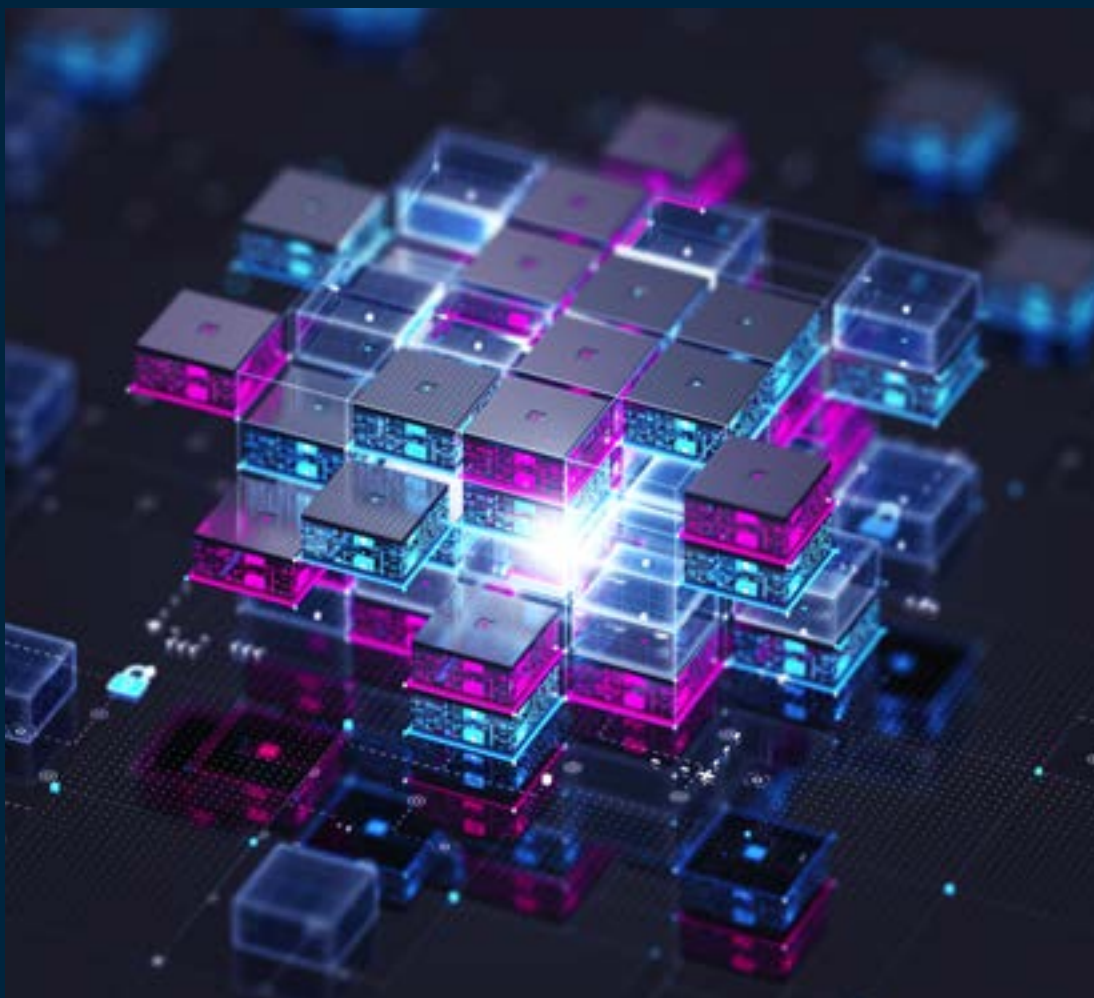




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INDUSTRY PERSPECTIVES

TRANSFORMING PRIVATE MARKET DATA

From Operational Burden to Competitive Advantage

INSIGHTS ON DATA MANAGEMENT STRATEGIES

Private markets have become a cornerstone of institutional investment strategies. As allocations to alternative assets grow, the complexity of managing the associated data has increased exponentially.

Chief investment officers, heads of private markets, and data and technology leaders from leading pension funds, asset managers and insurers joined us in Toronto for a discussion on private market data management and their shared approaches to addressing the hurdles unique to private market investments.

The conversation revealed an industry at a crossroads, balancing traditional manual processes against emerging technological solutions while grappling with standardization hurdles and integration requirements.

Key Takeaways:

- Manual data processes still remain widespread in private market investments, creating a growing operational liability as allocations scale
- Industry standardization efforts face a paradox — the firms that need data standardization the most often have the least capacity for implementation
- AI can unlock standardization, but only if firms start with defined, practical use cases
- Linking data initiatives directly to investment outcomes will promote adoption
- Successful data transformation is contingent on organizational alignment and executive sponsorship
- Firms gain a competitive edge when they treat data as a strategic asset, as data management capabilities increasingly replace investment selection as a key differentiator

The persistence of manual processes, failure of standardization efforts to gain traction and proliferation of technology make it increasingly difficult for firms to keep pace with the growth of the private market ecosystem. By embracing strategic data governance, targeted technology and AI adoption, collaborative standardization, and organizational alignment, firms can achieve a holistic, integrated approach to information management that enhances investment outcomes and confers competitive advantage.

THE PERSISTENCE OF MANUAL PROCESSES

Experimenting with Automation

Business leaders shared how the lack of standardized information delivery has created an operational burden and risk that technology has yet to address fully. Most organizations still rely on manual extraction and data processing from sources such as PDFs, emails and spreadsheets.

The desire for automation emerged as a key theme, yet implementation varied widely depending on organizational resources and leadership priorities. The overwhelming number of bespoke tools to collect and process data was another challenge.

Participants shared that their experiments with automation had delivered mixed results. Those furthest along reported success in processing roughly 25%-30% of documents using specialized tools, with emerging AI tools handling more complex documents. The more sophisticated investors aspired to automate 80%-90% of document processing.

On making data less fragmented, several spoke about the value of democratizing access to tools and data and self-service analytics. A holistic data model “useable by deal teams and the rest of the organization” can help firms work toward a total portfolio view and further bolster their automation efforts. The most advanced organizations noted that significant developments only occurred after their leadership teams prioritized data as a strategic asset rather than just an operational concern.

25%-30% of attendees reported that documents are processed using specialized tools and AI.

80%-90% is the aspirational automation target.

STANDARDIZATION PARADOX

Limited Progress Despite Industry Initiatives

The roundtable discussion demonstrated widespread awareness of industry standardization efforts but limited implementation success. While several participants were familiar with [recently released reporting standards from the Institutional Limited Partners Association \(ILPA\)](#), consensus was pessimistic about near-term adoption.

The large institutional investors who formally endorsed these standards estimated that only 30%-40% of their general partners comply with the recommended reporting practices. The gap is particularly pronounced among venture capital firms with constrained resources. According to multiple participants, approximately 85% of private market managers still rely on spreadsheets for critical portfolio monitoring and valuation processes, with sophisticated portfolio management tools primarily limited to the largest firms managing over \$8 billion to \$10 billion.

The tooling challenge creates what one attendee described as a “standardization paradox” — organizations most in need of standardized reporting (smaller managers) have the least capacity to implement it. Several participants emphasized that ongoing efforts need to consider implementation feasibility alongside theoretical completeness, suggesting that simplified or tiered approaches might achieve more meaningful progress.

85% of private market managers in our discussion still rely on spreadsheets for critical portfolio monitoring and valuation processes, according to our roundtable attendees.

ORGANIZATIONAL ALIGNMENT

A Critical Success Factor

A consistent theme throughout the discussions was the growing need to move beyond the traditional public/private divide toward a holistic portfolio view.

Multiple participants described using a top-down approach to integration that typically starts with board-level requirements, then addresses executive team needs, followed by investment decision-maker requirements. The consensus was that technical implementations should follow organizational alignment, not precede it.

Organizations newer to private markets highlighted the difficulty of developing a common language across public and private investments, noting that consistent terminology is a prerequisite for meaningful systems integration.

Asset class-specific metrics and reporting cadences have further complicated integration efforts, with multiple participants noting the tension between creating standardized views and preserving the unique metrics specialist teams value. For asset owners and insurers especially, alignment is not just an efficiency issue, there is also a prerequisite to fulfill fiduciary reporting obligations. The most advanced organizations reported developing parallel data models — one holistic and one asset class-specific — to address competing priorities.

The consensus was that technical implementations should follow organizational alignment, not precede it.

PLATFORM STANDARDIZATION

Too Many Choices, Tools, and Apps

Despite an “overwhelming” number of available tools that have created selection challenges, platform consolidation with cloud data warehousing solutions increasingly serve as the foundation for private market data management.

While several attendees expressed enthusiasm about AI tools enabling users to “converse with their data,” they also acknowledged significant prerequisites.

The most experienced technology leaders emphasized that data quality and structure must precede advanced analytics, with one participant noting they remain “too far from having sufficiently structured data” to leverage AI for portfolio monitoring fully. However, accounting applications appear more promising in the near term.

The consensus view suggested a pragmatic, incremental approach to technology implementation. Organizations reporting the greatest success focused on specific use cases rather than comprehensive solutions, starting with targeted automation of high-volume, repetitive tasks before attempting more sophisticated implementations.

While several attendees expressed enthusiasm about tools enabling users to “converse with their data,” they also acknowledged significant prerequisites.

DIVERGENT APPROACHES TO VALIDATION

Leading with Governance

Fee validation strategies highlighted fundamental differences in risk management philosophies. Some large investors described a targeted, risk-based approach, focusing validation efforts primarily on funds lacking independent administrators while questioning the return on investment for comprehensive verification services.

Others advocated for more systematic validation regardless of administrator presence, describing fee verification as an “insurance policy” against potential errors rather than a direct revenue generator.

This philosophical difference was correlated with organizational governance structures rather than size or sophistication.

The discussion illustrated an industry still defining best practices, with no consensus on optimal approaches. Several attendees noted they were experimenting with outsourced validation services but remained undecided about long-term strategies.

THE QUEST FOR MEANINGFUL BENCHMARKS

Performance Measurement Goals

Persistent challenges in establishing meaningful comparisons were attributed to inconsistent data availability, reporting lags and concerns about the relevance of anonymized benchmark constituents. Several attendees expressed interest in comprehensive peer databases but questioned whether they could achieve sufficient detail and consistency to provide meaningful comparisons.

The more sophisticated attendees described supplementing traditional benchmarks with custom peer groups constructed from their extensive networks. This approach provides greater transparency into benchmark constituents but limited comparability across institutions.

The benchmarking challenge appears particularly acute for more specialized strategies. Several attendees noted they must resort to public market proxies for newer or niche investment areas due to a lack of appropriate private market comparisons.

Without greater data standardization, benchmarks will remain fragmented, limiting transparency and comparability across the industry.

Multiple participants described using external providers for benchmark data while acknowledging significant limitations with these approaches.

MOVING FORWARD ON PRIVATE MARKET DATA MANAGEMENT TODAY

Key Recommendations

Despite the challenges identified, the discussions yielded several constructive recommendations for advancing private market data management:

1. Strategic Data Governance:

Organizations succeeding in private markets have elevated data to a strategic asset rather than treating it as an operational concern. This requires executive sponsorship and clear alignment between data initiatives and investment objectives.

2. Practical Technology Adoption:

The most successful approach is targeted implementation, addressing specific pain points rather than comprehensive system replacements. This allows organizations to demonstrate value and build internal support for broader initiatives, such as thoughtfully increasing automation or establishing the right performance benchmarks.

3. Collaborative Standardization:

While adopting formal standards remains limited, investors can drive standardization by collaborating on minimum data requirements and incorporating these into investment documentation. Several participants reported success with templates provided to managers during the due diligence process.

4. Targeted AI Integration:

Organizations should identify specific use cases for emerging technologies rather than pursuing general “AI strategies.” Document processing is a promising initial application, particularly for standard capital notices.

DATA MANAGEMENT DISPLACES INVESTMENT SELECTION AS KEY COMPETITIVE ADVANTAGE

The roundtable discussion revealed an industry actively pursuing modernization while acknowledging the significant challenges ahead.

Participants broadly agreed that competitive advantage increasingly stems from information management capabilities rather than investment selection.

The most advanced organizations will align organizational structure and investment philosophy with their technology approach, recognizing that effective data management requires a holistic perspective extending beyond specific tools to encompass people, processes and governance.

Organizations that align their data strategies with investment objectives will likely achieve outcomes more aligned with their strategic ambitions.

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