

# Fidelity Finalizes Family Office Platform

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By **Gregory Shulas**

**Fidelity** is moving toward the rollout of a back-office support platform for family offices, with 30 client firms preparing to adopt the system as part of a pilot program.

The financial services giant will monitor the platform's performance as the family offices go live with it. Fidelity plans to formally roll out the service by year's end after ironing out any kinks that might stem from this test-run phase.

"We are in the process of putting our early adopter group onto the platform," says **Roger Hobby**, senior v.p. of Fidelity Family Office Services. "We are getting fantastic feedback."

Fidelity's fee schedule for the system will be based on the complexity of the family office's relationship with the firm, not assets under management. The 30 clients preparing to start with the system come from throughout the country. Fidelity declined to identify the firms or their average assets, citing confidentiality policies.

The opening phase of the user pilot program ended this month on a sound note, Hobby notes. In that 12-month phase, the 30 participating family offices went over their service needs and requirements with Fidelity. Input from these family offices was used to build a system that acts as a comprehensive middle- and back-office solution, he says.

The platform allows family offices to streamline and integrate performance reporting, asset allocation reports, trust and partnership accounting and a host of other administrative tasks, Hobby says. Advisors can harness the platform to give their end-clients holistic portfolio views in the exact manner they want to review such information.

"Clients want to know: 'What Do I own? How much am I worth? And how am I doing?' To have that on a timely basis is positive," Hobby says.

One of the program's strengths is its ability to provide detailed updates on alternative investment strategies and hard assets, he says. Given that some family offices have up to 50% of their holdings in alternatives, such accounting capabilities can be crucial for office managers, he says. To complement the system's technological component with human capital, Fidelity has hired experts in the fields the platform covers, like partnership accounting and performance reporting, he says.

Fidelity will not be the first firm to offer an outsourcing solution to family offices. Multi-family office **Rockefeller & Co.** recently placed its back-office solution, RockIT, into an entity named Integrated Wealth Services. The firm told *FUNDfire* last September that several family offices clients were using its technology.

Los Angeles-based **Empaxis Data Management** provides administrative support services to many family offices. The firm has received financial support from **Quintile Wealth Management**, a multi-family office in Southern California.

**Carol Pepper**, president of the virtual family office and consultancy **Pepper International**, expects more firms to offer technology solutions to this important component of the high-net-worth market. Companies with the ability to compile performance reporting and accounting

services in a thorough streamlined manner will have an advantage over competitors, she says.

“A lot of accounting firms are looking at this piece of the market. I think we are going to see more solutions provided to the family office space,” Pepper says.

The family office industry’s interest in back-office support was on full display at this month’s *Family Office Forum* in Chicago. Office managers called outsourcing a vital part of their cost-cutting efforts, particularly with regulatory, compensation and insurance costs rising.

**Alanson Houghton**, CIO of multi-family office **Shelterwood Financial Services** in New York, cited outsourcing as one positive thing his company is doing to reduce expenses. “If you work in partnership with an institution, you can get a lot of value,” he told participants.

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