

# Data management, extraction, and visualization: GPs' operational improvements

Tim Toska from Alter Domus explains how technology can support operational improvements and help GPs to make more informed decisions

## **Amid today's macroeconomic uncertainty, what operational improvements should GPs make to maximize efficiency?**

A greater focus on manual, repetitive jobs that take excessive time. Tasks such as downloading and processing external documents, KYC checks, payment initiations, accounting entries, and waterfall calculations are ripe for improvement by automation, outsourcing, or a combination of both. This allows managers to take advantage of the digital providers specialized in making organizations as efficient as possible. This efficiency isn't gained by reducing costs but by providing employees with the capacity to focus on additional value-add tasks that have a greater impact.

## **How can these improvements result in more informed decisions?**

Operational improvements alone won't result in more informed decisions. A firm needs to have the right people. Operational improvements provided by tools like AI and automation eliminate the manual, time-consuming effort to locate data, run analysis, and compare it with the market or industry. These improvements allow teams timelier analysis without sacrificing depth, breadth, or accuracy. This in turn allows for better identification of investment and exit opportunities.

## **What opportunities do you see for GPs to improve productivity by investing in new technologies?**

Over the past three years, there has been a focus on technology to bring people and data together. Now, there's a focus on using data in unstructured formats effectively or running processes with decisions similar to those made by humans. Being able to identify the shared value of technologies like AI, OCR, automation, or blockchain, and continuing to invest in them allows entrepreneurs to continue to innovate.

## **What specialized needs do you see from different kinds of private equity funds?**

Fund of funds managers are unique in that their interactions between front office, back office, middle office, and



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investors is predicated by the ability to source and analyze data at both the fund and portfolio company level. Therefore, one of the specialized needs for a fund of funds is the ability to efficiently download, store and process notices and statements using automation and OCR. This would allow for greater focus on analyzing the data, rather than simply retrieving. The needs of buyout and growth managers are slightly different as they look at information provided to them at a portfolio company level, which typically lacks consistency. These managers' needs are more focused on the ability to not only process but standardize the financial data across their portfolios to provide their teams with consistent data metrics. This is a critical step to allow for more informed and timely decisions downstream.

## **How can funds improve the back-to-front office infrastructure and what benefits would that yield?**

The first step to improving the infrastructure is understanding the source of data and how it interacts with back-to-front office. It's a three-legged stool: there's data management, data extraction, and data visualization. Internally, a firm must determine where the data resides and how it can be shared across the firm among all stakeholders. A comprehensive data management solution for any size fund manager would allow for better, more consistent, and informed decision-making, efficient handling of requests within a firm or to investors, and better monitoring of metrics at firm, fund, and investment level. At Alter Domus, we have had the unique opportunity to work alongside our clients and leverage other resources to assist in these transformational journeys and see the benefits they yield.

**Tim Toska** is the Group Sector Head of Private Equity at **Alter Domus**. With more than 4,500 employees across 38 offices, and over \$2tn in global AuA, Alter Domus is a leading provider of integrated solutions for the alternative investment industry and is dedicated to serving private equity, real assets, and debt capital markets.