

# 3 REASONS WHY WEALTHY FAMILIES NEED TO CONTROL THEIR DATA



## There is One Asset Families Should Value Most – Their Data

For decades wealthy families have relied on a network of trusted advisors and family office employees to manage their information, using a variety of systems and spreadsheets to chronicle the rise and fall of their fortunes.

The reliance on technology as the engine of decision-making has risen and the dependency on data has risen with it. For most families, their information is controlled and curated by someone else. The data is stored in systems they do not own or fully understand and located in places they may not have access to. In an age of data driven wealth management, does this lack of control present a challenge? We believe it does.

What should families be thinking about?

### #1 Confidence in the Provenance of Their Data

**Trusted advisors do not equal trusted data.** Every day a family's advisors, accountants, tax experts, insurance specialists, consultants, auditors, outsourced investment professionals and trusted family office team accumulate and massage the family's data. Hundreds of investment accounts, LP interests, real estate investments, trusts and personal assets are left for others to gather and make sense of.

A family should ask themselves:

- Is the data managed by advisors, systems and spreadsheets consistent?
- Is the information generated by these systems verified to be true and accurate?
- Is the effort to maintain information automated and audited?

If these areas are a concern, centralizing the management of a family's data is the solution. By creating a family owned and operated data hub that collects, reconciles and standardizes 100% of their information, the family gains a sustainable "single source of truth" as the foundation of their multi-generational wealth management strategy that is independent of their supplier and advisor relationships.

### #2 Freedom to Select Advisors, Providers and Technologies

**Once a family has control of its information, it gains independence** – their data is no longer locked in the systems of an advisor or a technology supplier. The family is

empowered to source what it knows to be the truth and to share it with its advisors as the family sees fit.

This power creates choice. For example, the ability to safely share need-to-know information with one or more parties in order to gain insight or support some contemplated transaction. No longer held hostage by a system or supplier, a family is free to experiment with other providers and to seamlessly change to other tools and platforms that may offer more value or that are more specialized for a given task.

Additionally, adding a new technology or service provider may seem daunting to families who do not have a trusted and easily integrated source of data to power the solution. The time and effort to onboard a new technology can be a barrier to unlocking the benefits of superior technologies. By controlling the data, downstream systems and relationships become more portable.

### #3 Ability to Share Information Safely

**With freedom comes responsibility.** For many families, the protection of their information and their privacy is challenging – unsecure emails, unprotected spreadsheets, data in systems controlled by others, papers left on desks and laptops easily stolen.

A consequence of controlling their data is that the family now becomes the primary steward of their information. With the proper security and privacy architecture, the move to a digital paradigm will decrease risk as compared to today's decentralized and less controlled process. With a single source of truth, the sharing of information becomes easier, but the tools required become more sophisticated. The family must be able to:

- Grant and withdraw access to data and specify for what period access is permitted
- Obtain and track acknowledgement of confidentiality and security protections
- Entitle access to only certain entities, portfolios or accounts
- Specify what information is accessible and at what level of detail
- Designate if shared data is masked, preventing the sharing of personal information
- Control how data is accessed including portals, extracts or APIs
- Monitor all access and locations of data and where it is being transferred

Fortunately, there are technologies that now provide the necessary tools, but it still requires a family's resolve and investment to pursue such a strategy.

## Data Independence Should be a Strategic Initiative for Wealthy Families

**Families survive for generations – so should their data.** A data independence strategy will ensure that there is a single source of truth the family can trust for generations to come. The strategy places the family in control of what data is shared with whom and for how long. Properly implemented, the approach will better protect the privacy of family members by limiting how sensitive personal information is stored and exchanged. Finally, data independence will help families better take advantage of modern wealth management technology and provide more choice in the selection of advisors and service providers.

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