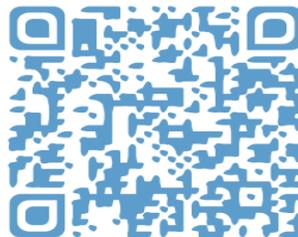




THE CONFLUENCE OF TECH & OPS IN THE FAMILY OFFICE





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An opportunity for real integration of technology and operations in the SFO and MFO world can be revolutionary and can positively impact the family office business model. It can make the complex simple.

Technology no longer needs to reside in its own silo and its potential to impact operations can be exponential when the right tool is used. It can be a critical lever for supporting operations staff and in adding value and in increasing quality. The impact of technology can be employed across nearly all operational functions, providing the opportunity to manage family office complexity and costs. What does it look like and how can family offices rapidly implement a technology that can really make an impact?

The office needs technology and operational help to answer these questions that really matter to family members;

What do I own?

How has it changed?

What do I need to do about that?

The family also looks to the office to have the resources to be:

A Risk Manager – asset protection

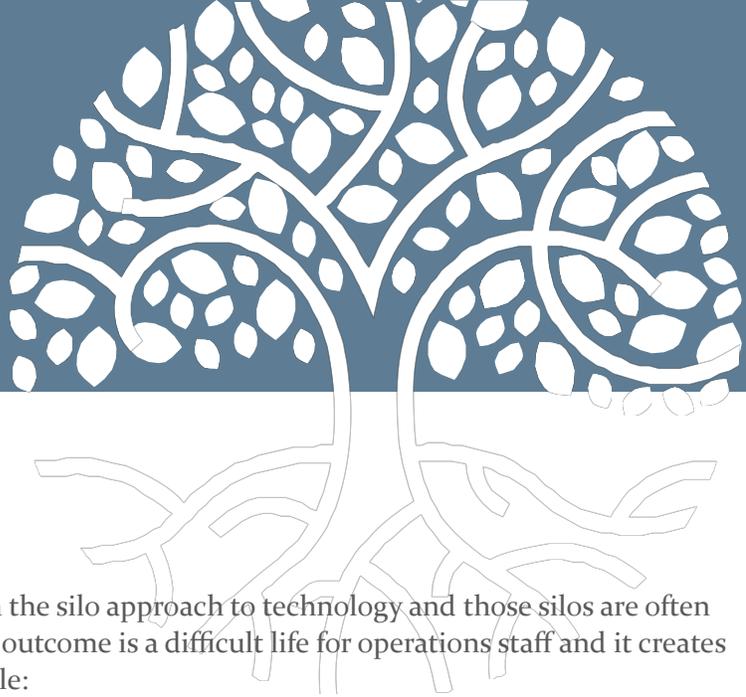
A Financial Integrator – centralized coordination of financial and personal services

An Investment Strategist – goals-based investing

A Financial Reporter – consolidated information for decision-making

An Educator and Mentor – financial training for owners

A Transition Coordinator – preparation for life's changes



STUCK IN A SILO

The typical family office is still stuck in the silo approach to technology and those silos are often Microsoft Excel and QuickBooks! The outcome is a difficult life for operations staff and it creates many efficiency pain points, for example:

Many Systems of Record - including Excel!

Disparate systems – no integration

Users required to learn multiple different user interfaces and operating methods

Data – complex and from multiple sources in multiple formats

Inability to maintain data integrity due to lack of control

Inability to integrate structured data with related documentation

Lack of documented procedures - no way to embed risk management, data security and operational knowledge

Totally dependent on key individuals

“EVOLVING THE FAMILY OFFICE” (FIDELITY WHITE PAPER 2018):

“Family offices on the whole may be somewhat behind the curve when it comes to the sophistication of their IT estates, but most now recognize what it means for their future survival — and some are firmly embedding IT innovation into their ethos.

As an example, one New York-based office states that one of its key operational goals is “to do as little work as possible”. A flippant remark perhaps, but the point is a serious one: the office is committed to automating processes and re-engineering inefficient systems to ensure they are as lean as possible. Staff are actively encouraged to create and invest in new solutions to increase operational efficiency. And this is not an isolated case: another Chicago-based office is making significant investments in workflow automation to achieve the same outcome.

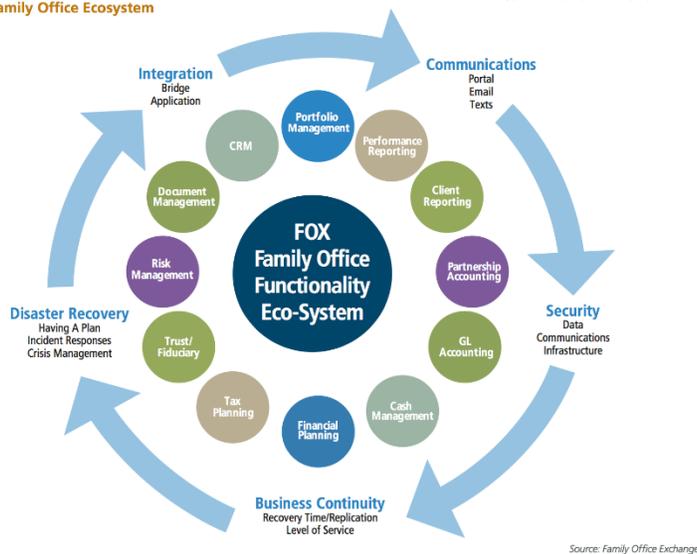
Transferring human workloads to machines will be key to securing the future sustainability of the family office because it provides more time to tend to the needs of the family.”



THE FAMILY OFFICE ECOSYSTEM

The Family Office Exchange makes the same point:

Figure 4: Family Office Ecosystem



This is graphic really highlights where an office needs to start:

Operational Challenges

- Complexity – Minimized through Best Practice Business Process and Workflows
- Costs – Process management provides costs reductions
- Risk - Best Practice Business Process and Workflows provide checks/balances and transparency
- Family Expectations – Move from data entry to focusing on client needs
- Delivery – Faster and more accurate
- Staffing/Training – Move knowledge to a system and out of people’s heads

Technology as an Operations Enabler



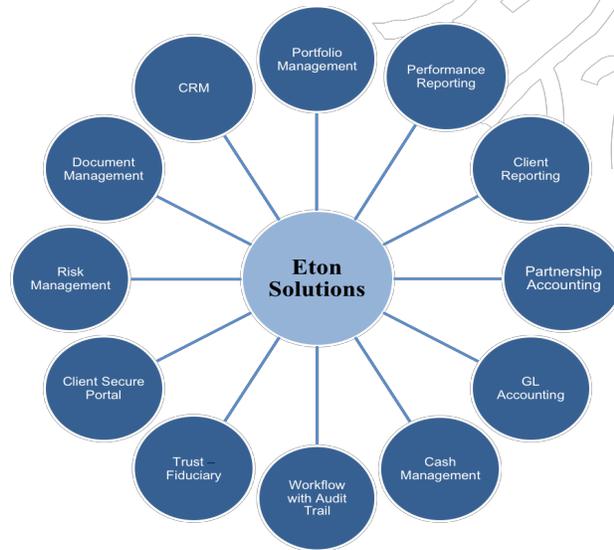
- Going beyond disparate systems – An integrated platform covering all key functionality, built upon a single database, incorporating best practice business rules, business processes, workflow, audit trail and compliance

What is the Target Operating Model for a family office?

- Effectiveness – Serve the family in a consistent, high-value way
- Seamlessness – Data entered once can be used wherever is needed
- Cost Management – Reduced IT costs, efficient staffing and simplified training
- Managing Risk through Process – Minimized through Best Practice Business Process and Workflows and the associated approval audit and transparency

ETON SOLUTIONS PLATFORM IS AN OPERATIONAL DISRUPTER

A platform that goes beyond report generation and insures that critical policies and procedures are followed. An integrated family office application product stack, built upon a single database, incorporating best practice business rules, business processes, workflow, audit trail and compliance. The future of the family office.



The product of eight years of in-house development and millions of dollars of investment, the platform is a comprehensive enterprise management system and service for the single and multi-family office, including a full suite of investment reporting, general ledger, entity management, data aggregation, and transaction processing with integrated reconciliation and verification. More than just an investment monitoring, accounting and reporting package, it offers a family office management platform. We lived the problems; then, we decided to solve the problems with best practice business rules, business processes and workflow.

1. “End-to-End” business process management - Allows each family office to use specific workflows within the solution and to assign custom tasks generated by the solution to roles filled by family office staff, clients or family members, vendors, or Eton outsourced staff. The web-based system design allows these participants to work securely in the system from any internet-enabled location, regardless of device, while maintaining data integrity. It offers cradle-to-grave transaction processing without touching the data.
2. True integration of all functions through single database and proprietary data model - Single entity-based data model with fully-integrated database system. Data is maintained at the basic level of granularity required for all processes and functions. By maintaining the data in one database with a consistent taxonomy, the



platform allows for automated transaction accounting and reports on investment activity, all with minimal effort. No more reconciliation of reports because of inconsistent coding or data pulled from different points in time or different, unreconciled sources.

3. The breadth of the platform

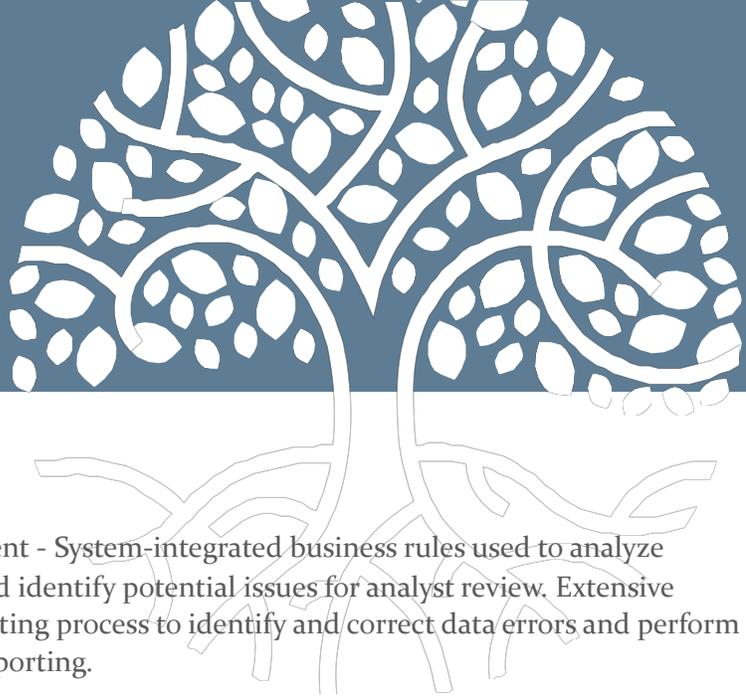
Portfolio Management - Portfolio management is supported by normalized and standardized family-office-specific security and fund masters and promotes multiple approaches to portfolio management such as rebalancing, harvesting, modeling, while also considering multiple trading types.

Performance Reporting - Automatic report production and distribution through daily processing, cleansing and consolidation of transactions and data across multiple custodians. Performance available at portfolio, entity, and account levels, as well as at asset class, sub class and security levels. Software performs time-weighted and dollar-weighted rates of return, IRR calculations, and benchmark comparisons at multiple levels. Dated pricing history allows for reconciliation of flash reports, tentative reports and final data.

General Ledger Accounting - Customizable chart of accounts with consolidation and ability to import data from integrated database. Integrated with investment data processing through automated generation of investment related journal entries. Reconciliation of cash balances, reversals and rebooking of investment- related entries.

Cash Management - Budget-to-actual reporting with cash transaction history and forward-looking projections that integrates accounts payable, investment income projections and GL budget data. The accounts payable module provides daily cash balances, templates and workflow approvals across multiple banks and custodians.

Entity Management - Data related to any entity is entered in one data store and available to all modules for processing. Has the ability to maintain entity roles and responsibilities to support authorizations, and workflow-based rules with flexible family office data taxonomy.



Risk Management - System-integrated business rules used to analyze transactions and identify potential issues for analyst review. Extensive exception reporting process to identify and correct data errors and perform compliance reporting.

Document Management System - Document management system driven by customized family office taxonomy, with secure document signature functionality and role-based system access. Document versioning with effective date and end-date functionality. Completely integrated with all modules. Audit trails of document upload, storage, revision and editing.

Eton Solutions offers a comprehensive enterprise management system and service for the family office and multi-family office space, by offering a full suite of CRM, data aggregation, investment reporting, general ledger, and transaction initiation. The solution is a model platform facilitated by a proprietary process and role-based workflow functionality.