

2009 Best-in-Tech Award Winner

Bristlecone Advisors Seattle, Washington

Keith Vernon recalls the first time he heard the buzz that family offices would soon have access to a single, comprehensive software application, or “killer app.” It would be an integrated platform that could centralize all of the information a family office tracks—from portfolio accounting to insurance renewal dates—in one place. That was early 1999, and Vernon had only recently founded Bristlecone Advisors as a single-family office.

By 2001, Bristlecone Advisors had grown to a team of three and was serving two additional families. Although the industry’s excitement around a breakthrough technology system had proven premature, Vernon recognized the critical role technology should play in efficiently serving complex, ultra-affluent clients. So he contacted a friend, Kris Ryden, a software developer, who agreed to build a modest but customized database tool.

The Evolution of Aristata

That was the beginning of Aristata (Latin for Bristlecone, a species of long-lived pine found in the mountains of the American West). “Initially, we didn’t have a grand vision to build a big system,” Vernon says. They simply asked themselves two questions: what do we do for our clients every day, and how can we use technology to be more efficient and effective? The answers yielded a list of system requirements and features that guided the development of Aristata over the next several years.

Today, Aristata is a practice management system that combines six core applications: customer relationship management, investments, family office management, document management, search and reporting. “What makes Aristata unique is its ability to seamlessly integrate and offer those applications on a platform designed specifically for family offices and multifamily offices,” Ryden explains.

In late 2007, Bristlecone spun out the technology into an independent company, Aristata, Inc., that licenses the software to family offices and multifamily offices. Licensees now play a significant role in Aristata’s ongoing development. Vernon summarizes the rationale for commercializing the technology this way: “I am a strong believer that family offices and multifamily offices can, and should, collaborate around practice management technology instead of each office tackling this challenge individually. In the end, together, we can build stronger, more robust technology while assuming less development risk and expense.”

Bristlecone’s Growth Fueled by Technology

Since its inception, Bristlecone has focused on its conviction that infrastructure development should precede growth to help ensure future growth. The firm invested heavily in its technology infrastructure before adding clients. “We made a conscious decision in the first five years to turn away some relationships because we wanted to build the infrastructure first,” Vernon says. “We didn’t want to promise and then need to figure out how to deliver. And, most important, we have never wanted our growth to be dilutive to our current clients.”

Vernon is quick to point out that the key is not how much has been spent on Bristlecone's systems, but rather how the technology budget has been put to work. "We've been able to capture the full value of our Aristata investment through thoughtful design and development at the front end and through managed implementation at the back end," he says.

Bristlecone's approach to growth has paid off. The firm now manages \$437 million in assets for 33 households and has 12 employees.

An Investment, Not an Expense

While many firms might look at technology as a cost, Vernon views it as a means of building capacity and enhancing client value. "There's a return on this investment," Vernon says. "Aristata has helped us centralize information into one place, define our processes, and facilitate communication internally and with clients. The net effect is that we are more efficient in the office, and we are more proactive with our clients."

Bristlecone also received an unexpected return on its investment. "Aristata has also helped us leverage our human capital," Vernon says, "something that we did not foresee as an outcome of this process." The process of building the platform helped educate our team about everything the technology could do as well as about clients' needs. With all client information in one place, employees at every level can serve clients proactively. That helps employees be more effective and consistent, Vernon says, and "it allows them to think more strategically and stretch in their job capacity."

Perhaps the technology's most significant return comes from demonstrating Bristlecone's value proposition in new client presentations. "Differentiation is something that independent advisors struggle with, and Aristata helps us tangibly differentiate ourselves in the marketplace," Vernon says. "As opposed to just a PowerPoint presentation describing our services to potential clients, we can show prospects specifically how we proactively manage their financial activities. I think it's been a big marketing advantage for us."

The Future

Ten years ago, family offices were excited about the possibility of a killer app. Today, Vernon says, "We are a lot closer to that technology solution than many people realize." It won't be the single application envisioned early on but a series of integrated applications—including Aristata—built for family offices and multifamily offices. "Aristata is built to be one of those systems," Vernon says. "From the multifamily office side, I get excited that we, as an industry, will have access to integrated technology specifically developed for our needs. And from the Aristata side, I am excited that Aristata will be a core piece of the integrated solution."

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