

# iCapital Network: A Technology Platform for Alternative Investments



Site:	<a href="http://www.icapitalnetwork.com">www.icapitalnetwork.com</a>
Founded:	2013
Clients:	Advisors at registered investment advisors (RIAs), banks, wirehouses and brokerages, and asset managers
Value proposition:	Alternative Investment Technology Platform and Service Provider
The executive team:	<a href="#">Lawrence Calcano</a> , CEO <a href="#">Dan Vene</a> , Cofounder and Managing Partner <a href="#">Nick Veronis</a> , Cofounder and Managing Partner <a href="#">Tom Fortin</a> , Managing Partner, Chief Operating Officer (COO) <a href="#">Eileen Duff</a> , Managing Partner, Head of Product Development & Origination <a href="#">Chris Mathieu</a> , Managing Director, Finance <a href="#">Diane Frankenfield</a> , Managing Director, Chief Marketing Officer (CMO) <a href="#">Jon Feigelson</a> , Managing Director, General Counsel

iCapital Network provides a technology platform to improve access to alternative investments for advisors and their HNW clients. They do this via their flagship platform which connects advisors on behalf of their clients to a range of alternative investment offerings such as private equity and hedge funds with low investment minimums—as little as \$100,000 in funds that typically have multi-million-dollar minimums—while simplifying the overall investment process and helping fund managers scale fundraising efforts from HNW investors. In addition, they offer their technology and service offerings as a customizable white-label solution, giving RIAs, banks, wirehouses, brokerages and General Partners a simple way to update legacy processes and infrastructure.

The company was selected as a [top FinTech firm in the 2018 Forbes Fintech 50 list](#) and became the [winner of the "Technology Providers: Alternative Investment Platforms" category](#) at the 2018 WealthManagement.com Industry Awards.

I wanted more details about iCapital and what kind of alternative investments they offer, so I met with Lawrence Calcano, CEO, in the company office on 42nd Street, New York.



Lawrence has been involved in the financial industry for his entire career. He spent 17 years at Goldman Sachs and most recently as Head of Technology for the Investment Banking group. Shortly after iCapital was founded, Lawrence became the company CEO.

## The concept

While there are plenty of digital investment platforms available for trading traditional assets in the public markets, iCapital's founders saw a need for improvement in the private markets and the ways advisors and their clients access alternative investments like private equity and hedge funds.

The initial idea was to create a full technology platform that would help both financial advisors and their clients discover investment opportunities in private equity funds and hedge funds, find information and conduct due diligence on them, process transactions, and simplify the way investment documentation was completed. From the other side, fund managers would gain access to the iCapital investor network and the technology would make it possible for them to aggregate a large number of small investments from individual investors instead of only focusing on large institutional investors.

iCapital would be in the middle between advisors and investors who don't want to invest millions in only one fund but are looking to expand investments beyond traditional stocks and bonds, and fund managers interested in raising money from the retail investor channel.

The initial concept has expanded to include a customizable white label offering that gives banks, wirehouses, brokerages, and independent firms access to a technology solution designed to automate the alternative investing process.

## Why choose alternative investments?

iCapital is confident that alternative investments, such as private equity and hedge funds, will continue to be attractive to HNW individuals for uncorrelated returns.

"There is growing demand from advisors and their high-net-worth clients for alternative investments as part of a well-diversified portfolio."

Historically, alternative investments have been attractive to HNW individuals for their ability to generate returns that are uncorrelated to traditional assets. Additionally, over the last couple of decades, the number of public companies has been reduced by nearly half, and, according to Lawrence, the result is that it is much harder to find growth investing opportunities in the public markets at reasonable prices. Advisors and investors are increasingly turning to the private markets in their search for new investment opportunities.

## Clientele and services

Among the company's clients, Lawrence identifies the following categories:

- Independent Advisors and their HNW clients
- Wirehouses, Banks, Brokerages
- General Partners / Fund Managers

There are many ways clients can work with iCapital. Lawrence and the team at iCapital have built their technology and services to be fully customizable; from providing a menu of private investment offerings with \$100,000 minimums and a full complement of due diligence and administrative support for advisors to providing their technology platform and services as a white label offering to help GPs, Wirehouses, and Banks support advisors and scale their alternative investment offerings to HNW clients.

## Reporting

iCapital's platform supports reporting across its client base. They provide performance reporting for advisors and investors, sales reporting for General Partners/Fund Managers, and sales reporting for distributors. If a user wants to access performance data alongside other portfolio data, iCapital provides the ability to integrate with most third-party reporting services so the user can see investment results where it's convenient for them.

Lawrence highlights that the reporting they deliver is bespoke. The point is that iCapital wants to provide clients with the ability to receive and view reports in any way they prefer.

## Helping but not replacing advisors

iCapital's business takes a B2B approach to aim to make alternative investments available to advisors and their clients in a thoughtful way. Lawrence stresses that they are committed to empowering advisors not replacing them. They focus on providing the technology and services advisors need to improve and expand access to alternatives. On the flagship platform, the company conducts a substantial amount of due diligence and risk analysis on every fund added and provides that research to the advisor so they can recommend an appropriate portfolio to their clients.

Everyone at iCapital is a great believer in the power of technology to transform industries, and the alternative investment industry is no exception. Lawrence explains that there will always be different levels of adoption of technology solutions, but they've found a core group of strategic partners and investors aligned with their mission.

## The team structure

iCapital Network includes the following departments:

- Technology & Operations
- Client Solutions
- Product Development & Origination
- Research and Diligence
- Marketing
- Legal
- Finance

Lawrence explains that iCapital employs over 120 developers and investment professionals dedicated to modernizing the alternative investment process.

## Technology product management

For the iCapital team, client success is a primary objective. Lawrence says:

“One of our business principles is that our success only follows our clients' success.”

The company is focused on helping their clients and strategic partners provide a better user experience and better outcomes for their clients. Lawrence notes that while there are common needs across client types—and long-standing challenges of investing in alternative investments in general—ultimately each client is unique and it's important to listen to and understand their individual needs to identify how best iCapital can help them achieve their objectives.

## The main challenge

Most companies aim to grow, and the same applies to iCapital. Lawrence is confident that the company's ability to scale depends heavily on the culture within the company.

“Our culture and values pervade every part of our business.”

At iCapital, collegiality is one aspect of their culture I found interesting. People in all our departments grow together and in sync. Lawrence says the success of the company is contingent upon the whole company working well together. And the biggest challenge is growing and managing the entire company, which is more important than any specific challenge in one or other particular department.

## WealthTech Club takeaways

iCapital Network is a unique company. Unlike many platforms offering investments in stocks and bonds, they have created a platform that provides advisors and HNW investors with access to private equity, hedge funds, and other alternative investments at low investment minimums, and it is building a technology solution to benefit the entire industry, not only advisors and their clients but also asset managers and related service providers.

I like their approach to company culture and values, which should help them scale their business successfully.



Written by Vasyly Soloshchuk, CEO and co-owner at [INSART](#), FinTech & Java engineering company. Vasyly is also the author of [WealthTech Club](#), which conducts research into Fortune and Startup Robo-advisor and Wealth Management companies in terms of the technology ecosystem.