

Technology Innovations

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mirror_mod.use_y = False
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#selection at the end -add back the deselected
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modifier_ob.select=1
bpy.context.scene.objects.active = modifier_ob
print("Selected" + str(modifier_ob)) # modifier ob
#mirror_ob.select = 0
#me = bpy.context.selected_objects[0]
#me.data.object[me.name].select = 1
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TRENDSETTING

Digitising relationships to generate fresh insights

AUTOMATING

Cloud technology helps streamline data management

COMMUNICATING

Tech innovations to improve LP dialogue and reporting



GP focus on core activities highlights need for technology

Interview with Kevin-Matthias Gruber & Moritz Haarmann

The increasing need for transparency and efficiency across the private equity industry has led to higher investments into modern IT platforms on a large scale within manager firms. This development will help GPs reach their goals of generating better quality data, responding to investor requests and keeping up to date with regulatory norms.

A number of factors, both internal and external, are calling on PE managers to improve their technology. Moritz Haarmann, head of research as AssetMetrix discusses: “First of all, managers are aiming to reduce their cost and improve organisational efficiency. Second, they are being driven to digitise their business by complex regulator and LP requests. They need better quality data to adequately respond to these demands.”

In addition, GPs are choosing to focus on their core activities, like investing and fund-raising. “For example, during the Coronavirus crisis everyone at the GP was working hands-on with portfolio companies. They had no time for data capture or to carry out back and middle office tasks. In times like these, it's vital that the firm is able to rely on robust technology to which they can delegate these functions,” Haarmann observes.

Also, GPs cannot afford to get left behind. Most of their peers and competitors in the industry have begun their digitisation journey and therefore they need to follow the trend in order to compete.

Various routes to technology

There are two primary development paths

GPs can take when making this foray into technology. Haarmann explains: “They can choose the full approach, for example the AssetMetrix offering. Using this, the GP is outsourcing its complete IT platform, cash and data handling to a third-party provider. This means the GP consumes data, analysis results and reports in the cloud, without the need to invest into own IT systems.

“Another route is the partial approach, which sees GPs outsourcing manually onerous and time-consuming tasks like calls/distribution handling, accounting and data capture to third party administrators or providers.”

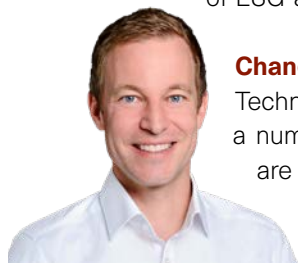
Whichever route the GPs select, outsourced IT partners, like AssetMetrix have to contend with various and complex existing client systems which need to be integrated and interfaced.

As GPs start to rely on technology more, there are some key risks they need to be aware of. If they decide to take on the partial solution chief risk offices within the GP need to be aware of the need for maintenance of those IT capabilities. “Once you have installed a complex, for example eFront or Investran system on premise, you typically need several IT experts in-house to guarantee proper operations,” Haarmann advises.

While in the case of wholesale outsourcing of the IT portion, GPs are fully dependent on their provider. Therefore, they need to carry out a robust due diligence exercise to confirm the partner is solid and ask for daily data mirroring.

The greater adoption of technology within GPs has led to CFOs adjusting their approach to risk management in certain areas. Haarmann notes: “Technological advances have significantly improved the data GPs gather. It’s more granular, deeper, higher quality, timelier and more available. This is because various feeder systems are now better integrated and data exchange with portfolio companies is more efficient.

“As a consequence, CFOs have started to track company performance in more detail and with higher frequency. In addition, new topics have come about, like the tracking of ESG and materiality risks.”



Changing nature of data

Technology is helping GPs overcome a number of challenges they face. LPs are asking for more structured data

Kevin-Matthias Gruber
Managing Director, AssetMetrix GmbH

Kevin-Matthias Gruber is a Managing Director of AssetMetrix GmbH, that he has joined in the early startup days in 2015. Prior to joining AssetMetrix, Kevin has spent over 15 years in various positions in PE fund management, banking and management consulting. He is a trained mathematician, holding master’s degrees from University of Ulm and Texas A&M University.

on portfolios while their internal staff are making frequent requests for access via a cloud or online platform. In addition to these client requests, managers have regulators pushing for data to be exchanged in a fully auditable manner.

Haarmann believes these are challenges which also have the potential to drive growth in terms of technology adoption and development within GPs: “Driven by organisations like ILPA and investment trends like ESG, we will start to see further standardisation of reporting and of terms and legal documents. GPs will also begin capturing data using artificial intelligence of exchange standards.”

Looking ahead, he expects GPs to adopt a higher level of system integration: “We will see front-to-back and CRM to accounting data all flowing into one place. Also, intelligent statistical models will emerge, based on ever better and cleaner data dumps – as a consequence of the improving data quality.”

Supporting the digitisation journey

The PE industry still has some way to go in terms of digitisation. Haarmann considers: “PE had a late start compared to many other industries. Excel as a core “ERP system” is still standard for a large number of GPs and LPs.”

However, the industry is moving ahead, driven by investor demand, manager need and regulatory standards.

And AssetMetrix aims to support GPs in their journey to digitisation. The firm offers modular outsourcing solutions for private capital investors. Its services enable GPs to free up their own resources for making investment decisions, benefit from the firm’s secure IT system and state-of-the-art analytics, and increase in-house transparency to optimise decision-making.

Haarmann talks about the firm’s own experience in setting up a robust front-to-back IT platform: “Doing it well is challenging and requires strong investment in a highly skilled IT team. Once up and running, systems then need ongoing maintenance and development.

“The regulatory angle is also something we have had to consider. For example, some of the data, usually accounting, LP-related data needs to be hosted in situ, in the same country of the funds for example, in Luxembourg.” ■



Moritz Haarmann
Head of Product Development, AssetMetrix GmbH

Moritz Haarmann is Head of Product Development and 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.