

COMMENT

The future is calling

Alter Domus regional executive Spencer Wells, discusses technology trends that are changing the private equity marketplace and how to manage a new cohort of investors.

Covid-19 changed the world, and that includes the world of private equity. With more business being done online, clients have focused on technology solutions and are actively asking for fast access to core data, as well as increased transparency.

The ESG push has also made analytics more important than ever. In response, service providers have upped their game to respond to fund managers' pain points and adjust to the fast-moving market. That includes adding online workflow tools, developing and professionalising client and investors portals, generally increasing collaboration around technology, and being more agile than ever before.

Learning from the past

Before the pandemic, the private equity market operated with limited access to static data and processes were fairly manual and inefficient. This led to time delays, duplication and errors. When service providers weren't transparent with their data, managers would create their own, duplicating the process. Of course, working with two sets of data introduces the possibility of error.

Workflows lacked transparency, too, which kept managers from feeling like a valued part of the process and importantly unclear on the status of certain fund operations.

Over the past 18 months, though, clients began asking for change. To better understand their needs, Alter Domus has held virtual workshops and brainstorming sessions with fund managers and continued along a heavily client focused technology journey.

What the company found was that fund managers want to access core data that they can manipulate and analyse. And, they want it from a source they can trust—one that is fuelled by speed and flexibility.

As a result, Alter Domus began



Fund managers want to access core data that they can manipulate and analyse. And, they want it from a source they can trust...



creating and improving online workflows that show the progression on all key fund processes. For instance, managers can now view the status of onboarding and KYC procedures, as well as other key fund operations, remotely.

The company and other state-of-the-art service providers also improved investor and client portals by increasing the quality of information that can be accessed.

Gone is the reliance on manual processes and Excel worksheets; in their place, managers and clients can now see financial and performance overviews, asset-level analysis, AML, KYC, and subscription processes via dashboards and client portals.

Global impact

There is a trend where more retail investors are entering the private equity market, and this presents new challenges.

As more and more retail investors enter the market, service providers and managers have to find a way to cope with the volume. That means the trends that we see in the UK will benefit the marketplace globally.

We can predict that in the near term, an open architecture based on automation and robotics will allow for easy access for all parties. This will make for easier onboarding and will help build true partnerships between clients and service providers.

Those partnerships will likely result in service providers taking on a bigger role, including helping with asset analysis, IRR calculations, the subscription process, and even investor relations. And, as processes will standardise and become more agile due to automation, the industry will evolve together as a whole.

Clients see the provider's role as a real servicing partner rather than the historically transaction-oriented role. Managers and investors want to see a technology roadmap. They want to know that their service provider is embracing technology and looking to the future. ●