

Peer Insights

R E P O R T

Q&A with Garrett Smith

Founding Partner of Opportunity Network

Principle Series:

Family Office Insights sits down with Garrett Smith of the Opportunity Network to discuss how this digital matchmaking platform can help private high-net-worth and family office clients share business and investment opportunities in a secure online setting.



Family Office Insights is a voluntary, “opt-in” collaborative peer-to-peer community of single family offices, qualified investors and institutional investors.

Learn more at:
FamilyOfficeInsights.com

Q: How did you get your start in the industry?

A: We started the company as a way to connect next generation family business owners from top-MBA programs in the United States and globally. As the community spread across Ivy League schools, we saw several major transactions get done. Because the community was vetted and the conversations started from a place of trust, we were creating efficiencies in the market place. Next was the challenge of how to maintain that quality and integrity at a much larger scale, and we decided to focus on partnering with private and corporate banks. Since inception two and a half years ago, we have established bank partnerships on three continents, originated over \$40Billion in proprietary deal flow, and on-boarded 13,500 members to date, clearly demonstrating our traction in the market.

Q: What is Opportunity Network and what was the impetus for launching it?

A: Opportunity Network is a digital match-making platform, whereby top private and corporate banking clients can be offered exclusive access from one of our partner financial institutions. Once a client receives access, they can share business and investment opportunities securely and anonymously, with a minimum value of \$1Million.

The impetus was the sheer demand from families for more access to direct investments with like-minded counterparties. We wanted to ensure they could conduct business in a confidential fashion within a vetted community, building trust via our partnerships with premier private and corporate banking institutions. As investors look outside of the traditional asset classes of funds and public equities, we offer them an efficient and simple tool to share and connect with investments.

Q: How is technology affecting private banking?

A: Private banking could be considered the tip of the iceberg in terms of innovation. Clients and bankers are very traditional in their thinking and have yet to truly leverage the benefits of technology. As we see more retail wealth management and payment technologies enter the mass market, expectations from clients of private banks for similar digital tools has increased. Coupled with the growing demand for direct investment opportunities, technology can offer families the ability to connect around the world inexpensively, and efficiently.

One key area that we aim to disrupt in direct investing is the fee structure. Opportunity Network is a member licenses, we are not a broker/dealer nor do we take a percentage of the deals originating on our platform. Our goal is to connect people and generate returns, not to take a piece of their hard work.

Q: What are you seeing in the market place for direct deal flow and illiquid assets?

A: In order to unlock value within the underlying social fabric of financial services, social networking has become a means of origination and connectivity among investors. Their two biggest complaints are the lack of vetting and the fee structure. By establishing partnerships with banks, we can ensure that each member on our platform has been through a KYC, AML, and credit check. This applies for both family offices and corporate, ensuring they have liquid assets to invest or are cash flow positive.

The deals we are fairly industry agnostic; however the focus is on growth equity for cash flow positive companies. Family offices have the benefit of scaling to perform merchant banking activities, and this is where we're seeing a lot of activity whether it be equity stakes or credit.

Q: What is the benefit of focusing on partnerships with private banks as oppose to going direct?

A: Private banks in most cases have been working with their clients for years, have a keen understanding of their financial goals and needs, and can offer a highly vetted community of members. Therefore, unlike crowd-funding or other peer-peer networks, we're able to scale quickly and get deals done more efficiently because conversations start from a place of trust.

On the flip side, this ensures that banks gain a better understanding of their clients' needs in the moment, as oppose to calling them with the product du jour.

Q: What is the future state of financial technology in the family office space?

A: We are not the first company to bring technology to the family office space. There have been many before us that have failed, at a very high price, I may add. With the evolution of the Internet and broad-based services, platforms offer a richer and deeper user experience at a lower cost. In this way, family offices no longer have to bear the brunt of that cost, it can be managed effectively by the company offering the services. As these services become more prolific, it creates more options for the family offices as well.

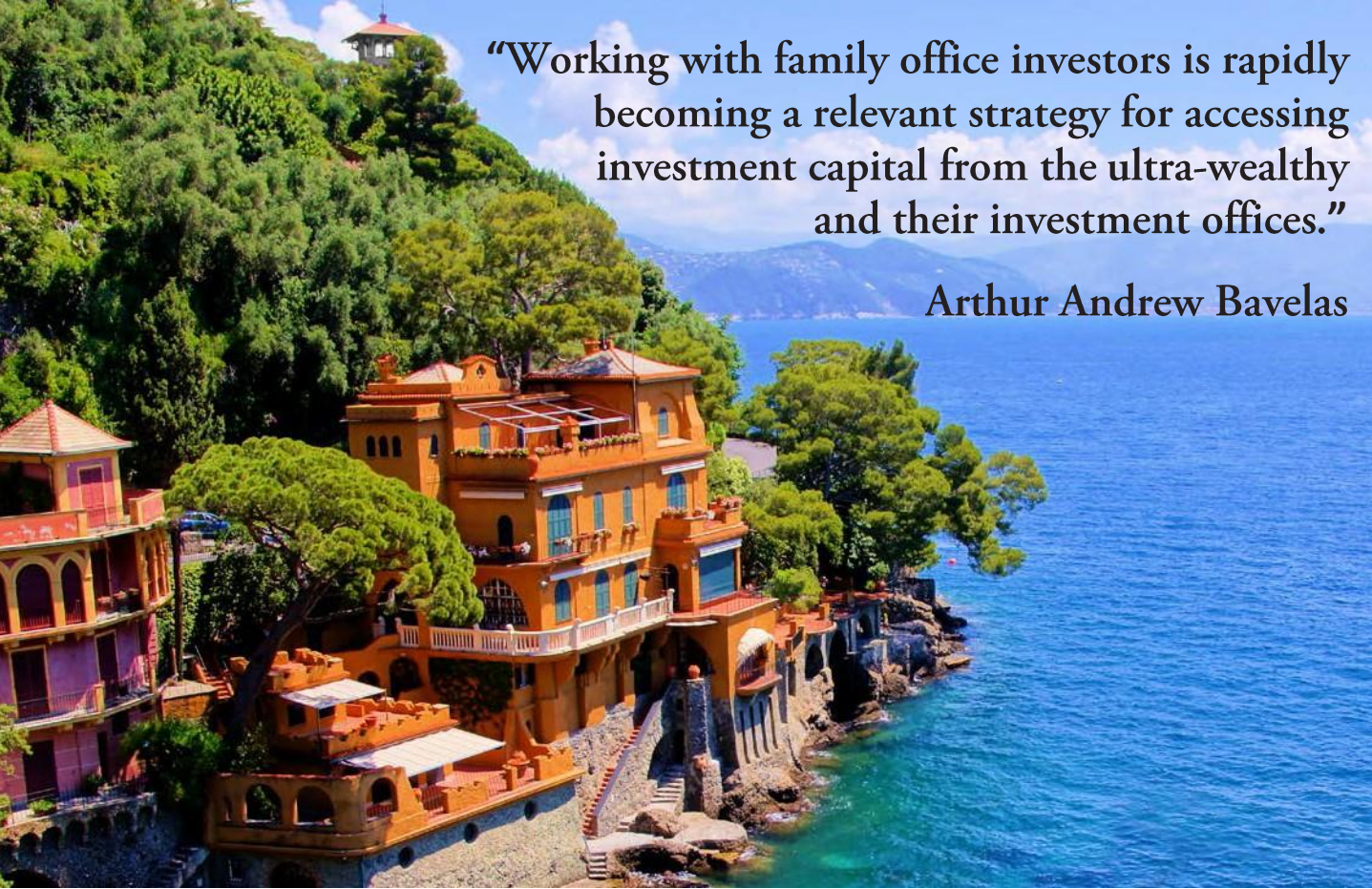
In terms of adoption, the governance and incentive structures within a majority of SFOs and MFOs are typically quite stagnant. As a result, it becomes difficult to inspire innovation and differentiation from within.

Given where the market is today with the pervasiveness of technology, this is no longer an option if the family office wants to generate the type of returns possible with direct investments and illiquid assets. As a result, technology will drive innovation from the outside-in, and we'll see tremendous change not only in the way family offices leverage technology, but also in their investment criteria.



Garrett Smith

Garrett Smith is a founding partner of Opportunity Network and leads the North American market including strategy, business development, operations, and partnerships. During his time at ON, the company has grown to over 13,500 members, \$38Bn+ in proprietary deal flow, and sixteen offices globally. Prior to Opportunity Network, Garrett started and led another technology based venture, GSM Systems, for eight years before a strategic exit. Garrett was the youngest student ever to complete the EMBA program at INSEAD, holds a BS in International Business from Miami University, and was nominated to the Milken Institute Young Leaders Circle in 2015. For more information, please visit www.opportunitynetwork.com or email Garrett at garrett@opportunitynetwork.com



“Working with family office investors is rapidly becoming a relevant strategy for accessing investment capital from the ultra-wealthy and their investment offices.”

Arthur Andrew Bavelas