



Private equity strategies need stronger fund operations

Unlock your operational performance
to make investments work harder

A survival guide for private equity
general partners



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Contents

Challenge #3: Costs
are spiraling

Private equity strategies need stronger fund operations

The stakes are high in private equity

Private equity is attracting a broader base of investors and outperforming public markets. But challenging macroeconomic conditions have put the brakes on the record-breaking growth surge of 2021 and 2022.

Since the current economic downturn began, institutional investors can no longer count on the alpha returns that private equity routinely delivered over the previous decade.

With growth rates slowing, you need to raise your operational game and optimize the financial ecosystem that supports your investment strategies.

By bringing harmony to the investment lifecycle, you can optimize operational performance and unlock your potential to raise funds, drive alpha and make investors' money work harder.

For general partners (GPs), the pressure is rising. Only the strongest fund operations can survive, compete and win.

Global private equity AUM is now well over \$100 trillion and continuing to increase.

Source: [Chartis](#), [RiskTech BuySide50](#), 2023

“Institutional investors have come to expect returns in the high teens or much higher from private equity. Between 2009 and 2021, private equity garnered such returns until 2022, when the asset class lost 1.2%.”

Source: [Pensions & Investments](#), [Private Equity is Past its Peak](#), Warns Pulitzer Prize-winning Author, October 2023



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Growth has its roots in accounting and reporting

To keep thriving and growing against the odds, private equity GPs must put in the groundwork and build an invincible foundation of operations across the front, middle and back offices.

You can't afford to let your fund operations hold you back. That means no more manual accounting and reporting processes or siloed legacy systems.

Without a robust modern IT infrastructure underpinning your firm, it's harder to attract, win and retain investors. And when you're running multiple fragmented systems, you needlessly push up your operational costs, too.

In private equity, growth opportunities are founded on strong fund operations. Read on to learn how to survive three high-priority challenges for your business and start driving growth from the ground up.

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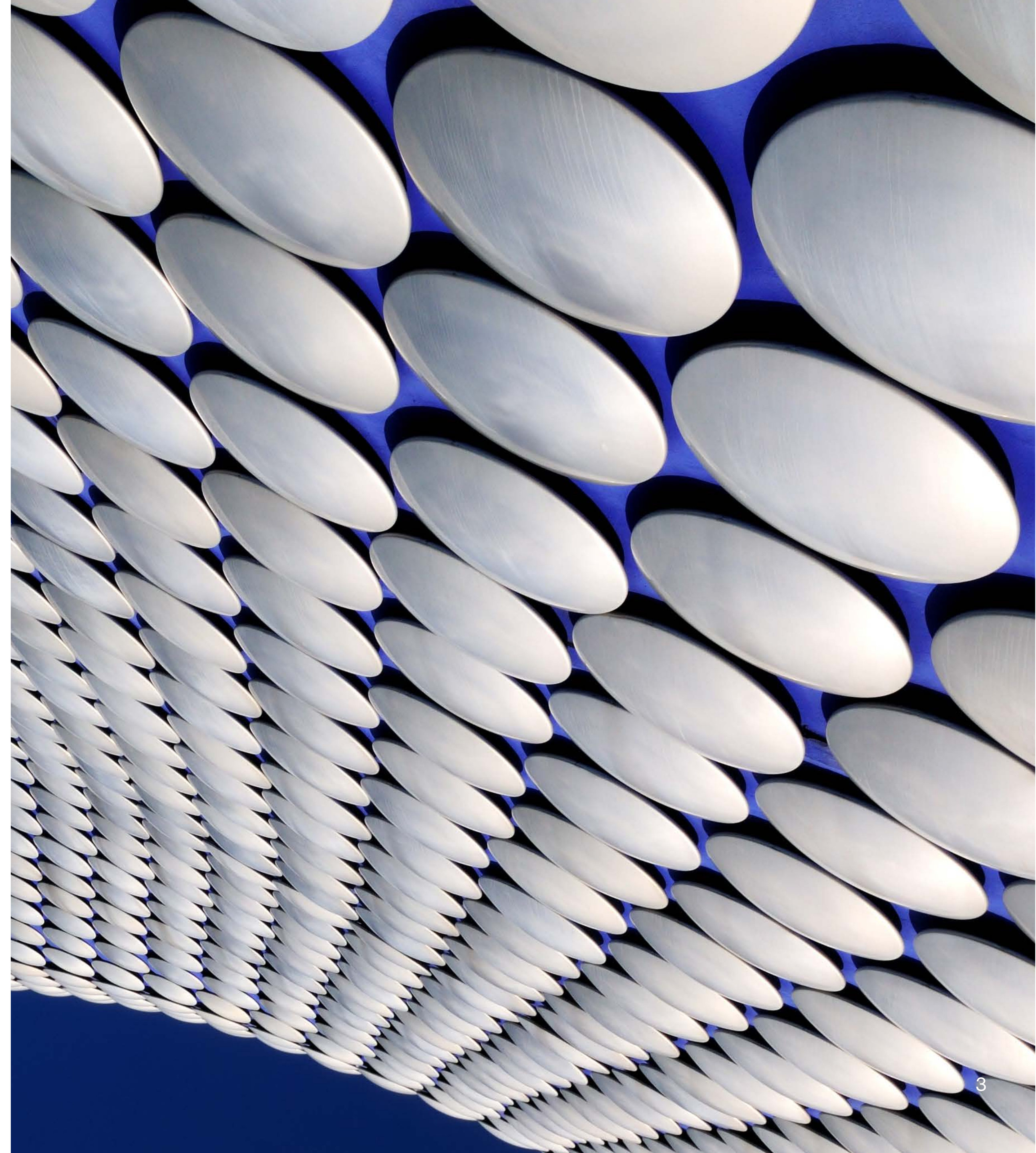
Challenge #1: Competition is fierce

In a tough and highly competitive market, you need to work harder than ever to raise funds and impress investors. But it's not just a matter of demonstrating strong investment performance. Institutional credibility is at stake – and the best way to show investors you truly mean business is with effective, smooth-running operations.

But that's easier said than done when fund structures and investment strategies are growing more complex, data volumes are increasing and the pace of funding and reporting cycles is accelerating.

In this difficult operational environment, you can't afford to let fragmented and inefficient systems and processes blunt your competitive edge and stifle your growth.

Institutional credibility is at stake – and the best way to show investors you truly mean business is with effective, smooth-running operations.



“Technology tools are helping to drive the front-to-back investment management lifecycle, giving firms significant competitive differentiators while also creating efficient operational workflows that can allow firms to view holdings at an aggregated enterprise level.”

Source: [Chartis, RiskTech BuySide50, 2023](#)

More than a quarter (26%) of leaders in financial services firms say that embracing cloud computing has a high impact on their business operations.

Source: [FIS, Global Innovation Research, 2024](#)



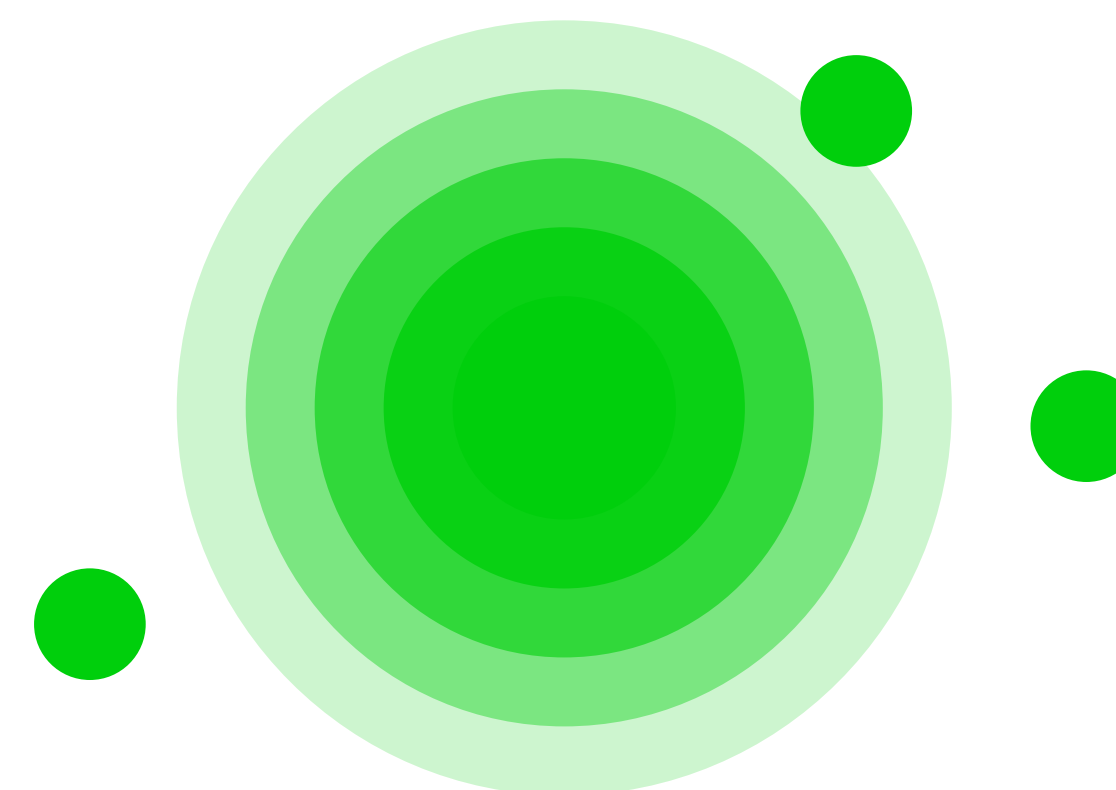
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Survival skill #1: How to compete harder and drive growth

You're focused on supercharging your investment strategies and maximizing the money you've put to work. But to win and keep more investors and achieve both institutional credibility and competitive advantage, you need to raise your operational game and streamline your fund operations from front to back.

With a robust, modern, cloud-based IT setup, you'll increase automation and boost efficiency across your business, from onboarding, accounting and reporting to treasury, payments and data management. That makes it easier to not only reduce costs and errors but also transform data into intelligence for investors.

When competition is tough, trust modern front-to-back technology to reinforce your operations, differentiate your business and make sure investors trust you to work with their money.



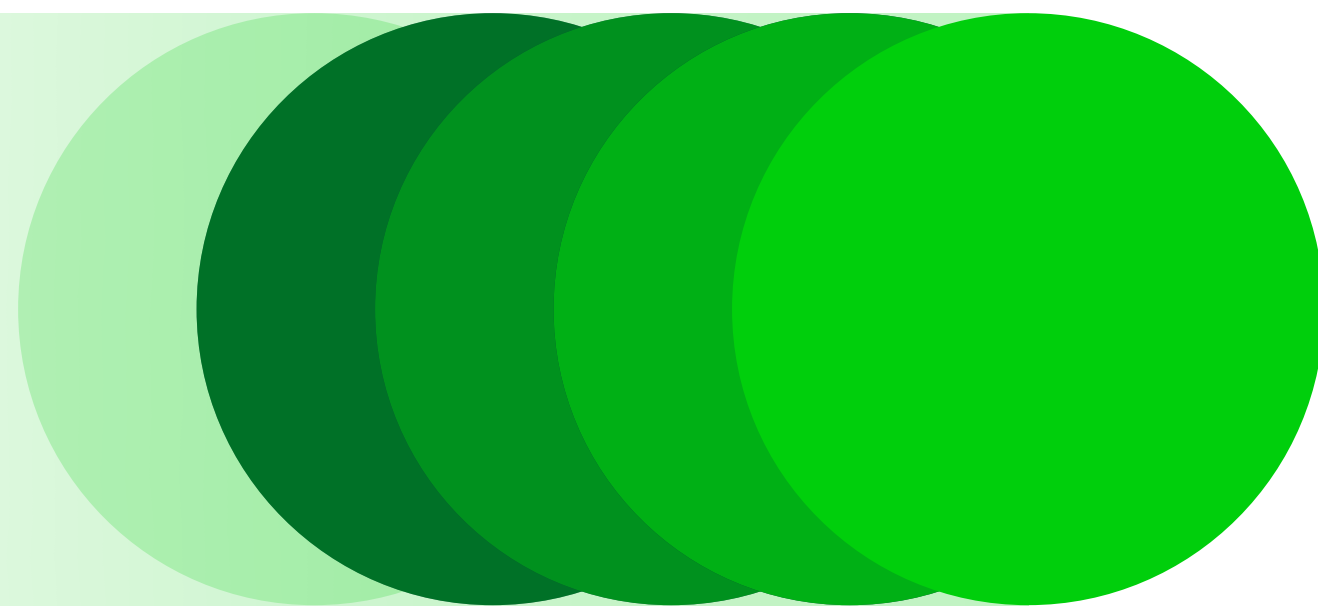
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Challenge #2: Investor expectations are rising

You can't keep attracting investment without delivering an exceptional investor experience. Today's investors demand the highest standards of service at every touchpoint – and won't forget or forgive a third-rate onboarding process that leaves them dissatisfied and discourages loyalty.

As EY says, "Although private equity has not historically focused on customer experience, investors are now paying closer attention to it. More funds are eager to cultivate a superior customer experience across their portfolio, rather than risk losing revenue to customer-centric competitors."¹

¹EY, Why Customer Experience Should Matter More to Private Equity Firms, December 2020



“For private equity investors, enough scathing reviews can prevent potential deals from moving past the evaluation phase of the deal lifecycle. Shoddy customer experience will quickly attract negative attention.”

Source: EY, Why Customer Experience Should Matter More to Private Equity Firms, December 2020

“Companies that are consumer-centric and strive to delight their customers with a differentiated experience at every stage of the sales funnel can create lasting customer loyalty. With products increasingly commoditized, customer experience has become an equal, if not greater, differentiator than the features and benefits of a product or service itself.”

Source: EY, [Why Customer Experience Should Matter More to Private Equity Firms](#), December 2020

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Survival skill #2: How to make investors stick

Your investors want a seamless customer experience, or they will leave for a competitor. Modern technology helps improve retention by delivering real-time insights investors can access on demand and easily understand, drawing on data they can trust.

AI in particular is already proving its superhuman ability to deliver high-quality data, with 85% of GPs expecting AI to have a significant or transformational impact on the way they do business over the next five or more years.²

The latest technology will also make it easier to bring investors on board and get your relationship off to the best start – laying a strong foundation for long-term loyalty.

Investors expect the best from private equity. With the latest tech, you can provide a customer experience that exceeds all demands and keeps raising funds and driving growth.

² EY, [How the Drivers of Private Equity Value Creation are Changing](#), May 2024

52% of financial services leaders say their firms use AI to better understand customer preferences and 48% use it to tailor experiences to customers' needs.

Source: FIS, Global Innovation Research, 2024

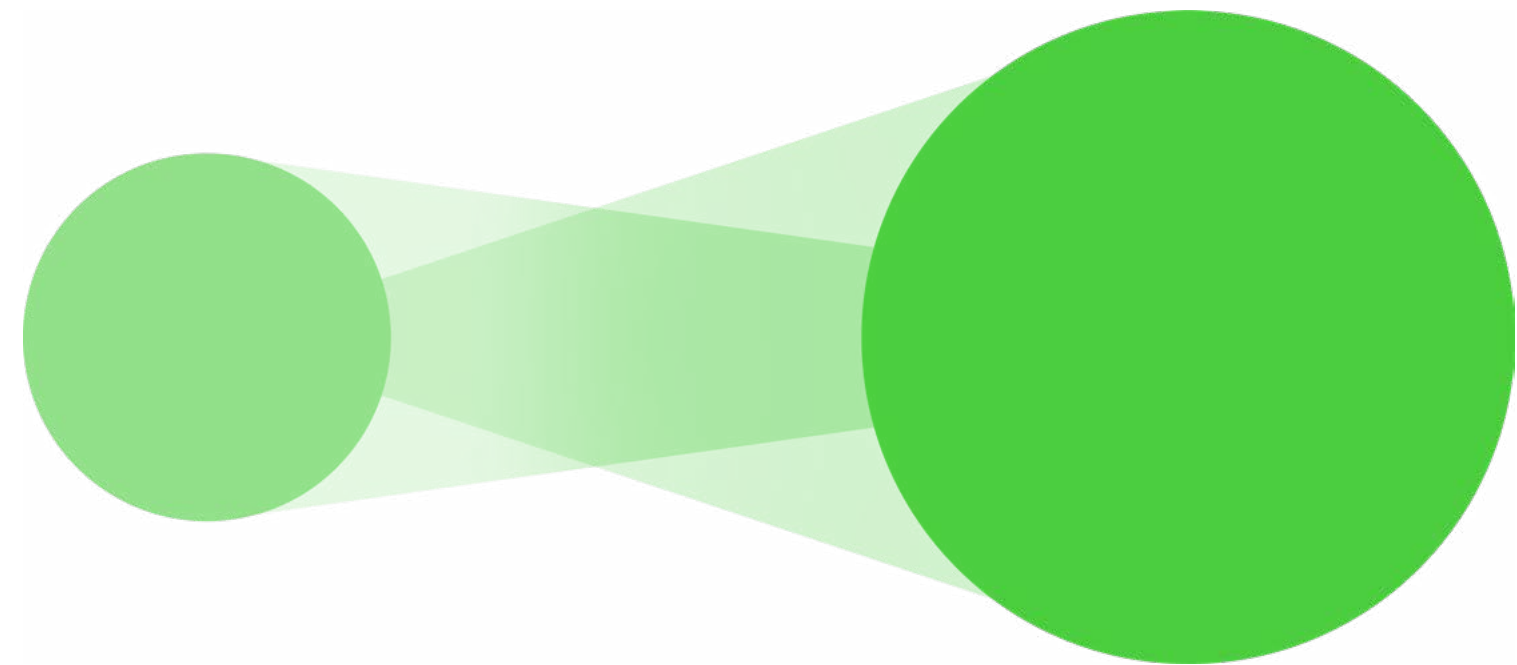
Private equity strategies need stronger fund operations

Challenge #3: Costs are spiraling

Although growth rates are slowing, private equity funds are growing more complex and costly to run. So, you've got to do all you can to keep rising overheads down.

"Passive indexing is expanding with factor tilts and smart beta strategies, as firms strive to achieve additional returns with lower risks and costs," says Chartis.

So, in private equity, it's never been more important to do more with less. And with your future on the line, you can't afford for inefficiencies to eat into your profits and squeeze your margins.



"Active funds, private equity, real estate and multi-asset funds are continually seeking an investment edge. And in an attempt to meet stringent investment demands, investment managers continue to expand across asset classes, regions, investment styles and multi-asset strategies to meet mandated return targets while maintaining designated risk parameters."

Source: EY, Why Customer Experience Should Matter More to Private Equity Firms, December 2020



67% of financial services leaders say their cost reduction initiatives have a high impact.

Source: FIS, Global Innovation Research, 2024

“Maximizing the cash available to the business has always been critical to the way private equity operates, as cash is much more valuable to a highly leveraged business than it is to a public company. Private equity portfolio companies are getting much more sophisticated about how they unlock trapped cash across all their operations and territories.”

Source: EY, How the Drivers of Private Equity Value Creation are Changing, May 2024

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Survival skill #3: How to lower your overhead

Modern technology empowers you to ditch the fragmented or manual systems that are draining your resources. In their place, you can establish an integrated front-to-back ecosystem of technology that simplifies and consolidates your IT to minimize your costs.

According to EY, “business simplification enables sustainable cost optimization,” making it critical to “build an efficient operating model that can scale effectively, embracing productivity and back-office automation.”³ Consolidation also allows you to seamlessly automate your processes and workflows to save even more money.

The private equity ecosystem adds value, too, by covering key requirements such as multi-investment accounting, data management and treasury and payments management – all critical to your firm’s operational and financial effectiveness.

Treasury in particular is becoming a much higher priority for private equity firms, with 45% of investment leaders saying that working capital and treasury management is the top strategic priority across their portfolio companies in the next year.⁴

Spiraling costs call for simpler, faster operations that help money work harder. In an optimal financial ecosystem, you can respond by consolidating your technology and turbocharging your processes with automation.

³ EY, Four Key Areas for Cost Reduction and Value Creation in Private Equity, March 2023

⁴ EY, CEO Outlook Pulse Survey, January 2024

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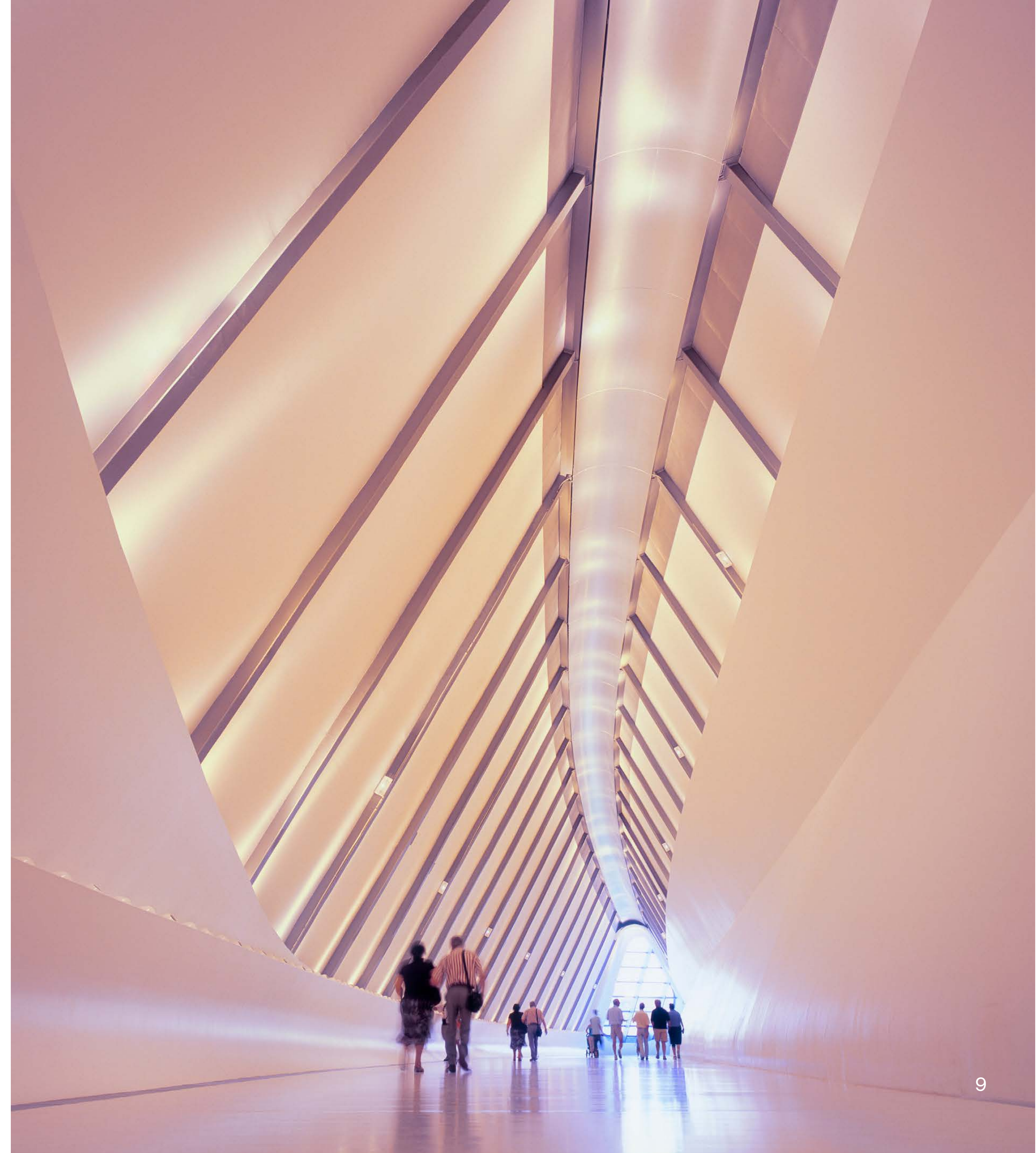
Unlock an optimal financial ecosystem ... with FIS Private Capital Suite

FIS® Private Capital Suite, formerly known as Investran, is an award-winning private equity fund accounting and reporting solution. It unifies data, automates even the most intricate accounting processes and integrates with an ecosystem of capabilities for investor onboarding, multi-asset investment accounting, treasury and payments and data management.

With Private Capital Suite, FIS has led the private equity technology market for more than 30 years. But we never stop innovating and giving GPs new ways to achieve competitive advantage, optimize investor relations and reduce costs.

We help you build an invincible foundation of fund operations from the front office to the back office and optimize your financial ecosystem. Now you can unlock more opportunities to make your investments work harder – and survive, compete and win in tough markets. Get in touch today to start driving growth from the ground up.

FIND YOUR UNLOCK



FIS Private Capital Suite helps optimize your financial ecosystem and ensure your investment strategies work harder.

Our **technology** powers the global economy across the money lifecycle.



Unlock seamless integration and human-centric digital experiences while ensuring efficiency, stability, and compliance as your business grows.



Unlock liquidity and flow of funds by synchronizing transactions, payment systems, and financial networks without compromising speed or security.



Unlock a cohesive financial ecosystem and insights for strategic decisions to expand operations while optimizing performance.

About FIS

FIS is a financial technology company providing solutions to financial institutions, businesses and developers. We unlock financial technology that underpins the world’s financial system. Our people are dedicated to advancing the way the world pays, banks and invests, by helping our clients confidently run, grow and protect their businesses. Our expertise comes from decades of experience helping financial institutions and businesses adapt to meet the needs of their customers by harnessing the power that comes when reliability meets innovation in financial technology. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500® and the Standard & Poor’s 500® Index. To learn more, visit FISglobal.com. Follow FIS on LinkedIn, Facebook and X (@FISglobal).



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