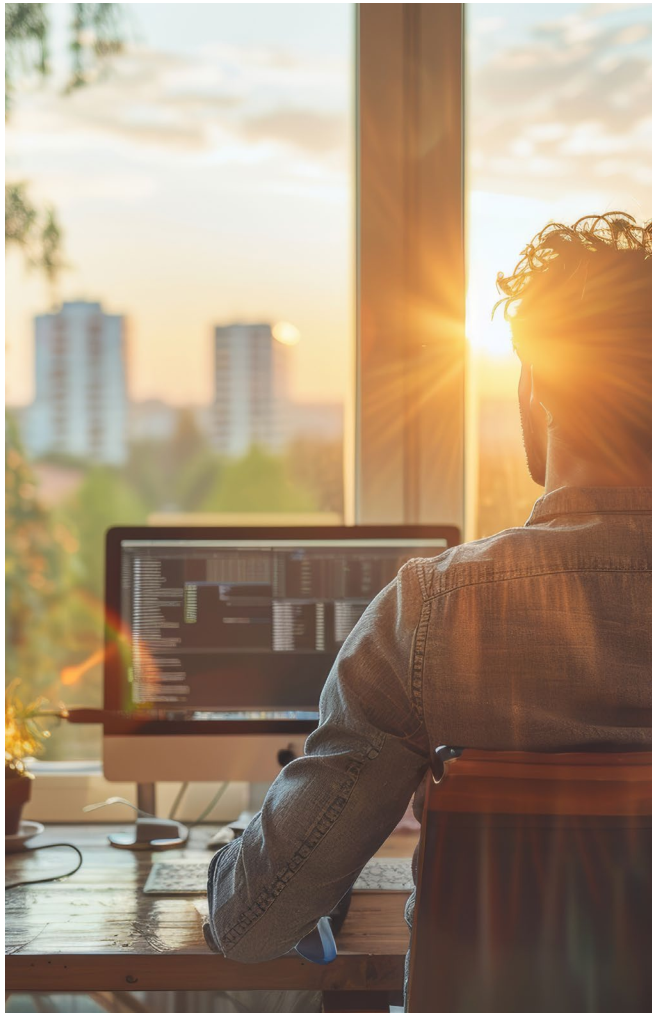

# 2 Family offices' extent of operational technology use

### The challenges family offices face

It is important to highlight that while capabilities of technology and other solutions have advanced considerably, there is still more that needs to be done to meet family offices' unique needs. The following quotes, along with the subsequent case study, highlight areas in which family offices are facing challenges which the industry should consider, as suitable service providers and platforms are not available to everyone, particularly at a price point that is accessible to some family offices, nor do they functionally address all of family offices' needs:

*"It is really hard to find an integrated IT service provider in Hong Kong that caters to the needs of family offices. Most of the IT providers target businesses, and the family office market might be too small for them to invest in and develop tailored products. We are just relying on basic communication platforms for now."*
**- Head of family office and family member, single family office, Hong Kong**

*"Our technology setup is pretty standard. We rely on Excel for most of our reporting, merging monthly or quarterly portfolio information distributed by our fund managers or partners and producing a consolidated report manually through Excel spreadsheets. In the family office space, it is very hard to find the right digital platforms that are bespoke enough for your family office without investing a lot of upfront capital. The family members are quite comfortable with the way we use technology now; however, that may change when the next-generation family members take the reins."*
**- Head of family office, single family office, Australia**

Figure 9. Proportion of family offices which are satisfied with technology functions, based on their extent of technological use

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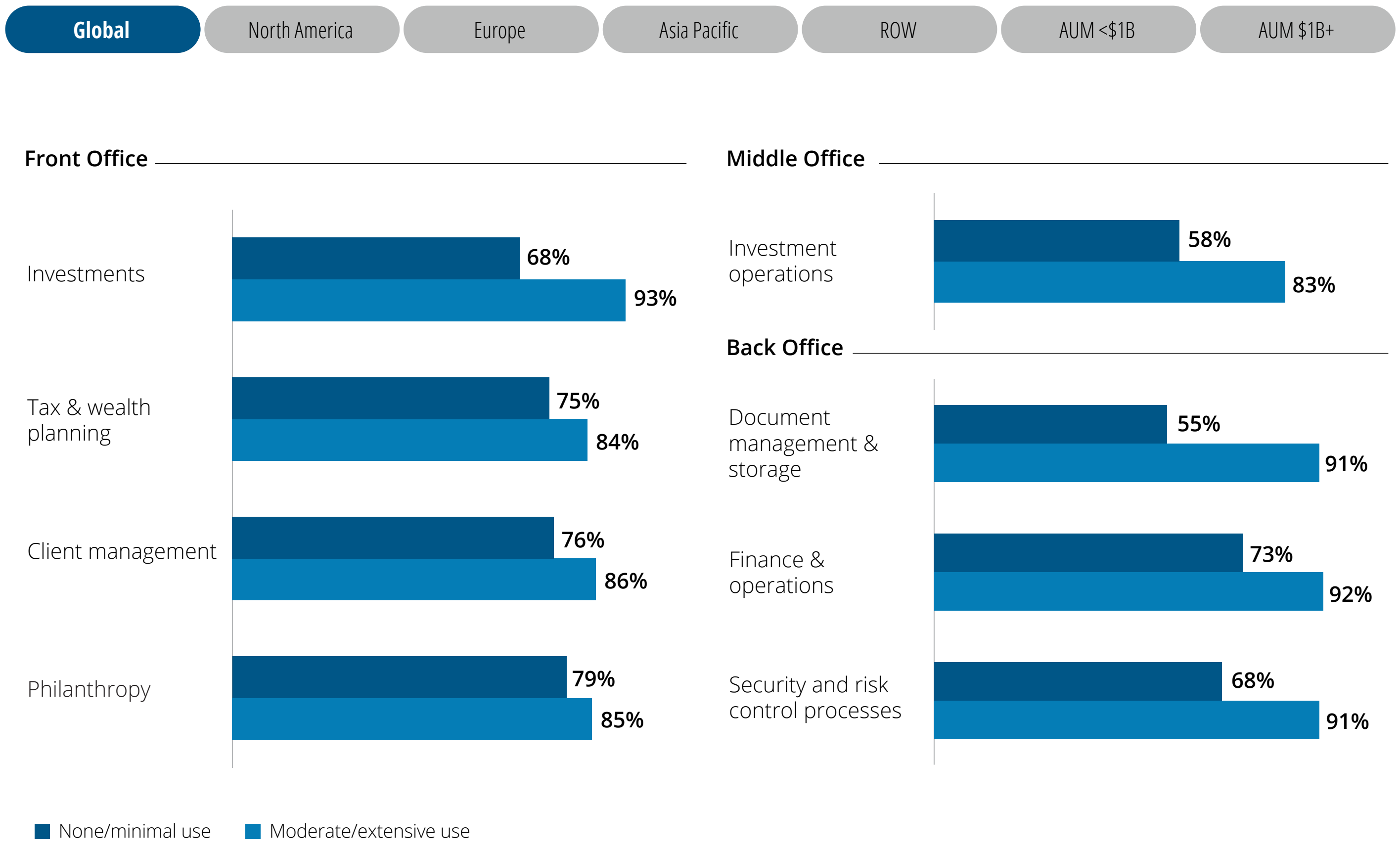


# **Family offices' challenge:** Finding a simple, effective financial reporting system

**"There is so little in the market when it comes to effective financial reporting systems. Finding a good reporting system is like finding the holy grail!"**

Managing the assets and investments of significant wealth holders can be a complex matter, as they often span a variety of asset classes and geographies. It can be time consuming to collate, analyze, and summarize a family's investment positions, performance, and tax liabilities, particularly as information is often required from an array of sources and comes in various formats. In turn, a common theme raised in interviews was family offices' desire for a simple, yet effective, system to support them with their reporting and tax obligations. The following questions and responses provide a snapshot of these discussions, along with tips on how family offices are tackling the challenge.

### What area of operational technology do you find most challenging?

*"There is so little in the market when it comes to effective financial reporting systems. Finding a good reporting system is like finding the holy grail! It would make me so happy to have a system which would allow me to easily drill down into our different assets and investments. In my former role, I worked at a bank and so I really understand the need for effective financial analysis. A teacher of mine used to say, 'to be able to measure and analyze information is to be able to create knowledge.'*

*With one click, I want to be able to know which investments we hold in which country, the performance of our stocks, etc. If, for instance, there is a problem in the United Kingdom or China, I want to be able to see how much investment exposure we have there. These things are very simple. Yet, at present, I must call someone to get this information. They will say, 'Sure, I will get something to you this week,' but that is not what I need. I want the information now. And, I do not want to have to rely on 27 different Excel spreadsheets to pull together one cohesive report."* – Chief executive officer, single family office, Belgium

*"It does not sound like there is a perfect system for everyone. Our system is fine. Is it terrific? No. We have four full-time people on the reporting and operations team, which is a lot. If you do not have people in the system every day checking things, you cannot keep up and feel good about the data."* – Chief financial officer, single family office, United States

### What is your advice for other family offices?

*"Without a good reporting system, you do not know what the heck you are doing. That is why I hired an external advisor. We are working through a plan now to optimize the process flows across our organization and to implement a solution with a 'single source of truth' for our operational, tax, and performance reporting. This undertaking includes a full-scale review of our processes from beginning to end, covering everything from investing to bookkeeping, document processing, and more. This review will help us greatly with our reporting and tax obligations. Here, it is important to find an advisor who pays attention to the problems a family office faces and really tries to fix them.* – Chief executive officer, single family office, Belgium

*"If you are a family office with a meaningful sized portfolio, my advice would be to get a proper reporting system in place as soon as possible because it is incredibly arduous to manually enter the data or to import it from aneother platform. If you are using traditional spreadsheets or another homegrown system and there is any longevity to your family office, that is probably not going to suit you in the long term. It is better to implement something sooner rather than later."* – Chief financial officer, single family office, United States

# 3 The types of technology family offices use

# 3 The types of technology family offices use

- The most common types of technology family offices use are cloud-based applications/services (which 87% use), followed by virtual meetings (82%), mobile communication apps (71%), and identity and access management systems to safeguard their systems and data (61%). Two less often used but advanced technologies that are gaining traction are data analytics—which 55% of family offices now use to identify trends/patterns to support better decision-making—and artificial intelligence, which 12% use to automate tasks, optimize portfolio management, enhance risk management, and more.

## Established technologies are widely used, but emerging technologies less so

The most common types of technology family offices use in their operations, as denoted by 87% of respondents, are cloud-based applications and services (e.g., for data storage, Software as a Service). This is followed by virtual meeting communications (82%) and mobile communication apps (71%). To a lesser extent, family offices use identity and access management to safeguard their systems/data (61%) and on-premise applications and services (50%) (figure 11).

## Data analytics is catching on

Data analytics can help teams in a variety of ways, such as by improving decision-making, efficiency, and market understanding, and supporting risk management. That said, there are a variety of types of analytics:

- descriptive analytics provide an analysis of historical data;
- diagnostic analytics suggests reasons for trends and patterns in historical data;
- predictive analytics uses historical data to predict future outcomes; and
- prescriptive analytics makes predictions about the future and recommends courses of action.

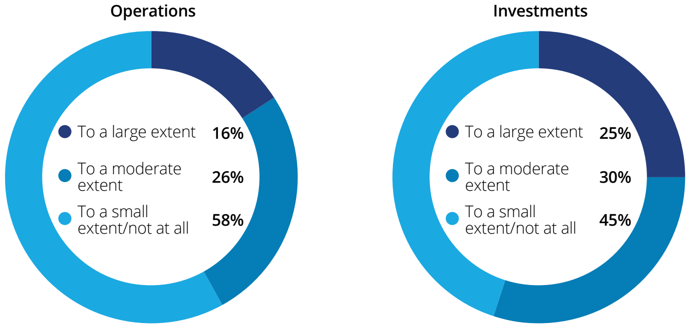
For instance, in the family office arena, data analytics can be used in a variety of ways. Vast quantities of data can be synthesized to express consolidated market trends and performance metrics to better enable investment decision-making. Risks/vulnerabilities in investment portfolios can be identified to help family offices better respond to fluctuating market conditions, while predictive market forecasts can be made to help them plan for the future.

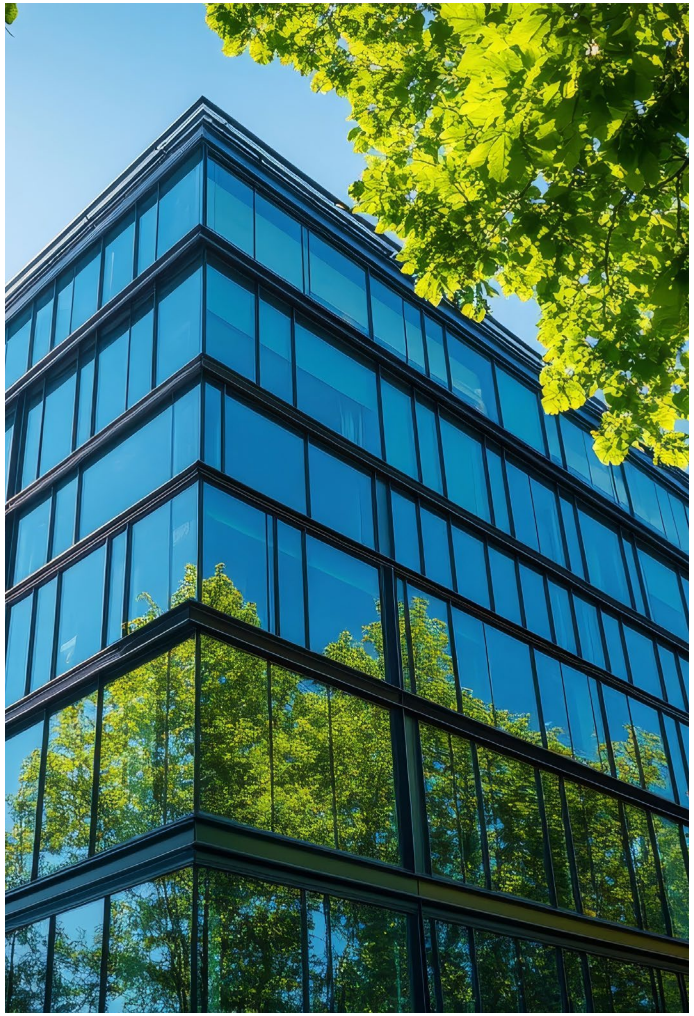
At present, over half (55%) of family offices globally now use data analytics to a moderate/large extent in their investments, while 42% do so in their operations. In turn, it is becoming commonly adopted, at least for roughly half the community. And again, family offices with AUM over US$1bn are more likely to use data analytics than their smaller counterparts (figure 10).

Figure 10: The extent which family offices are leveraging data analytics to drive decision-making in their operations and investments

*Click on each button to view the data*

Global | North America | Europe | Asia Pacific | ROW | AUM <$1B | AUM $1B+



# 3 Strength of safeguards against cyber attack

## Artificial intelligence is taking seed

Artificial intelligence ("AI") is a topic that has piqued the interest of family offices worldwide. Many are trying to understand the significant impact AI could have in the coming years, along with how it can be leveraged operationally in the family office arena. To test the water, just over one in 10 family offices (12%) report to have now taken-up AI-driven solutions, for purposes such as automating tasks, optimizing portfolio management, and enhancing risk management. That said, most family offices are still trying to grasp the potential of AI, so adoption is largely limited, both in terms of the proportion of family offices that are using it and how they are using it.

In comparison, it is becoming more common among traditional wealth managers to use AI and Generative AI (which is a type of AI that creates new content such as text, imagery, and audio) to provide more real-time client intelligence. This could relate to, for instance, life events (e.g., looking at how the principal's retirement can impact the family enterprise), more personalized content (e.g., investment overviews based on specific themes, such as sustainability), automated rebalancing (i.e., software/algorithms that automatically adjust a portfolio's asset allocation), and self-service (i.e., an interface that allows clients to get information or complete tasks without the assistance of an employee). Following suit, family offices could consider how they/families might benefit from the integration of more advanced technologies. For example, in their portfolio planning, ahead of a meeting with the family, a family office can use Generative AI to get a summary of their last meeting or of major transactions, or to provide investment recommendations based on the family's risk profile.

*"I think most people do not understand or know how to use artificial intelligence, and that most who say they are using it really are not, because it is so complicated. They are probably just using ChatGPT. There are some tools and applications coming out that will make using AI a lot easier, but they are still in a very early stage. That, however, is where I think the productivity gains will really be."*
**– Chief executive officer/chief investment officer, single family office, United States**

*"I am trying to get my head around AI. It is evolving so rapidly. All of a sudden, it is dominating my management meetings and a lot of our conversations with the family, so I am trying to understand the potential implications. I am both excited and scared about the impact it will have on family offices."*
**– Keith Rook, President, Weiler Arnow Mgt Co, single family office, United States**

Figure 11: The types of technologies family offices use in their operations

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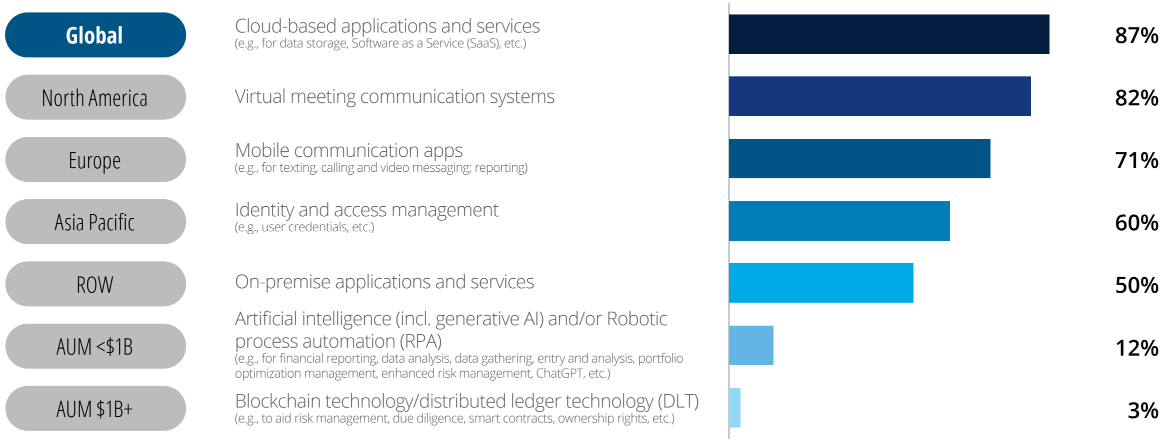


# **A five-year transformation plan:** When one of the world's largest family offices overhauls its systems and security

*"We had a cybersecurity scare in 2021 that accelerated our tech and security initiatives. Since then, we have been hyper-focused on technology. We are very proactive and have introduced an extensive plan for technology and security modernization."*

**We interviewed a director at a large family office behind a sixth-generation business/family dating back to the mid-1800s. In our conversation, the director explains how a cybersecurity attack on the family office accelerated its five-year plan to transform its operational technology and security systems.**

### What was the nature of the cyberattack you experienced?

*"There was a breach; someone got into our client email system. When it was found, all the measures on earth were thrown at it. We used to operate on a server, and a staff member found a draft email from a hacker in a client's account. We shut the system down and we are now serverless, so they cannot do that again."*

### Was there any resulting damage from the attack?

*"Thankfully, the hacker was stopped before any direct damage was caused. But it created a scare, and that resulted in reputational risk to the family office, as our clients were concerned as we needed to lock down their data."*

### What did the family office do as a result of the attack?

*"We changed our managed service provider (MSP) [which oversaw our security]. We moved our on-site information security staff to manage a go-forward strategy project. We then brought on two outsourced MSPs to offer daily tech support, and a chief operating officer to oversee everything. In turn, we went from two technology people to five to manage both our technology and cybersecurity.*

*We now do tons of security-related staff training. We also hired a cybersecurity firm to support and train the family, which the board tested out. The company went through every device I have and told me what security measures to put to place, and they set up an app that can scan for threats. They once called me and said my password was found on the dark web, so I had to change all my passwords.*

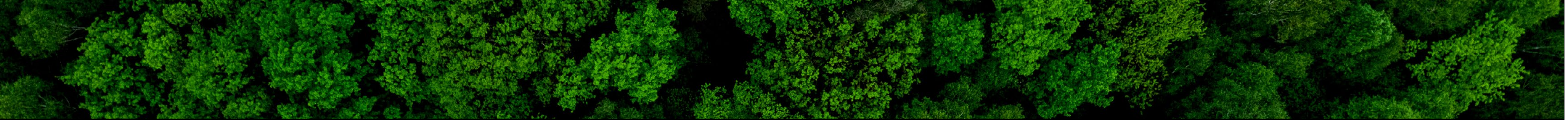
*We then implemented numerous system-related security measures. For instance, we introduced what we call the 'terrific 12', which are measures that ensure our data can be stored and shared safely. One of the measures is a new, secure email system for the family."*

### Do you feel safe with these new security measures in place?

*"No, we never feel safe, but we are in a place of acceptance. We are doing everything we can, so this is as safe as we are going to feel and, moving forward, we are going to have to stay vigilant. We must keep evolving. Period."*

### Do you have any security-related advice for other family offices?

*"Bring in strong experts to help and assess your systems, and then follow their guidance to the letter."*



# **A five-year transformation plan:** When one of the world's largest family offices overhauls its systems and security

**What other technology have you introduced to upgrade your family office operations?**

*"We are pretty far along with our technology transformation. In the last four years, we have undergone tremendous change to tackle issues, improve processes and efficiencies, and focus on security.*

*Thus far, we have:*

- *adopted a new investment reporting system, which can do a lot more from an investment performance perspective, including data aggregation;*
- *switched from a desktop payroll system to a web-based system that has more contemporary features, such as removing the need to print checks; and*
- *implemented what I had referred to as the 'terrific 12,' which are security measures aimed at ensuring our data can be safely stored and shared.*

*Up next, we are adopting:*

- *a new investment accounting system that deals with tax and accounting data and has report generation features that can convey information in a palatable way for clients;*
- *a new document management system that organizes information in an easily searchable way; and*
- *a new client portal, so that clients can see and share data securely.*

*Our team is constantly introducing new things. You can only imagine how it was years ago when everything used to be on paper."*

**How many years will it take to implement such an extensive transformation plan?**

*"We started in 2021, and we will likely finish in 2025 (until we move to the next thing, of course). We give each piece of software at least a six-to-12-month runway."*

**Is artificial intelligence a part of your technology plan?**

*"No, we are extremely hesitant about AI's chat components. Some of these systems can take your data and then own it, so that is a huge privacy concern. We have so much personal client data. There is no way we want a company to become the owner of that data and to synthesize it to spit out information for someone else. Until we get more comfortable around these controls, we are going to be slower to adopt this technology, but we are reading and investing constantly to be in the know."*

**Of all the technology you use, what is the number one thing your family office cannot live without?**

*"It is most important that our client information is good and shared in an effective way. To do this, you need a good planning and/or investment performance platform and a good client portal."*

**Do you feel your family office is well prepared for the future?**

*"We are trying to be as prepared as possible, and I would say that we are definitely on the side of being contemporary. However, we joke that as soon as we get all this done, we will move onto the next thing, because that is just the nature of technology right now."*

# 4 Perceptions of the value technology adds

# 4 Perceptions of the value technology adds

- Family offices assert they are obtaining considerable value from their use of operational technologies that enhance controls/privacy and reduce risk (according to 38% of respondents), enable greater scalability/flexibility (30%), improve efficiency and reduce costs (30%), improve employee experience (29%), and enhance services to family members (25%).

Many family offices recognize the value obtained from technology through streamlining processes, reducing costs, and adding scalability. For example, integrating technology upgrades can not only improve staff efficiency by reducing the use of old-school spreadsheets and manual data entry, but it can also allow for better decision-making which can put family offices on a clearer path for scaling-up. As a useful illustration, in our 2024 Defining the Family Office Landscape report, we found that nearly one-fifth (19%) of family office executives' time is being spent on administration and compliance duties, moving up to over one-quarter (27%) for those in North America.[2] Implementing systems that can improve efficiency and automate manual processes can free up executives' time to work on the endeavors families most care about, such as direct investing, portfolio management, succession planning, and next generation training.

When executives were asked about the value they are obtaining through their use of operational technology, the most significant impact was on enhancing controls/privacy and reducing risk, with nearly three quarters noting large (38%) or moderate (36%) value-add. The next most notable benefit came through technology's ability to help family offices scale-up their initiatives and operate flexibly, with seven in 10 noting large (30%) or moderate (40%) value-add (figure 12).

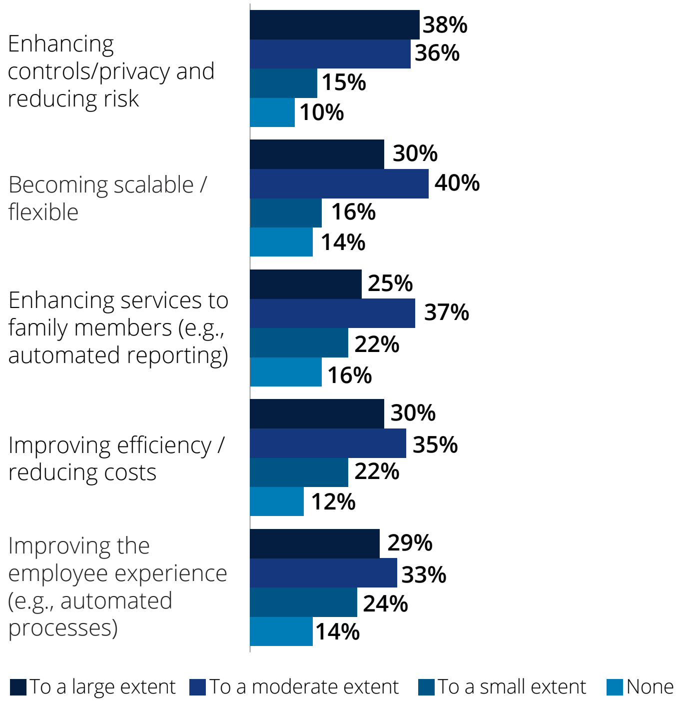
These areas were followed by roughly six in 10 family offices which noted large/moderate value-adds in relation to improving efficiency and reducing costs, improving services to family members (e.g., reporting and communication), and in improving the employee experience (e.g., through the automation of manual processes). (Automating repetitive tasks can ensure process consistency, improves collaboration through real-time notifications and document management, and supports data-driven decision-making. Additionally, it reduces cognitive load with decision-support systems and promotes work-life balance through flexible scheduling and remote work enablement.)

Furthermore, larger family offices, with AUM over US$1 billion, report greater value gains than smaller family offices. This is likely because they tend to invest more than smaller offices in cutting edge technology solutions which offer greater control and flexibility.

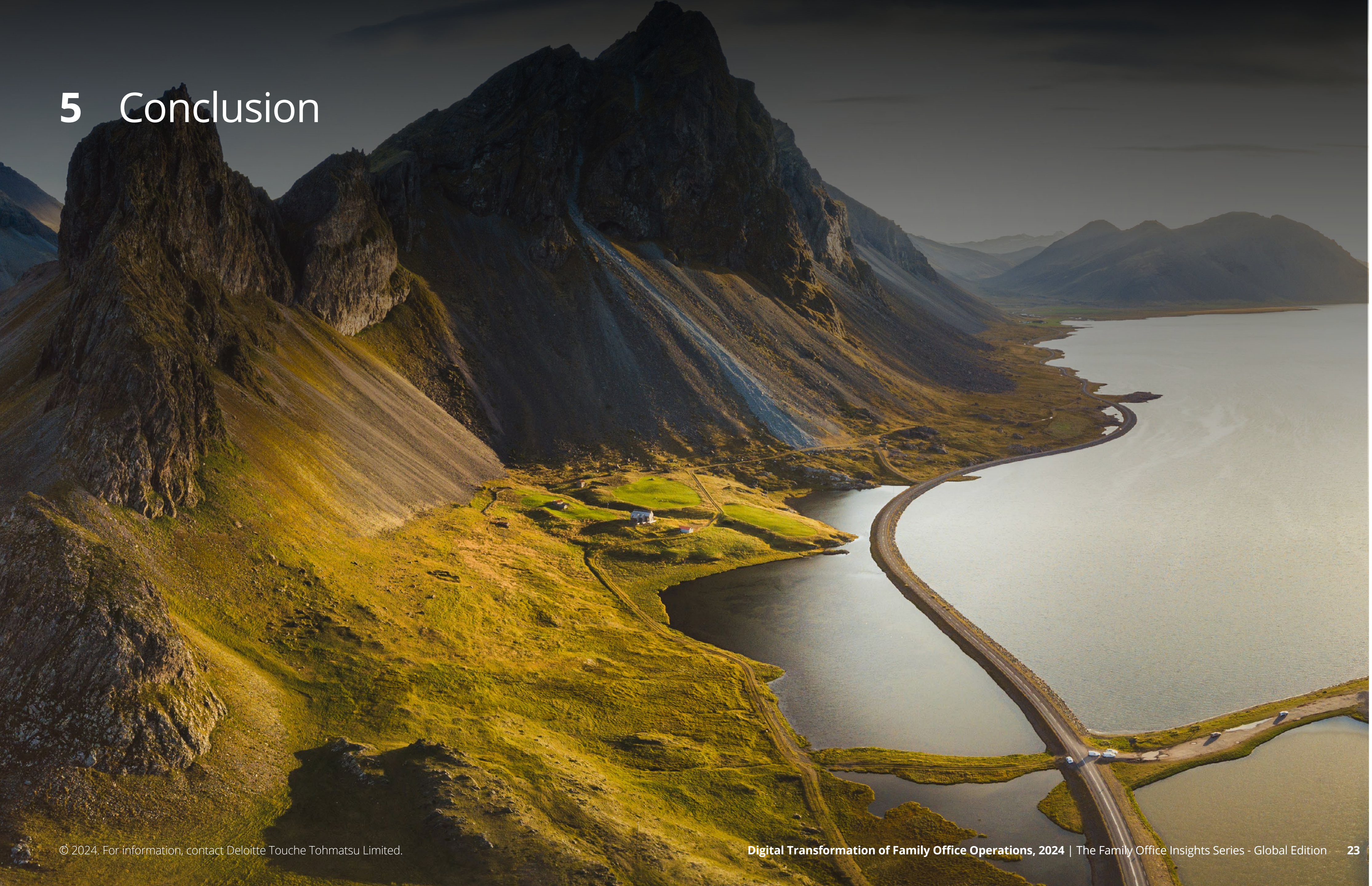
Figure 12: The extent to which family offices believe they are obtaining value in the following areas from their operational technology

*Click on each button to view the data*

**Global** | North America | Europe | Asia Pacific | ROW | AUM <$1B | AUM $1B+



# 5 Conclusion



# 5 Conclusion

Those family offices that report being underinvested in technology to effectively run their business in the future face significant risks. As work demands increase and the offices continue to grow, these firms may face challenges in scaling and improving services to their family members. To address the problem, executives are increasingly looking to adopt strategies and systems used by larger institutional players to better serve their clients. Lending a hand, technology solutions are being rapidly introduced to help family offices:[3]

- manage large investment portfolios across a wide range of asset classes and vehicles;
- scale-up to meet the growing demands from family stakeholders for services and reports; and
- use data analytics to leverage data and obtain real-time insights.

Moreover, as technology replaces manual tasks, family offices will need to reassess their personnel needs. This shift necessitates a strategic approach to leveraging budgets for upskilling existing talent, ensuring that the workforce is equipped to handle more complex, value-added activities.

If your family office is looking to introduce new or upgrade existing technology capabilities, here are some useful tips to consider, offered by Deloitte's Family Office Technology Solutions report:[4]

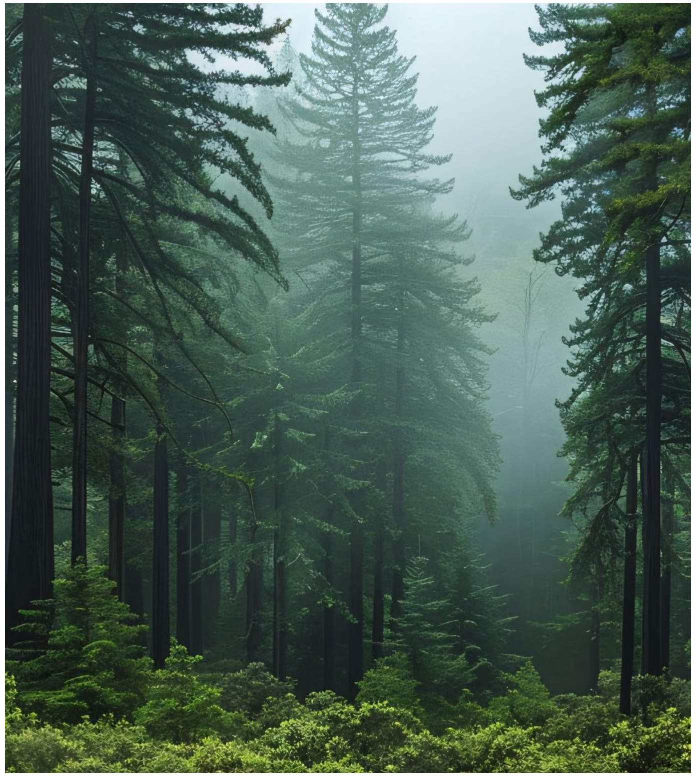
**Technology selection**: When considering technology implementations, family offices should prioritize understanding their specific needs and goals. Identify use cases, reporting requirements, and data accessibility to help ensure alignment with objectives. Rather than focus on the technology itself, focus on the core problems the family office needs to solve.

**Vendor management**: Effective vendor relationship management can be crucial to successful technology implementation. Establishing dedicated points of contact and relationship managers can help ensure continuity—and a deep understanding of your system and business. It is important to choose vendors that align with specific needs. By fostering strong vendor relationships, a family office can secure the needed expertise, the most leading-edge technology capabilities, receive personalized support, and address problems promptly.

**Data conversion**: Thoroughly review and validate data before migrating it to a new application. Identify and address any problems or inaccuracies in advance. Careful review prevents misconceptions or problems originating from the new system, rather than the underlying data. Coordinate with the vendor to establish a data conversion plan that enables smooth testing of the application's functionality and reduces the risk of data-related challenges during implementation. Additionally, ensure that robust privacy controls are integrated throughout all processes to protect sensitive information and comply with data protection regulations.

**Stay firm on time limits**: When planning the timeline for evaluating a new technology, family offices should consider several factors. The selection process may take eight to 12 weeks, depending on the complexity. Negotiations and due diligence can extend the timeline. Then there is the implementation phase, which can range from three to six months, depending on the use cases and software being implemented. To help avoid any misunderstandings or disappointments, it is critical to start with a thorough selection process that includes clearly documented requirements. Adequate resourcing should also be ensured to support successful implementation.

Lastly, strategic thinking is going to set the foundation for a successful technology transformation. In turn, it can be useful to gain the advice of experts who can help you construct a technology strategy and a 12 to 24-month roadmap that is tailored to your family's unique needs. Integrating a new technology strategy can be a significant move but, if done correctly, it can generate many benefits for both the family and the family office.



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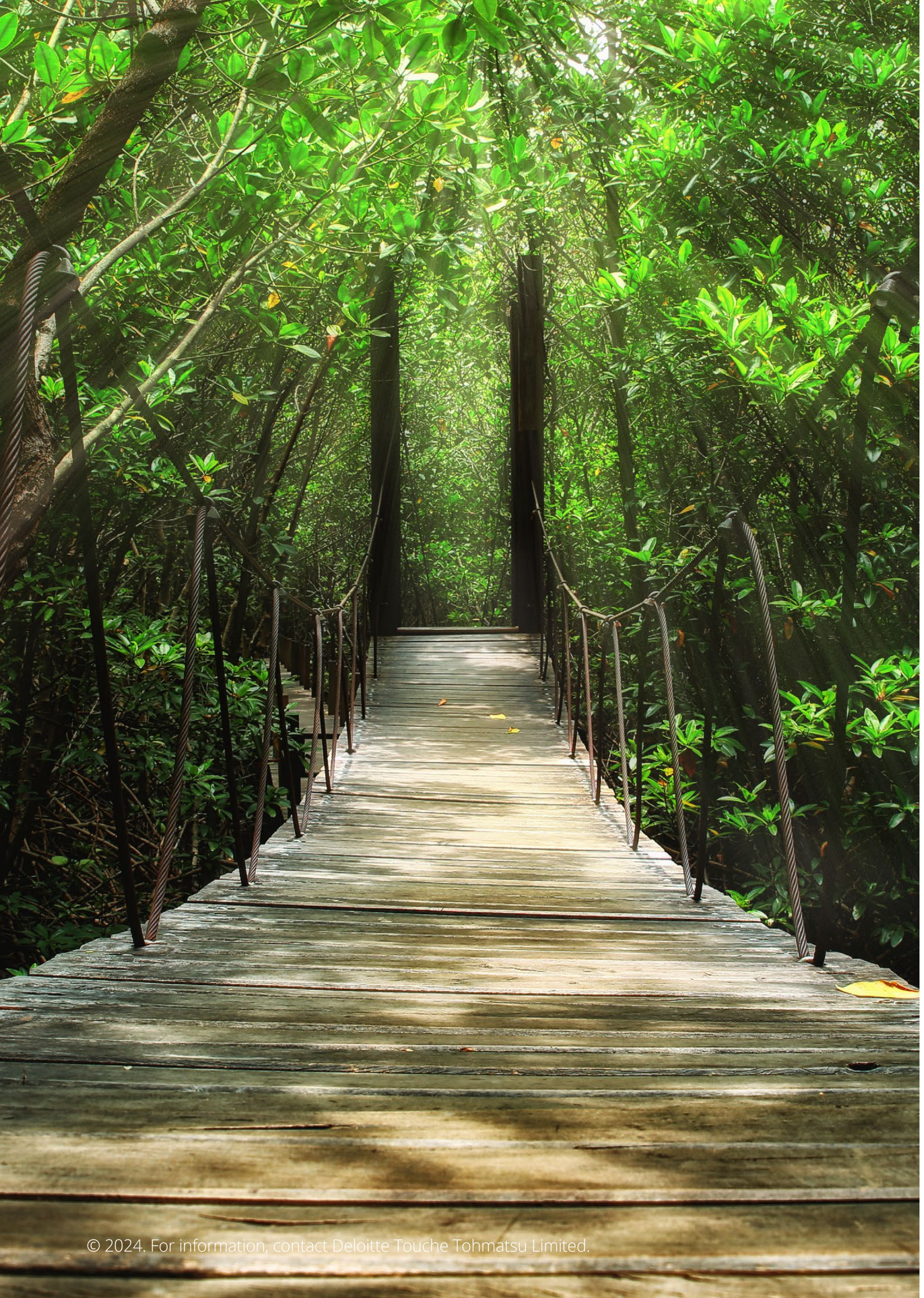



# Endnotes

1 Rhys Butler and Britt Harradine, Transforming Your Family Office With Technology, March 2024.

2 Deloitte Private, The Family Office Insights Series: Defining the Family Office Landscape, 2024.

3 Deloitte, Family Office Technology Solutions, 2023.

4 Deloitte, Family Office Technology Solutions, 2023.

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