

THE SCALABLE TECHNOLOGY ROADMAP

For Early Stage Asset Managers

Setting the Stage for Systematic Growth

With new and emerging fund managers navigating a complex regulatory landscape, a critical barrier to entry will ultimately present itself: defining and standardizing institutional quality operations that enables sustainable growth. As the number of funds and AUM increases so does the volume of fund activity, data, and reporting, and asset managers must plan in advance how they will address these operational challenges in a scalable manner. While functional planning such as Operational Roadmaps are crucial to firms' strategic growth objectives, building the optimal technology architecture and reporting solution early on will ensure continued fund success.

While larger investment firms have an IT staff and sizable budget, early stage managers likely face resource and budget constraints. Smaller firms will typically purchase off-the-shelf software solutions rather than seeking an external third party to evaluate, build, or customize. Unfortunately, this approach ignores the assessment of current technology solutions within each firm's bespoke roadmap and therefore increases early stage managers' risk. Industry-specific solutions will change and develop new features over time, and it is important for firms to partner with knowledgeable technology partners who can layer their technology assessment into each emerging manager's growth plans.



Technology Partner Selection Guide

01

The optimal partner will take a configurable and standard product approach to software, rather than a “custom” methodology. Highly customized products will lead to higher maintenance costs and complicated, error-prone upgrades.

02

Have a clear understanding of the enhancements needed in the software solution in order to meet pre-defined business requirements, and the technology partner's ability, resources, and timeline to deliver on those requirements.

03

The larger the technology solution provider, the longer it will take to have development items completed. Established platforms likely have competing clients, roadmap priorities, and more rigid processes.

Institutionalizing Your Technology Strategy

With remote working conditions becoming even more prevalent due to the ongoing pandemic, emerging managers should view technology as an enabler of their current- and future-state operations. Technology is also anticipated to become less costly with more solutions available. Now, more than ever, asset managers should seek to standardize their processes regarding BI Reporting, master entity data management, and workflow control as online work is fully embraced by competitors and LPs.

When defining their key success criteria for technology optimization, early stage managers should prioritize:

- I. Quality and Accuracy of Data
- II. Ability to Efficiently Produce Reporting
- III. Minimization of Duplicate Entries

Now, where to begin? Emerging managers may have already selected their CRM system to address their expanding list of prospective LPs. However, investors will pose a multitude of questions and expect full data transparency via an Investor Portal and reporting. Before formalizing this process, emerging managers should first engage private capital industry experts who can support the standardization of their capital advisory services. Resources with deep industry knowledge can offer strategic guidance on key functional areas, including the type of information requested by investors, the optimal messaging and distribution channels for a firm's marketing materials, and, if recommended, the selection of a proper placement agent.

While there are many technologies to assess, a helpful starting point for emerging managers may be Business Intelligence (BI) Reporting for data visualization and investor communications. A comprehensive BI Reporting suite will be inclusive of multiple solutions and outputs, such as an Investor Portal, an Investor and/or Deal-focused CRM solution, and Boardroom reports. With BI Reporting, firms can successfully determine how to marry data from multiple systems and sources to seamlessly produce reporting. Once capital advisory services and BI Reporting are institutionalized, firms can then build a best-in-class operating architecture. Scalability and efficiency across all functions will ultimately ensure emerging managers' continued success. ♦



Technology Trends

In the alternative investments sector, fund managers have found that one system cannot simply address all business and technical requirements. The industry is witnessing an overall shift away from an “all-in-one” software solution to a “best-in-class” approach. While many established managers are opting to implement a data warehouse that enables all key systems and data to be linked, this type of architecture is not cost efficient for early stage managers.

Emerging managers should instead consider utilizing a data repository that houses key information with a BI Reporting solution installed on top of that information management system. Now, the BI solution can efficiently produce reports and actionable insights across required functions.

