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Eton Solutions' CEO on Delivering an Integrated Technology Platform to Asia's Family Offices

Family offices continue to multiply and grow, especially in the dynamic Asian market. But Eton Solutions' CEO and Co-Founder, Robert E. Mallernee, believes that too many of them are still dealing in old data methodologies, technologies, and strategies. To address this major shortcoming, Eton Solutions has refined a single integrated technology platform that will fast-forward family offices to the future, a mission that is especially vital for multi-family offices that seek efficiencies and also differentiation. This technology platform is complemented by an end-to-end approach to solving issues for Family offices – from a skilled team of experts who handle customised integrations to a large service center of professionals which offer a wide range of supporting services and can even become the full Back Office function for the Family Office if required. Armed with deep experience in the sophisticated UHNW wealth management sector in the US, Robert has in the past decade helped forge Eton Solutions into a highly successful platform provider, today boasting 27 UHNW family office clients and more than USD400 billion of Assets Under Administration on the platform. Those clients have been magnetised to what he says is the first fully integrated wealth management platform to transform data governance and aggregation practices while automating workflows and processes. First created some 12 years ago to serve its multi-family office and having then seen the huge opportunity to create its technology platform for third party family offices, Eton Solutions has enjoyed dramatic growth in the past five years and is now ready to go global. The next phase is to expand into the Asia market, where there are many potential clients that should, Robert believes, be more than excited by their new offering.

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"We are all about intelligent family offices," Robert begins, "using technology solutions to transform the operational capabilities and efficiencies of the family office, which all too often remain stuck in the past in terms of how they handle processes and data. But changing technologies and practices is not like changing a light bulb. Clients need to first determine their future needs, the challenges and opportunities they should be ready for, the systems they should first change or evolve, and how data can be prepared for transformation, in short, how to go about creating the right internal ecosystem for the family office of the future."

"We know very well that a family office serves many different roles for its clients and that each one is structured differently," he says. "Our software is customisable to fit each client's needs and to become the core platform they use. This integration improves the efficiency as well as trust - in the data, in the processes, and in the reporting."

End-to-end and plug-and-play

He explains that the firm's solutions work ideally well for both single- and multi-family offices, providing a platform that allows them to run their operations and businesses in a highly efficient manner, utilising business best practice and technology to really transform their operations and reporting. "And it's an end-to-end platform, which is somewhat unusual," he reports.

He elaborates on that point, noting that the solution starts with a CRM/Entity Management module where clients can organise all the different legal entities that a family office would deal with, whether it's the family entities, vendors, money managers, funds, and so forth, with all that data stored in a central location. And then, the system is designed to allow the clients to initiate transactions in the system, to be seamlessly transmitted to the custodian for execution, and then as those same transactions obviously come back from the custodian, they are automatically verified. Moreover, the platform has been designed essentially as buy, plug-and-play. Eton Solutions also offers a wide range of support services to supplement resource gaps which may exist at clients and can even be used to outsource most if not all the back-office functionality of the Family Office creating cost efficiencies.

Consolidating the different ledgers

He delves further into the detail, explaining that their solution involves four different ledgers within the system – the general ledger, an investment ledger for investment performance reporting, the partnership ledger for partnership accounting, and a tax ledger for categorising transactions for tax purposes. "And all of that information is then seamlessly made available for reporting both internally within the family office, but also reporting to the external clients of the family office through our client portal and also a mobile app that the client of our clients can interact with," he reports. "That is why we see this as an end-to-end platform."

Built by a family office for family offices

Robert steps back from the detail to explain how and why Eton Solutions came about. He says he created his own multi-family office about 12 years ago, armed with the perspective that offered and supported by his long experience of the UHNW market, he realised more and more that family offices and multi-family offices were often good at attracting clients, but not very good at creating operating leverage, or indeed creating a profitable operating business.

"When we first created the firm, we wanted to have a system to try to help us with two things," he explains. "One was to be able to leverage our staff so that we could grow the business without having to grow the staff or the cost. And secondly, we wanted control of the processes and the data, thereby facilitating a sophisticated 'permissioning' system that allows people internally only to see what they need to see and not cross boundaries. That is what we did, and we then brought the offering to other single and multi-family offices, some 27 of whom we now count as clients."

ROBERT E. MALLERNEE
Eton Solutions

Getting Personal with Robert E. Mallernee

Robert hails originally from New Jersey and has a long and distinguished career in UHNW wealth management. Prior to co-founding Eton some 12 years ago, Robert held key roles at the UBS Multi-Family Office Group, the Private Asset Management Group at NC Trust Company, Arthur Andersen, and Price Waterhouse.

Aside from his busy life at Eton Solutions, he is married with three grown-up children of 30, 25 and 19. Family time is often spent at their vacation home in Aspen Snowmass in Colorado, indulging in favourite sports such as skiing, hiking, and snowmobiling. "And we very often top that off with some fine dining there with our friends, the children and their significant others," he reports.

He and his wife live full-time in North Carolina, right between two famous basketball towns of Carolina and Duke, which are roughly eight miles apart. "Many years ago, I went to the University of North Carolina, which is a perennial top 10 basketball programme, and I have long been a huge fan," he reports. "I am also a big supporter of Ohio State football team, as I used to live in Columbus, Ohio and attended many games in the past. Going to games and with all the theatre around them offers a great and convivial way to relax."

Reimagining the family office

He adds that Eton Solutions is far more than simply an expert in creating software and simplifying data aggregation. "With my background and that of our team of professionals, we are genuine experts in family offices," he states. "We empathise with your challenges and understand your goals because we have long experience and have faced many of the same challenges and opportunities."

He consolidates these comments into a statement that Eton Solutions has reimagined each intricate piece of a family office into its one integrated platform. "And we know very well that a family office serves many different roles for its clients and that each one is structured differently," he says. "Our software is customisable to fit each client's needs and to become the core platform they use. This integration improves the efficiency as well as trust - in the data, in the processes, and in the reporting."

The MFO uncovered

Robert elaborates on his vision of a multi-family office, which he says should have a variety of characteristics. First, the MFO should typically have insight into 100% of the client's assets, working on what he calls 'architecture work', helping families understand their goals, deciding on the right structures to help them achieve their investment goals, risk management goals, their tax and other key goals to help the family over multiple generations to come. "We call this first aspect structural planning," he reports.

The second key aspect is a goals-based investment process to work with a client to understand what they're trying to achieve. "Once you understand that properly, then, quite simply, you create a portfolio that is going to maximise the probability of meeting those goals. And that investment plan is layered in on top of the structural plan, which is all about tax planning and risk mitigation, asset protection, planning, and so forth."

Building from an architectural plan

The next element is to create the proper family office operational infrastructure, much like building a house to an architectural plan. A true family office, he says, will genuinely help the family execute their plan, handing all the details, the communication, the information required, the structural planning, the tax and reporting, and so forth.

"To achieve all of those functions seamlessly, the MFO needs access

Key priorities

Robert says their number one mission is to get their name out and about in Asia, making sure that they articulate their proposition clearly. "After the past roughly five years of really refining our offering, we are now embarking on our new marketing drive, developing our brand, building scale, and central to that is Asia, where we see great opportunities," he reports.

Secondly, he says the firm must continue to innovate to further drive the platform into the future. "We work very closely and collaboratively with our clients to understand their pain points and to continually improve the platform, layering in new features and functionality for what we see as the family office of the future."

The third mission is to further build the team. "We have expanded dramatically over the last five years, we are now 250+ strong, and we continue to look for the best people to help us on this path forward.

"There are major challenges to address today, but there are major ambitions these family offices should have for tomorrow. Much of the future centres on data management, empowered by AI and machine learning, to improve menial tasks but also to elevate the investment, structuring and overall management proposition that family office will be able to offer clients."

to a huge amount of data," he says. "These family offices typically have dozens, if not hundreds, of legal entities involved, and being able to pull all that information into a coherent picture and then orchestrate everything efficiently is very difficult to achieve."

Work with the experts

He elaborates on the reasons why anyone might want to work with Eton Solutions. "First, our solution is really the only fully integrated solution in the market," he states. "Most people running MFOs do not have the desire or expertise to create a fully integrated system allowing them to enjoy embedded workflows, such that their business process can be brought into the 21st century. That is basically the core reason anyone hires us as their partner."

He says that from his long experience of family offices – and he has worked at some major global brand name banks and consulting firms in the past – a lot of very expensive, smart people spend far too much time just trying to figure out who owns what, the valuations, and so forth, before they have time for the real analytical and advisory work that adds value.

A solution on a silver platter

"What our platform does is give them that starting point on a silver platter, so they can immediately dig into doing their more value-added work," he explains. "One database, freeing them up to create value, whilst at the same time ensuring best practices, risk management, transparency and best governance are all great advantages in this day and age."

Robert expands further on the family office of the future. "There are major challenges to address today, but there are major ambitions these family offices should have for tomorrow," he says. "Much of the future centres on data management, empowered by AI and machine learning, to improve menial tasks but also to elevate the investment, structuring and overall management proposition that family office will be able to offer clients."

To do this effectively, he says it comes down to the starting point of the single state-of-the-art database and that the data must operate in closed loops, which means that the computer can decide whether that data is accurate and can act on that data. "In short," he concludes, "the future will see dramatically more automation, more AI and ML, and the result at the front-end is that the higher-value expert in these family offices will have access to verified, managed and filtered data that will then help them truly elevate their capabilities and insights. In short, one element is automating the mundane, while the second element is empowering the experts."

Asia – the next logical step

Drawing the conversation towards a close, Robert turns his attention to the firm's aspiration in Asia. "We have spent 12 years really building a platform that can be leveraged by many, many different family offices and multi-family offices," he reports, "and Singapore is a natural entry point to Asia. We went from building this for ourselves to now having 27 clients with USD400 billion-plus in Assets Under Administration on the platform. We have clients in Canada and already one very large client in Asia Pacific. Accordingly, it is a totally natural step to expand further in the Asia Pacific region."

And he says Singapore, as a key family office hub, represents a very targeted opportunity, a leading centre where Eton Solutions can offer its somewhat unique and market-leading proposition. "Being at the best-practices end of the market is a great selling point for those SFO's & MFOs in Asia," he concludes, "and we offer that in our plug-in and totally proven system that takes care of all the middle and back-office activities for them with scale and efficiency. We believe it is really a very attractive proposition for people setting up family offices or trying to reimagine their existing family offices." ■