

NEXT-GEN WEALTH MANAGEMENT
THE FUTURE OF
FAMILY OFFICES

Next-gen wealth management must embrace new models of investment that prioritise innovation and operational involvement





Executive Summary

For generations, family offices have been synonymous with conservative wealth management. Their structures have relied on investments in real estate, bonds, and equities - strategies that once guaranteed consistent returns. But the economic climate is changing. Technological breakthroughs, geopolitical shifts, and the evolving priorities of a new generation of wealth holders demand a new approach.

New industries are rising. The McKinsey Global Institute has identified growing industry 'arenas', such as AI software and cybersecurity, that will transform the business landscape and reshape the global economy, generating up to USD48 trillion in revenues by 2040. These arenas are characterised by outsized profits and strong opportunities for challenger companies to dominate the market. For family offices, they will render the status quo obsolete. Those that cling to their traditional models and are unable to deliver value to the families they serve will struggle to realise goals – financial or otherwise.

These shifts also coincide with a changing of the guard for family offices. Second and third generations, as well as new first generation family offices, are unwilling to watch from the sidelines as innovation-driven sectors experience exponential growth. As wealth transitions into younger hands, priorities are shifting. Beyond just the financial rewards, these opportunities also represent the chance to inject new purpose and meaning to their families' legacies. Family offices have a key role to play in shaping the future ways in which we work and live.

We are entering a new era of family office structures – one that requires operational involvement, fruitful partnerships, and a clever approach to risk mitigation in high-reward industries.

The future requires next-gen wealth management and an evolution in how family offices are managed. By integrating changes now, family structures can pave the way for their younger generations to seize outsized opportunities in emerging industries. And it doesn't have to come with the high-stakes outcome and limited active role that is typically associated with the venture capital model.

We have created an alternative way to maximise financial returns in early-stage companies by prioritising operational involvement, real market impact, technical excellence, and an outstanding partner network. The IMS Digital Ventures model is a next-gen asset manager that has set a better standard for how the start-up game is won and how value is created for stakeholders, industries, and our collective future.

In this whitepaper, we will first explore the forces that will render the status quo of family office wealth management obsolete (section one). We will then examine the rise of a new model of wealth management for family offices (section two) and provide examples and lessons learned from our own journey in creating a next gen wealth management model (section three).

It is our hope that this whitepaper will show that there are genuine alternative approaches to diversifying portfolio allocation in venture capital, and inspire family offices to adopt future-forward, operational models to thrive in this new era of wealth management.

Anastasios Papadopoulos, CEO & Founder of IMS Digital Ventures



Section One

The rise of new industries and a changing of the guard signal a change in wealth management for family offices

The old playbook for family offices is obsolete. Consider a prominent mining family, renowned for generations for their wealth derived from mineral extraction. Its older generations have committed to honouring their family's legacy by adopting community-driven schemes and setting up foundations to create positive externalities within their industry. They've enjoyed decades of steady returns, often sheltered from market volatility by lack of competition and long-term contracts.

But for younger members of the family, the idea of relying solely on their traditional business practice feels increasingly risky. Push and pull factors ranging from transparency and traceability in supply chains to prioritisation of renewable energy is creating change in industry dynamics.

Tech-fluent and impact-driven, this new generation of leaders recognises the power of diversification, laterally and along their supply chain. Change must be embraced to futureproof their family holdings.

The conservative ethos that characterises traditional wealth management style of family offices like this

mining family (i.e. avoiding high-risk investments like venture capital), means that without change, they will miss out on opportunities to penetrate industries poised for high-growth. Reliance on real estate, equities, and bonds – while still viable asset classes – is subject to heightened risk that leaves family offices vulnerable to systemic shocks.

And while modernising existing business practices is a starting point (one that is critical to survival of the core family business), diversification through venture capital is essential for future wealth creation.

This is because new industries, largely tech-driven, are emerging that will drive future revenue generation across the globe and capture an outsized share of the growth of the global economy. High-growth industries, or 'arenas' (a term coined by McKinsey in its latest report on the sectors transforming value creation of the future), are reshaping the way we work, live, and how we should invest.



By 2040, these sectors will generate from USD 29 to USD 48 trillion in revenues and include fields such as cybersecurity, e-commerce, electric vehicles, and artificial intelligence, and their “Their collective share of global GDP could increase from 4 percent today to 10 to 16 percent by 2040” (source: McKinsey Global Institute, The Next Big Arenas of Competition, October 23, 2024 Report). New entrants to the market make up a significant portion (around one-third) of total market capitalisation for these arenas.

We are already witnessing an increased appetite for private markets from family offices who understand that diversifying investment portfolios is a key survival strategy.

Over 70% of those investing in private equity believe doing so offers better long-term returns than in public equities (source: UBS Global Family Office Report 2024).

Finally, we are seeing a shift in priorities from the next generation of wealth controllers. Younger investors prioritise innovation, sustainability, and social impact.

Women are taking on greater leadership roles within family enterprises, now serving as principals of 15% of family offices worldwide (source: Deloitte Family Office Insights Series - Global Edition 2024). Emerging leaders are catalysing a profound transformation in strategy.

Venture capital offers ways for up-and-coming generations to forge legacies by creating impact beyond financial returns, helping find meaningful answers to the question: “what makes a family office successful?”.

Section Two

Family offices have an opportunity to evolve their business models to participate in shaping the future

The transition to a next-gen model of wealth management does not have to be difficult. Let's revisit the example of the prominent mining family in section two. As wealth management responsibilities trickle down to younger generations, the appetite for risk-managed investment evolves.

The emerging wealth controllers within the mining family recognise that they can leverage innovation and their market insight to remain relevant and pioneer changes, exploring adjacent markets and co-founding innovative start-ups that will thrive on industry disruption.

Their family office's vast network, market positioning, supply chain expertise, and unparalleled industry knowledge creates an exciting edge when combined with strategic venture capital. How can the future leaders of such a family office adopt a next-gen model of wealth management to act on these insights?

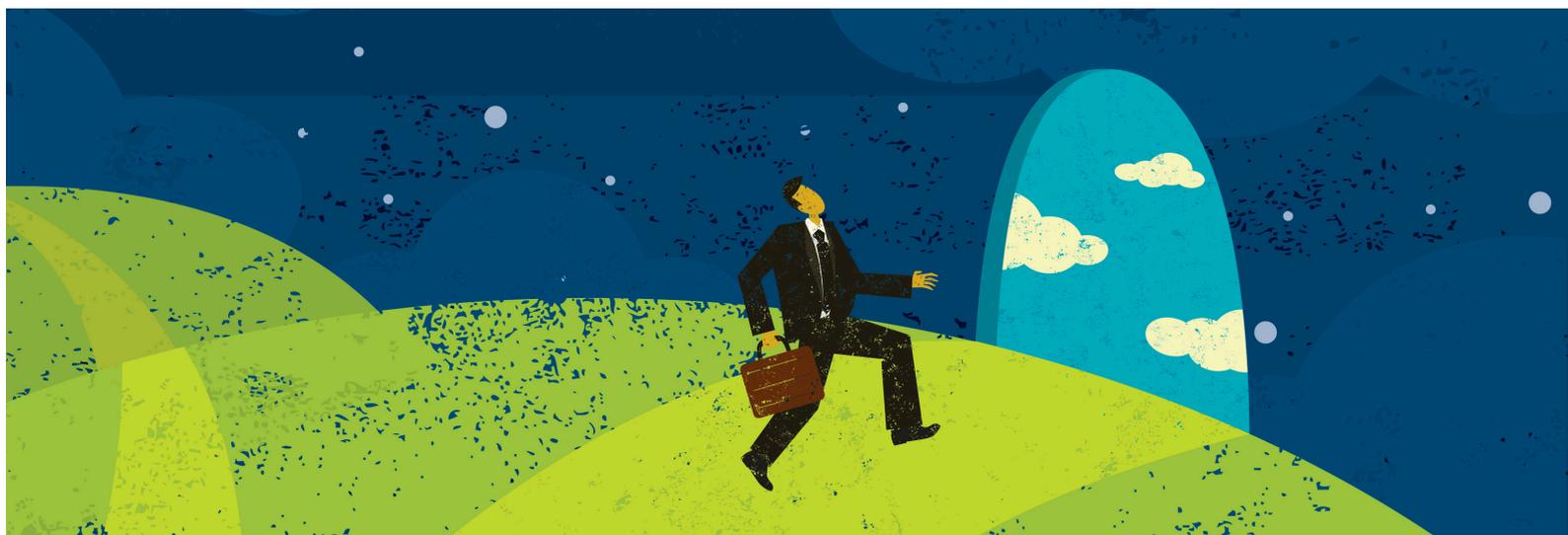
One solution is to team up with industry actors who can help them navigate new investment activities. By seeking out experienced technological or strategic partners, family offices can ensure they are competing with world-class resources across the board.

Joining forces with actors in venture capital, allows family offices to tap into existing ecosystems.

These ecosystems provide the engagement, technological literacy, and operational expertise that are critical to successful diversification and help transition families from passive allocators of wealth to active players. This will enable the next-gen structure of family offices to be hands on, deeply embedded in building businesses that apply innovation to real-world problems in sizeable markets.

The venture builder model is an ideal pathway for family offices to engage with these transformative sectors.

Unlike traditional venture capital, which provides funding with minimal involvement, venture builders co-create businesses, offering operational support and strategic guidance from the ground up. Family offices can learn the ropes by working with a venture builder, gaining access to the tools, talent, and insights needed to build their own models and futureproof their wealth management strategies.



Section Three

Case study - how we've paired technological brilliance with operational excellence to maximise returns in venture capital

Mention 'venture capital' to a family office, and chances are they'll think of high-risk, high-reward equations where they have little (to no) say on the trajectory of success of the company.

Those family office structures who do invest often do so haphazardly in support of friends and family initiatives, hoping for exponential growth while accepting significant uncertainty.

Usually this is because most structures lack the expertise and resources needed to conduct proper due diligence on deal flow. No wonder, then, that few family offices have built a scalable and sustainable approach to investing in venture capital.

At IMS Digital Ventures (IMS DV), we believe there's a better way—one that pairs technical innovation with operational excellence to de-risk and redefine venture building.

When we first launched our company in 2016, it was as a software house crafting enterprise-level platforms for global corporations. This foundation gave us a unique understanding of how to build 'Silicon Valley level' tech products and take them to market.

In just a few years, we'd pivoted to applying our technical and operational expertise in building new companies. Today, we've refined our model with a hands-on, partnership driven approach that allows our network of family offices to invest in a diversified portfolio of early-stage companies that consistently beat industry benchmarks for time to market, tech build costs, and launch.

As our partnership has expanded, we've also been able to break into new and exciting markets. Earlier this year, we launched IMS Sports to incubate the most exciting and innovative technologies in sports tech. Led by our London partner, Vatche Manoukian, this new venture will replicate the proven venture builder model of IMS Digital Ventures while tapping into our industry network.

"Becoming part of the team at IMS Digital Ventures has given me a better way to invest in, and make an impact in, company visions that I am passionate about." Says Vatche Manoukian.



"As a seed and angel investor in technology I've experienced the limitations of supporting young start-ups without also being able to control costs, tech build timeline, and quality. The venture builder model that we have replicated for IMS Sports means we can tap into a next-level ecosystem that changes the trajectory for young companies and become a hands-on partner for founders. As a lifelong football fan, I have found a way to combine one of my passions with my family's goals, and shape the future of the sports industry."

The venture builder model facilitates diversified investment in promising young companies while mitigating risk and maximising returns.

We tackle breakpoints in the start-up journey, from the elusive goal of establishing product-market fit to the onerous – and technical - task of capital raising. We bring funding, strategic guidance, world-class technical expertise, operational excellence, experience, and network to the cap table. And because we onboard ventures at a very early stage, our equity incentive means we are committed to the long-term viability for every portfolio company.

A combination of a battle-tested team, an extensive library of IP, and variety of playbooks helps our ventures go to market faster and more efficiently than their competitors.

For example, our cybersecurity software company, Owlgaze, launched its core software service, Blacklight, and onboarded its first customers within eleven months of inception and at one-third of the cost. In a credit-crunched world where delays, failure to pivot, and product development mistakes can be fatal, we have mastered survival, speed, and scalability.

Beyond financial impact, IMS Digital Ventures allows our family office network to invest in companies that matter.

As we expanded our partnership, the quality of our deals and funding network grew exponentially. We further refined our model to ensure that our portfolio aligned with our mission to make meaningful contributions to industries and communities, by building ventures that matter. The IMS venture building model creates opportunities for our family office network to invest in successful businesses, one that brings together financial returns with enduring family legacy so that together we can build the future, one venture at a time.

Conclusion

Conditions for success are changing. Families that cling to outdated investment approaches will struggle to realise their goals, financial and otherwise, in this changing world.

Next-gen wealth management must embrace new models of investment that prioritise innovation, adaptability, and operational involvement.

The right strategic partner can help family organisations transition to an adapted model that manages risk while diversifying wealth building strategies.

We have witnessed first-hand the challenges in optimising returns in early-stage investing and have spent years honing a model that combines operational expertise with technological excellence to play the game with better odds. Emerging leaders of family offices who have ambitions to grow their fortunes must identify strategies to transition to a new approach to claim their role in shaping the future.

About IMS Digital Ventures

Founded in 2016, we are a tech venture builder backed by a dynamic network of generation Z and millennial-run family offices. Our partners and founders are united around a shared mission: to change the way we live and do business for the better.

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