Private Equity's Data Deluge

Where are GPs Investing in Portfolio Data Management? And Is the Investment Paying Off?

An iLEVEL Client Return on Investment Study Based on Original, Independent Research

S&P Global
Market Intelligence

Data Drives Private Equity

It fuels insights that are generated, the decisions that are made, the deals that are won, the value that is created and the reports that reassure regulators and investors.

Intuition and back-of-the napkin calculations have been replaced by predictive analytics, AI and data lakes. Access to real-time, accurate, granular data that can be sliced, diced and visualized is now seen as the key to agility, efficiency and market insight.

But the volumes of data that now need to be tracked, normalized, validated and consolidated are forcing private equity firms to rethink their processes and technologies from the ground up. What are they doing to adapt? What's working? What's not?

Fittingly, there's no better way to explore the topic than to examine the data.

In this infographic eBook, we'll use research data, including the findings from an independent iLEVEL client survey, to examine the challenges posed by today's data-heavy processes and the approaches that are helping GPs overcome them.

The Data Deluge Is Here

Private equity firms are already feeling the pressure around the mounting volume of data, but a bigger wave is coming.

15.5
zettabytes
of data created
in 2015

59
zettabytes
of data created
in 2020

Hover over
to view
data predicted
in 2024

Top Data Pressures

GPs face mounting pressure to provide an ever-widening array of data to regulators, investors and stakeholders in order to demonstrate compliance and both financial and ESG performance. The majority of firms are simultaneously planning for additional fundraising activity, requiring them to manage investment data more diligently and at scale.

Investor expectations

Stakeholder reporting

ESG reporting

Fundraising

PE Accelerates Tech Adoption

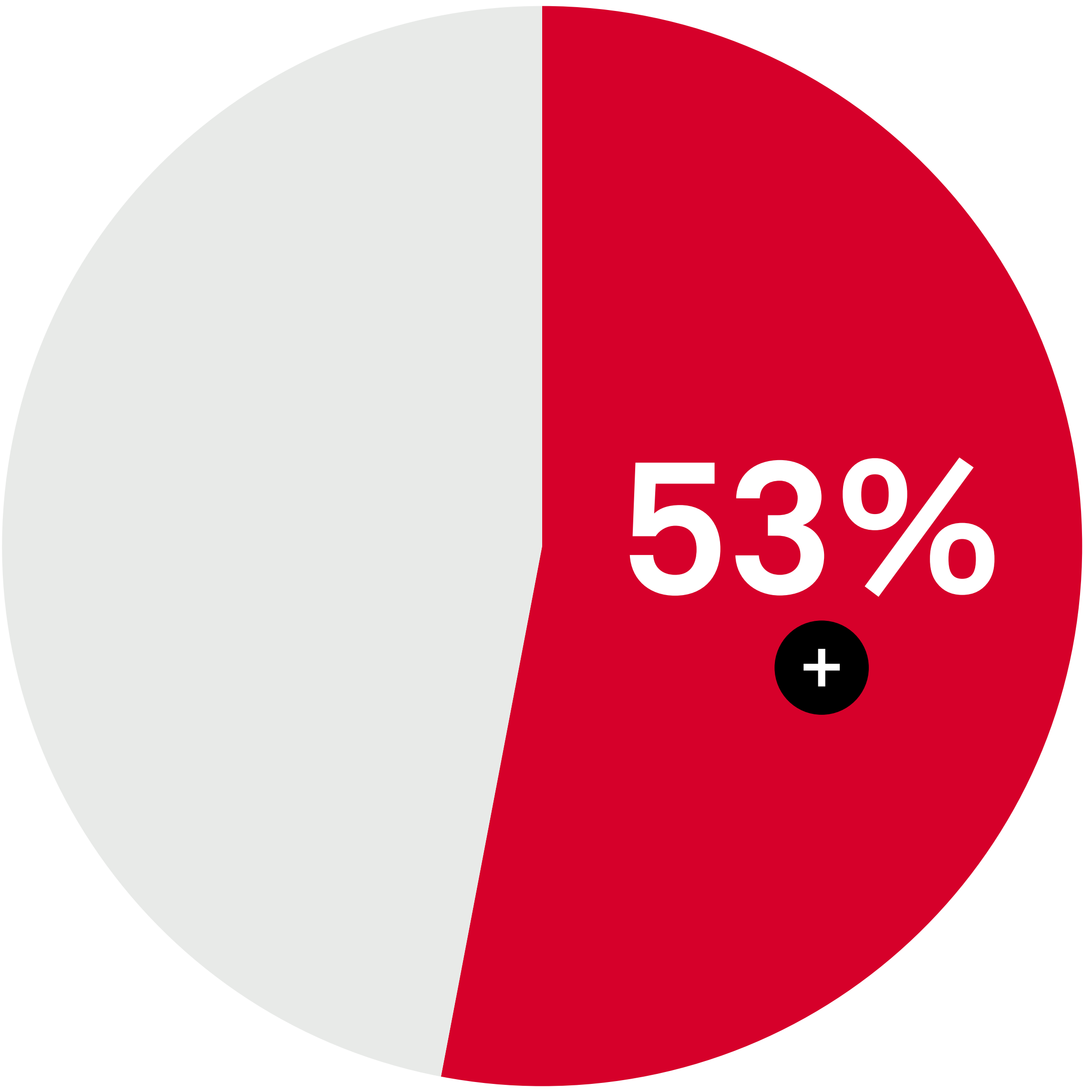
For decades, private equity firms favored manual and spreadsheet-based approaches. But the exponential growth in data volumes, along with changing investor expectations, tightening regulatory requirements and increasing market volatility have recently spurred the industry to adopt advanced data technologies. In 2020, the scales tipped definitively towards digital transformation.

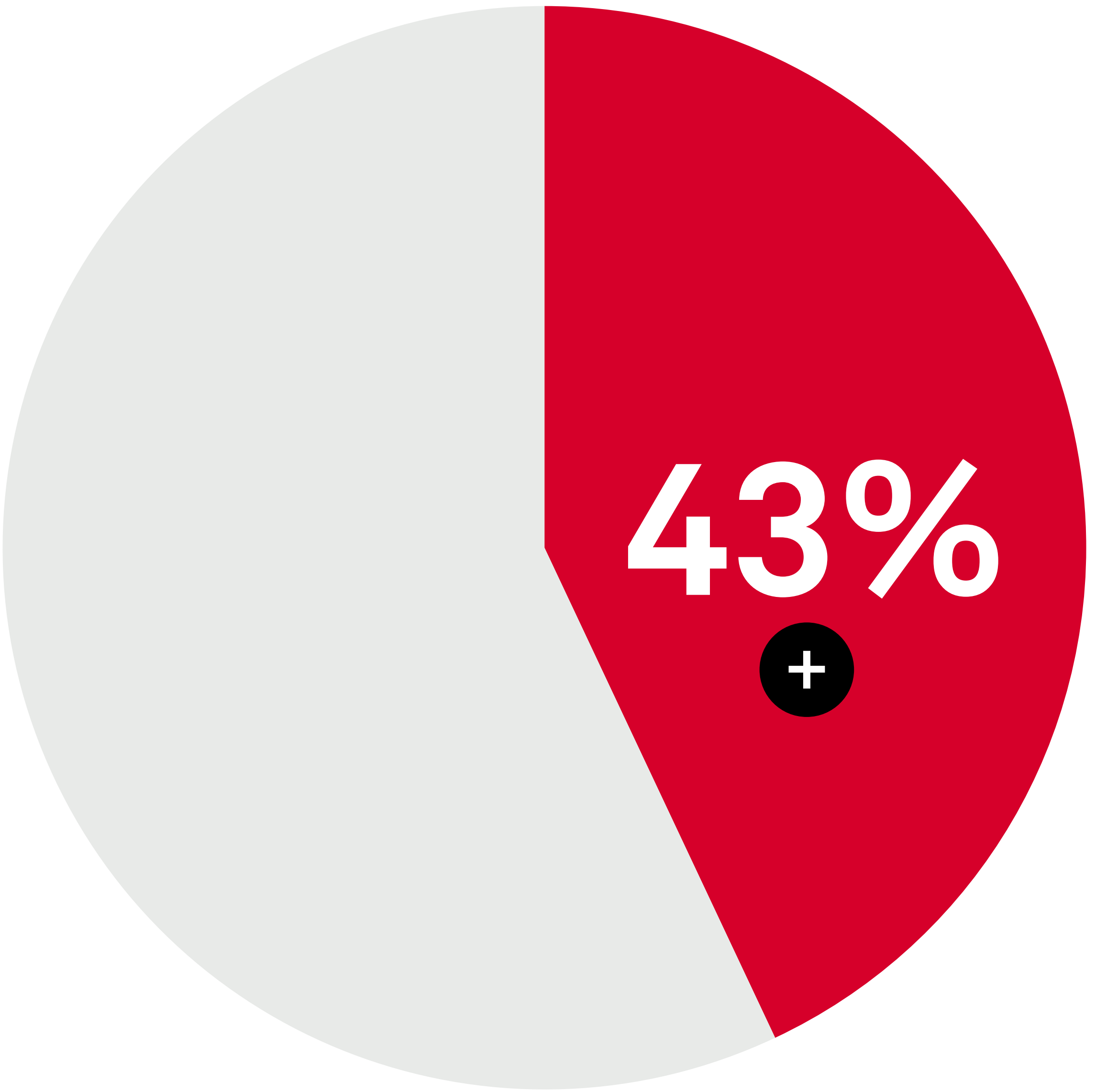
Next-gen data and analytical tools

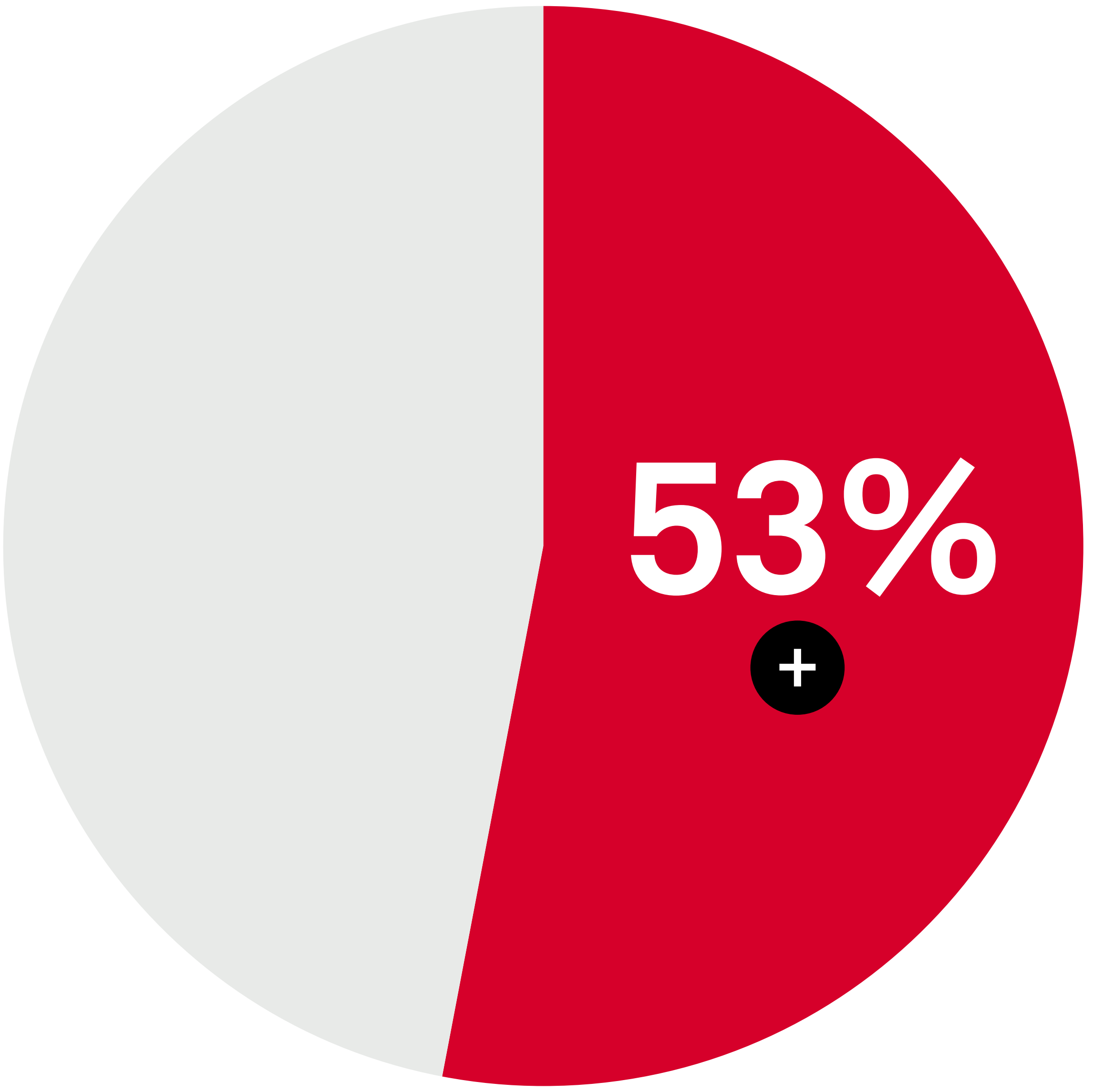
Artificial intelligence

The Investment Pays Off

While GPs are still in the early stages of their digital transformation, they are already seeing a return on their investment in data management and workflow technologies.



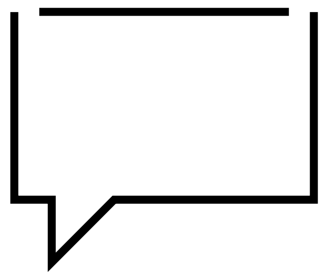




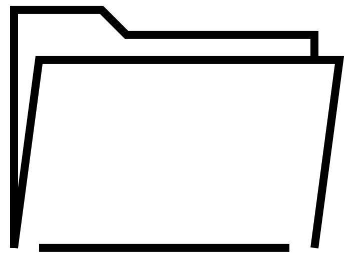
The Portfolio Monitoring Challenge

When portfolio monitoring is managed manually, it is **one of the most data-intensive activities for private equity firms**—and one of the most time-intensive. The process consumes the time of virtually every team, including portfolio management, investor relations, finance and the executive.

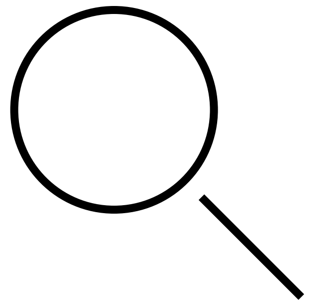
Not only does this create frustration, but it prevents team members from focusing on high-value activities such as sourcing deals, raising capital or putting a newly raised fund to work. Alternatively, the firm must create more time in the schedule by increasing the headcount (and operational costs), thereby narrowing margins.



Responding to ad-hoc investor reporting requests



Collecting, compiling and comparing portfolio-company operating metrics



Reviewing exposures, metrics and cash transactions

The iLEVEL Solution

iLEVEL was developed to improve manual portfolio monitoring with an automated workflow that consolidates and validates portfolio-company data in a secure, cloud-based data warehouse. iLEVEL **streamlines data collection, creates a single source of truth and drives best-practice portfolio monitoring, analytics, valuation and reporting** that enable GPs to make informed decisions and communicate transparently with investors, auditors, boards and other stakeholders.

We recently partnered with Satrix Solutions to speak to our clients and help us quantify the impact of automating the portfolio monitoring function using iLEVEL. We share the outcomes on the following pages.

Quantifying the Impact

Survey results confirm that iLEVEL significantly streamlines labor-intensive portfolio data management activities and saves teams time.

90%

+

87%

+

81%

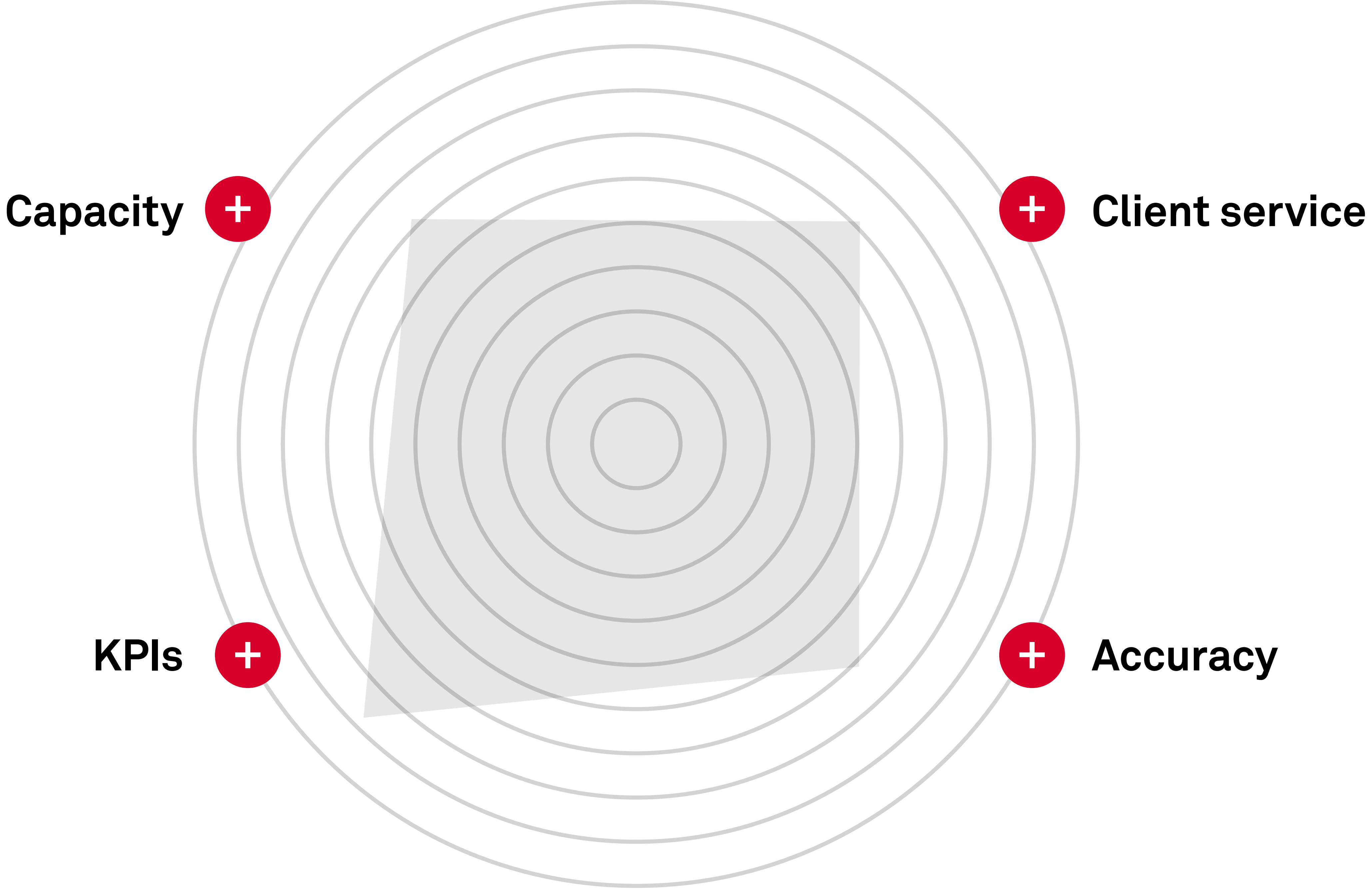
+

> “iLEVEL has allowed our firm to scale and keep up with a growing business. By alleviating many inefficiencies in processes, iLEVEL has provided our team an opportunity to focus on more complicated, value-add projects and analytics.”
>
> **Survey Respondent**

1 Satrix Solutions invited iLEVEL clients to participate in an online survey between October 3 and November 6, 2020.

iLEVEL Capacity and Performance Enhancement

Survey data revealed that iLEVEL not only enhanced efficiency for GPs, but also enabled them to enhance capacity and performance.



> iLEVEL is significantly better than our prior, manual system.
> It meets our expectations for our business today.
>
> **Survey Respondent**

iLEVEL Team ROI

Portfolio monitoring and reporting involves virtually every team within a private equity firm. When the process is manual, it negatively impacts efficiency from the front to the back office. Survey results show that automating the portfolio data management workflow with iLEVEL saves an individual hundreds of hours each quarter.

125 hours saved

Portfolio management

per person, per quarter* on tasks including reviewing and aggregating financial performance and portfolio analytics and responding to ad-hoc requests

130 hours saved

Investor relations

per person, per quarter* on tasks including aggregating and packaging data and reports for key stakeholders, accessing fundraising metrics and responding to DDQs

150 hours saved

Finance

per person, per quarter* on tasks including reviewing and ensuring data accuracy surrounding financials and packaging reports for ad-hoc requests

100 hours saved

C-Suite

per person, per quarter* on tasks including reviewing and ensuring data accuracy surrounding financials and packaging reports for ad-hoc requests

> “The custom dashboard built by the iLEVEL team and the excel add-in feature have been instrumental in driving efficiency for our finance team”
>
> **Survey Respondent**

*Per-person time savings represent the average of aggregated survey responses provided by individuals responsible for the relevant tasks at their organization.

Workflow Efficiency Gains

According to survey data, the greatest efficiencies realized by private equity teams using iLEVEL are related to the following core business activities:

#1
Packaging data to show financial performance

#2
Reviewing data to ensure accuracy

#3
Aggregating ad-hoc requests

#4
Packaging reports and financial statements

#5
Reviewing exposures, metrics and cash transactions

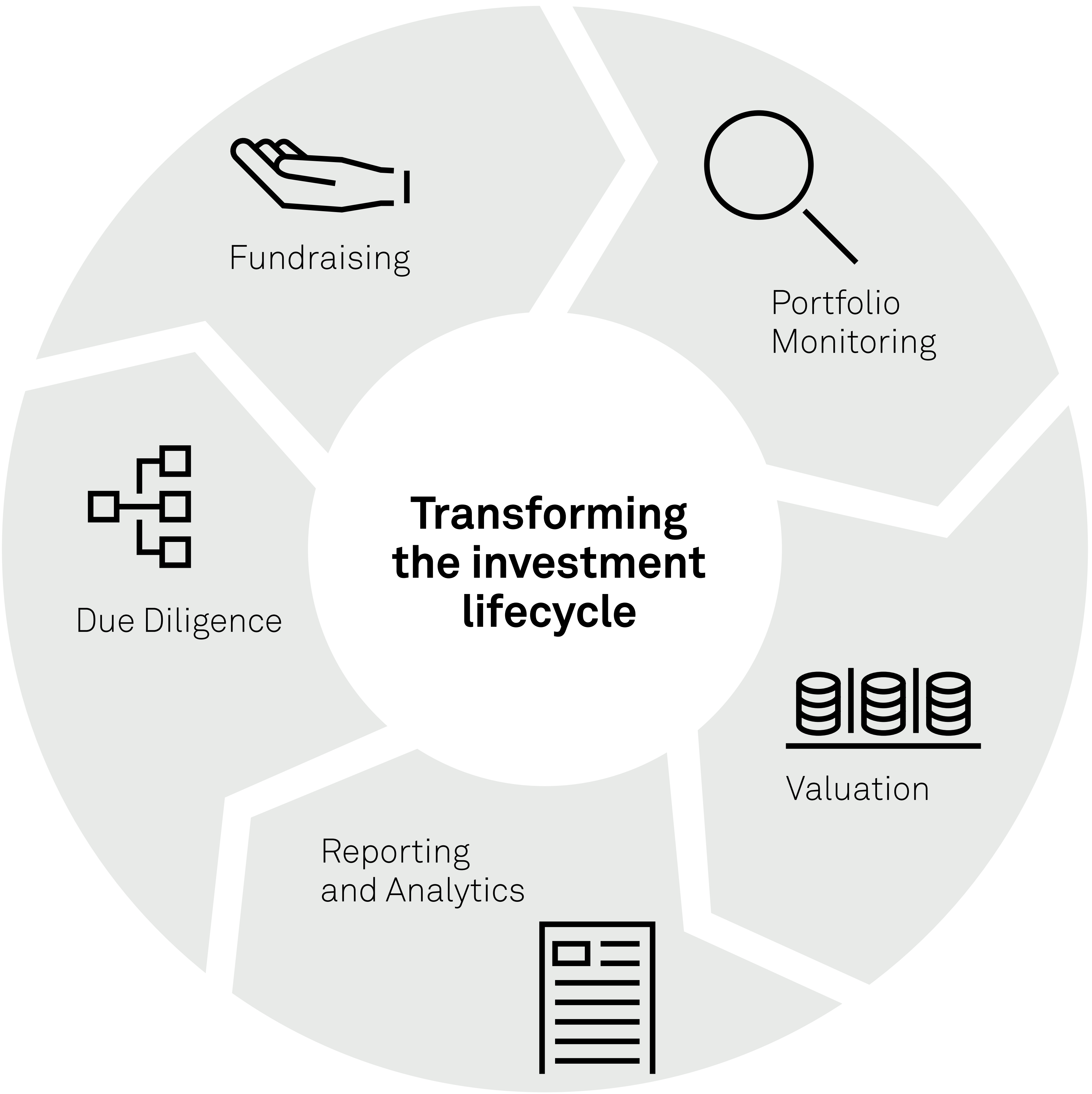
#6
Accessing fundraising metrics and DDQs

The Future of Portfolio Monitoring

Against an ever-growing deluge of data in the private markets, portfolio monitoring technology—along with many other transformative digital solutions—has turned a corner.

With the first wave of early adopters offering tangible proof that the technology is mature and demonstrating swift ROI, the digitalization of portfolio data management has entered the mainstream. In turn, it will raise the stakes for all firms focused on staying competitive in terms of efficiency, scalability, margins and investor service.

iLEVEL has supported the private markets for more than a decade with an industry-leading, data-driven platform. We draw on the experience, feedback and expertise of 650+ GP and LP clients to ensure we not only meet the current needs of the market but anticipate those of the future.



Learn More About iLEVEL

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