

# Private capital investors pushed to invest in tech

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**A**s the need for transparency persists and private equity managers are pushed to integrate increasingly sophisticated tools into their processes, the importance of delivering high quality data in a timely manner is being thrown into sharper relief.

"As limited partners (LPs) and regulators demand greater transparency and insight, fund managers are under pressure to adopt reporting technology to satisfy these demands," explains Moritz Haarmann, Head of Product Development, AssetMetrix. "The trend for digitisation in private capital has been in action for several years, but it has come into the spotlight even more over the course of the past year. Covid has forced private capital investors to adapt and invest in technology in order to maintain or even create operational excellence."

He notes PE firms are using technology to ensure manual tasks are streamlined and automated. This is particularly relevant given private equity has historically been a relatively low-tech industry.

Technology solutions can also support communication between LPs and GPs. As remote working has emphasised the importance of interaction, tools which boost collaboration and improve reporting standards are becoming critical to the industry.

Haarmann notes: "Timeliness of access to data is a challenge, PE managers are facing. They need to focus on timely delivery and high quality data. To this end, AssetMetrix supports closer interaction by providing a platform on which data can be exchanged. Through this, insights can be gained to create greater transparency, bringing both sides together."

However, despite efforts being made to improve data exchange, the actual accessibility of the information remains a challenge. Haarmann comments: "The complete availability of data is one of the greatest challenges of illiquid market segments as this cannot be guaranteed to the same extent as in liquid markets.

"This in turn makes it necessary for the models used



to be based on procedures which are as robust as possible and can deal with the challenging data situation in the private equity sector. Portfolio analytics are an important basis for optimising private equity portfolios as continuously as possible. Since numerous data from different sources have to be aggregated and analysed for this purpose, a complete package such as the one offered by AssetMetrix is considered the optimal solution."

On the technology side, Haarmann expects robotic automation in PE processes to continue growing in popularity: "Advances in this space will combine everything we see on the machine learning and AI front to deliver an enhanced level of efficiency in automation.

"Beyond this, we can expect trends already visible today, predominantly in the liquid-assets universe, to become more widely adopted in PE as well. These include data-driven investment decisions, self-optimising quantitative models and machine-reading from paper-like reports. All this on top of innovative cloud technologies will make functionality more scalable, more easy-to-adopt, more commodity-like."

In view of these advancements, it is essential for PE managers to have a partner who is focused on staying up-to-date with the latest trends and developments in the market, especially when it comes to technology. "AssetMetrix continuously improves its solutions and has specialists, like an internal quant team for analytics, to develop the latest analytical models. Our internal IT team is constantly growing to ensure state-of-the-art service solutions," Haarmann concludes. ■

## Moritz Haarmann

Head of Product Development, AssetMetrix



Moritz Haarmann is Head of Product Development and has been with AssetMetrix since 2013. Before joining AssetMetrix Moritz worked in banking and has 10 years experience in the PE industry. He holds a master's degree in business and a master's degree in political science.