



White Paper

Private equity strategies need stronger fund operations

Unlock your operational performance to make investments work harder



The stakes are high in private equity. It's time to raise your game.

Private equity is attracting a broader base of investors and outperforming public markets. But growth rates are slowing, so you need to 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.

Although global assets under management (AUM) are now well over \$100 trillion and continuing to increase,¹ 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 high-teen – or even higher – returns that private equity routinely delivered over the previous decade.²

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

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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¹ Statista, RiskTech BuySide50, 2023.

² Pensions & Investments, Private Equity Is Past Its Peak, Warns Pulitzer Prize-winning Author, October 2023.

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.

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.

Prepare 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.

According to Chartis, "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."³

A move to the cloud is also critical. More than a quarter (26%) of leaders in financial services firms say that embracing cloud computing has a high impact on their business operations. And over 81% are confident that cloud and edge computing, along with robotics, will deliver the most business value compared to other new technologies.⁴

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With a robust, modern, cloud-based IT setup, you will increase automation and boost efficiency right 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.

The FIS solution

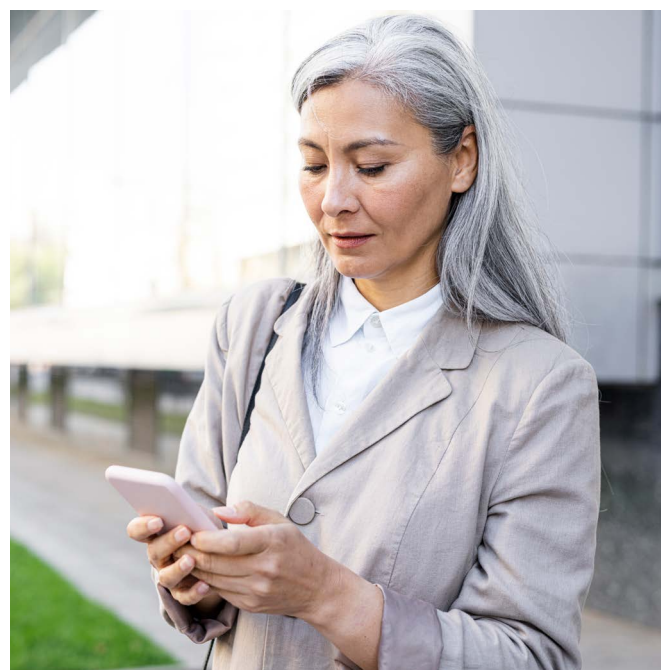
FIS® Private Capital Suite puts your firm on a fast track to super-efficiency and institutional credibility.

The award-winning private equity fund accounting and reporting solution, formerly known as Investran, 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 a user-friendly digital interface, our public cloud-native software is delivered as a service and provides the sophisticated functionality and highest levels of cybersecurity you need to win the market's confidence.

To enhance the suite, more solutions are now in development. In the future, for example, you'll be able to apply multiple changes instantly to complex fund structures. And you'll get the power to rapidly transform unstructured data with AI, for storage in a structured database.

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



3. Chartis, RiskTech BuySide50, 2023

4. FIS, Global Innovation Research, 2024

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.

"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."⁵

Step up 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.⁶ At the same time, AI is helping improve the investor experience. Fifty-eight percent of financial services leaders say their firms are using the technology to better understand customer preferences, while 48% are using it to tailor experiences to customers' needs.⁷

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.

EY says, "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."⁸

The FIS solution

To provide a strong investor experience, Private Capital Suite's digital investor portal aggregates, organizes and visualizes your data, allowing you to securely share insights and reports. For frictionless but compliant onboarding, the portal integrates easily with capabilities for ID verification, AML and KYC checks, and investor screening.

A front-to-back, cloud-based data management platform also allows you to easily integrate, access and interrogate data from every part of your organization, updated in real time. And if you need to quickly access your accounting data, you can grab it via a REST API – without logging into the accounting system.

The integrity of your data is another strategic focus. That's why FIS plans to also incorporate an AI-driven rules engine into Private Capital Suite to automatically detect, correct and close exceptions throughout the accounting and reporting process.

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

"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."⁵

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

6. EY, How the Drivers of Private Equity Value Creation are Changing, May 2024

7. FIS, Global Innovation Research, 2024

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



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.

"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."⁹

With 67% of financial services leaders reporting the high impact of cost reduction initiatives,¹⁰ it's never been more important to do more with less in private equity. And with your future on the line, you can't afford for inefficiencies to eat into your profits and squeeze your margins.

Start lowering 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."¹¹ 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.¹²

EY says, "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."¹³

The FIS solution

Along with Private Capital Suite's accounting solution, investor portal and tools for onboarding compliance checks keep costs down by accessing an ecosystem of integrated capabilities.

The ecosystem includes a multi-asset investment accounting system and a front-to-back data management platform. Additionally, it incorporates a SaaS-based treasury and payments management solution that helps you to streamline cash and capital management and manage capital calls, distributions, investments and expenses more efficiently.

Advanced functionality also in the pipeline will further improve automation and lower costs. Planned enhancements mean that when you record equity pickup, the results will instantly and completely cascade throughout your fund structure.

Plus, in an all-new development, we plan to release AI functionality to generate code for new types of accounting transactions, extending your accounting system without tapping the resources of your IT team.

Spiraling costs call for simpler, faster operations. FIS responds by consolidating your technology, turbocharging your processes and helping money work harder.

FIS' SaaS-based treasury management solution helps private equity firms streamline cash and capital management and manage capital calls, distributions, investments and expenses more efficiently.

9. Chartis, RiskTech BuySide50, 2023

10. FIS, Global Innovation Research, 2024

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

12. EY, CEO Outlook Pulse Survey, January 2024

13. EY, How the Drivers of Private Equity Value Creation are Changing, May 2024

Unlock an optimal financial ecosystem with market-leading solutions from FIS

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 to the back office and optimize your financial ecosystem. Now you can unlock more opportunities to make your investments work harder and beat 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.



Money at rest

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

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Money in motion

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

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Money at work

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](https://fisglobal.com). Follow FIS on LinkedIn, Facebook and X (@FISglobal).

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