Will embracing robots help you embrace your future?

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The better the question. The better the answer. The better the world works.
A new wave of innovation is upon us. The way your business operates may never be the same.

The influence of robotics is upending many industries, and family offices are no exception. Traditionally built around complex service-related tasks and processes, this new class of solutions can fit into daily tasks without disruption to the existing workflow, using the same applications and interfaces as their human counterparts while improving speed, accuracy and output.

The future — how will robots support your legacy?

Many family offices have adopted a “100-year outlook,” a multigenerational vision that foresees challenges extending well into the future and tries to anticipate and plan for these to support a business’s longevity. Such plans, which are built around generation skipping or perpetual trusts, require constant attention to detail while maintaining a connection to the past. This requires the creation and storage of an enormous amount of data, and often an onerous amount of complex research, storage and data reorganization. As artificial intelligence (AI) and cognitive technology advance, they may prove to be a family office’s ideal companion, continually refreshing and keeping accessible the information that defines and shapes the business’s legacy.

Why family offices can benefit

Family offices may not appear to be obvious candidates to benefit from automation — they’re small, often highly customized companies with an extremely broad range of complex service offerings and relatively few information technology (IT) resources. Classic IT-driven automation strategies have focused on high volume, highly standardized processes in an environment where change is predictable and seldom necessary — hardly a description of the variable, often chaotic environment of the family office. On the positive side, however, as small companies, they are both agile and adaptable — flat, team-driven organizations that can quickly organize to take on a new challenge. And, as family offices, they can take a long-term view using their “patient capital” to invest in technologies that enable them to function more strategically. Studies have shown that, despite fears that the deployment of a robotic workforce will displace human workers from white-collar jobs, robotic process automation (RPA) may result in an unexpected benefit: hybrid, high-performing human and robot teams that produce cost savings, better outcomes and higher employee satisfaction. For millennials, who characteristically embrace technology, indications are that they will not only accept robotic coworkers, but welcome the opportunity to share repetitive tasks with an AI peer.

This will prove to be even truer when we consider the need to maintain trust in an increasingly interconnected world. A recent study of millennials conducted by EY showed their highly skeptical attitude toward traditional institutions (including, according to survey respondents, corporate America, governors, the news media and federal government). But even as trust diminishes, the size and scope of the family office’s information footprint are increasing exponentially. The sheer volume of this means that AI and robot-enabled processes will be an essential part of the solution to maintaining the family’s privacy, as AI can function at the scale of the internet, monitoring social media, big data collectors and even institutional partners, while continuously testing for and erasing a stakeholder’s “digital past.”

RPA may result in an unexpected benefit: hybrid, high-performing human and robot teams.
What do we mean by robotics?

The term robotics conjures images of the walking, talking metal creatures often seen in 20th-century movies or, perhaps less fancifully, of a doctor using an electronic arm to perform precision surgery. For purposes of this article, however, the term robotics is about software that can take human roles and instead use software capable of running independently — like the operating systems that enable robots to operate autonomously — rather than using hardware.

Like humans, these are systems that are not programmed, but rather trained through constant, dynamic interaction with their environment. One of the greatest values they bring is that they operate within the same web of applications, interfaces and authorizations as their human counterparts. Compatibility is never an issue.

A simple framework (see Table 1) helps to distinguish these based on the kinds of inputs they manage and the potential complexity of outcomes.

### How can robotics support family offices today?

Currently, the best opportunities for family offices lie in the realm of RPA that automates repetitive, manual tasks performed by people interacting with computers. An RPA robot operates exactly as a human would — logging in and interacting with applications, opening emails and downloading attachments, and storing files in well-defined locations. These robots don’t automate entire processes, they fit seamlessly into existing processes and take on components that are low value added. They effectively become part of the team, and RPA projects often result in more satisfied human employees because humans are freed up to focus on spotting issues, making decisions and analyzing data that is more quickly produced with fewer errors.6

An excellent example is the preparation of tax compliance forms. Tax work requires judgment, but also, for example, endless cutting and pasting from system to system and values testing. RPA software frees the tax professional to focus on key decisions, while removing the strain of repeating tasks better automated, a burden that leads predictably to boredom and errors. Cases have shown that, from an efficiency perspective, a compliance process with medium to large data manipulation activity can often save 30% to 50% of that part of the process.7

### Emerging applications — dealing with information overload

In addition to RPA, which focuses on simple, repeatable tasks, there is also intelligent (cognitive) automation — automates tasks such as speech recognition, natural language processing and tasks that require judgment and perception.

One such application deals with the flood of incoming unstructured data that family offices are barraged with daily, including correspondence and emails and their associated attachments. These applications can be trained to take this information, understand it based on content and context, and then process it accordingly. Responses might include filing, forwarding to a staff member for additional research, entering into a calendar or triggering an alert that informs management of a situation that requires their attention.

Similar benefits may be earned by family offices that subscribe to funds and invest in alternate investments and face a barrage of statements, covenants, Forms K-1 and the like, or those family offices charged with receiving and preprocessing invoices.

Table 1. Software robots: from RPA to AI

<table>
<thead>
<tr>
<th>Technology</th>
<th>Inputs</th>
<th>Output</th>
<th>System</th>
</tr>
</thead>
<tbody>
<tr>
<td>RPA</td>
<td>Structured, rule based</td>
<td>Single outcome</td>
<td>Automation Anywhere, Blue Prism, UIPath</td>
</tr>
<tr>
<td>Intelligent (cognitive)</td>
<td>Unstructured, patterned</td>
<td>Multiple potential outcomes</td>
<td>Celaton, IPSoft, WorkFusion</td>
</tr>
<tr>
<td>automation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AI</td>
<td>Free form</td>
<td>Judgment-based outcomes</td>
<td>Watson Financial Services, Deepmind Applied, Synchranon</td>
</tr>
</tbody>
</table>

### Benefits of RPA

There are certain advantages to robotics and RPA beyond cost savings, including:

- **Quality** — Robots reduce manual intervention and are effective at following tedious and detailed instructions, producing work that is free of duplication and errors. This is a benefit that cannot be overstated in the work produced by accountants in order to meet regulatory requirements.
- **Speed** — Robots do not need coffee breaks, vacation time or sick days. They work around the clock, speeding up processing times and throughput and increasing capacity as a result.
- **Governance** — Robots support better compliance (and, therefore, organizational governance) by embedding requirements into the automation rules.
- **Security** — Cognitive computing work is machine-based, which reduces the risk of security threats and data breaches within the organization.
- **Business continuity** — Robots allow processes to be switched easily and smoothly to other servers, which expedites disaster recovery processes (when needed), providing a boon to protecting important, often irreplaceable, information.

These institutions are adopting not only relatively lower-cost RPA technologies, but also cognitive automation and full-blown AI. AI applications have been successfully applied to applications as diverse as monitoring contracts for required actions based on regulatory or statutory change, ensuring the integrity of information resources from a cybersecurity standpoint, monitoring investment portfolios or searching the internet to scrub unwanted information from the family office’s ever broadening information footprint.
What should you do next?

RPA and cognitive automation are rapidly being deployed throughout the world of financial services. It is expected that family offices will soon follow suit and adopt robotics processes for their own purposes. This has the short-term potential to help family offices achieve new levels of efficiencies in their often diverse and highly customized processes, while supporting them in creating services for the long view. The emerging capabilities of AI and cognitive technology have enormous promise in helping families draw the rising generation into engagement with their legacy, but also of managing the uniquely long game of transferring a legacy that will endure for multiple generations.

• Start small, and grow your capabilities over time.
• Consider establishing a pilot program that draws on the strength of an experienced partner. Professional services firms are acquiring experience with most of the technology providers in this space, and the specialized skill set needed to make RPA processes work in tax, accounting, administration and other specialized workflows.
• Involve your team. Employees often hear about the promise of robotics replacing white-collar workers but our real-world experience has been that robotics allow workers to focus on more valuable tasks and help employers build higher-functioning teams.
• Make RPA a business-led initiative, not an IT-led initiative. Bots can be configured within the teams, close to the business processes and expertise required to make them work.

Endnotes
8 Lessons Learned After 25 Years of Family Office Management, IMCA, 2012.
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