



Forecasting the Future to Win

SOLVE THE MODELING, CALCULATION AND FORECASTING
CHALLENGES FOR YOUR PRIVATE EQUITY ORGANIZATION.

Anaplan
Partner

Gold

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The technical challenges facing private equity organizations

Private equity firms have enjoyed strong performance over the last few years despite volatile markets, changing levels of risk and strict regulatory requirements. However, the near future will likely bring some evolutionary growing pains. There are more active private equity funds in existence than ever before, but the challenges for the sector are ubiquitous in a data-driven world.

Private equity firms need visibility across every variable that impacts their business and the flexibility to run “what-if?” scenarios to drive decisions and outcomes in real time.

Lionpoint partners with Anaplan to enable private equity firms to automate processes, integrate data and drive dynamic real-time updates to their calculations, modeling and forecasting.

The technical challenges facing private equity organizations:



SLOW UPTAKE OF NEW TECHNOLOGIES WITHIN THE PRIVATE EQUITY SECTOR

Software solutions available to private equity firms tend to address only parts of the business and have proven ineffective at critical areas like planning and modeling. Information lies isolated across customer relationship management (CRM), portfolio monitoring and investment accounting solutions, resulting in no “single source of truth” that takes into account all data from all sources. Instead, many Excel spreadsheets need to be refreshed manually to consolidate data and recalibrate the financial models that inform the firm’s decision making.

The Anaplan Total Economic Impact™ study by Forrester revealed a **324% ROI** over a 3-year period.

Source: Total Economic Impact™ of Anaplan, November 2019

The technical challenges facing private equity organizations:



LIMITED INTEGRATION CAPABILITIES WITH LEGACY SYSTEMS

New technology often requires complex, lengthy and expensive data builds to “talk” to existing or legacy systems and offer a unified data set. Data from fund administrators is often reported with a delay and little transparency to the general partner (GP). Managers end up spending a huge amount of time pulling data and incorporating assumptions from different systems into hundreds of Excel spreadsheets to analyze and model the data, and produce fund forecasts.

75% OF PE CFOs want their teams spending more time focusing on technology.

Source: EY 2020 Global Private Equity Survey

The technical challenges facing private equity organizations:



DATA MANAGEMENT

The absolute number of data points measured across funds has risen exponentially, leading to a massive data management challenge. From internal rates of return (IRRs) and equity multiples to waterfall and carry metrics, investment data needs to be tracked and reported. Legacy systems are incapable of dealing with the sheer scale of the data set. As a result, fund managers find themselves manually extracting data and working from spreadsheets. This Excel-centric approach produces an offline and siloed world, where information is isolated to a single process and can only inform a single question. This process repeats itself across the front, middle and back offices, creating barriers to information sharing and agile decision making.

“Enhancing processes and technology is a top strategic priority for our organization, to help drive innovation, efficiencies and organizational resilience.”

**JOHN FITZPATRICK,
CTO REAL ESTATE,
BLACKSTONE GROUP**

Anaplan: Orchestrating private equity performance with one platform

Business performance in the private equity sector requires cross-functional, continuous planning and is dependent on leaders to plot the right actions, pivot as conditions change and build organizational resilience.

Anaplan is the platform for orchestrating business performance, connecting critical operational drivers and financial outcomes across the business to drive growth, optimization, efficiency and continuity.

This allows you to move from offline, isolated, manually maintained data—and a high dependence on Excel—to a cloud-based, fully automated, scalable and collaborative solution.

How does Anaplan help evolve your current operating model?



ANAPLAN WORKS ACROSS YOUR ENTIRE BUSINESS

by connecting the front, middle and back office to create a line of sight for collaborative, agile and IT-independent modeling, forecasting and decision making. From portfolio monitoring, to track record and fund models, Anaplan provides a holistic ecosystem to support all facets of a private equity manager.

ANAPLAN CAN PLUG INTO ANY EXISTING ECOSYSTEM

via its flexible data model and calculation engine, connecting and unifying your CRM, portfolio monitoring and investment accounting solutions to empower the entire organization with a single data ecosystem.

ANAPLAN COMPLEMENTS YOUR EXISTING TECHNOLOGY OPTIONS

as it integrates with your existing, foundational systems and combines traditionally offline data sources, such as Excel. Anaplan enhances data through forecasting and sensitivity analysis to track the projected risk and return profile of your investments.

ANAPLAN IS A CLOUD-BASED, SCALABLE DIGITAL PLATFORM

that sits across your core systems and provides a centrally connected source for all planning, forecasting and modeling. Anaplan provides a simple user interface with familiar Excel-like functionality. Internal and external teams are able to collaboratively access the software and make data-driven decisions in real time.

CASE STUDY

Fund performance forecasting

THE CLIENT

Investment management firm with \$15+ billion AUM

THE CHALLENGE

- No visibility into the forecasted performance of the fund and the calculated carry.
- Variable cash flow models made it difficult to forecast returns for different investments.
- Inability to run “what-if?” scenarios to see the impact on fund performance.

THE IMPACT

- Fully projected returns through fund maturity.
- Attribution of return by investment, deal and strategy.
- Sensitivity control across any level of the investment book, e.g., strategy, industry, subordination level, etc.

CASE STUDY

Track record

THE CLIENT

Investment management firm with \$550+ billion AUM

THE CHALLENGE

- Time-consuming preparation and management of quarterly track record for credit fund assets, cash flows, returns and credit facility balances/interest payments.
- Manual management of lookup tables for transaction types, P&L accounts, deals, assets and funds across each of 20+ Excel models.
- Outputs of model were key inputs to quarterly firm-wide reporting, investor relations and management deliverables.

THE IMPACT

- Full transparency into the return profile for all realized and unrealized return information.
- Calculation of IRR, MOIC, MOE and P&L at any point in time within the fund's life cycle.
- Ability to calculate ad hoc returns across different cuts of investments—by country and industry, for example.

CASE STUDY

Waterfall automation

THE CLIENT

Investment management firm with \$40+ billion AUM

THE CHALLENGE

- Cumbersome process to gather and aggregate contributions and distribution data from Investran and calculate preferred returns, carried interest and hypothetical distributions.
- The client desired a wholesale redesign of waterfall calculations and data architecture.
- Too much time spent gathering and validating information and not enough time analyzing.
- Difficulty in modeling new deals without time-consuming Excel setup processes.
- The client needed assistance in translating and simplifying limited partnership agreement (LPA) terms into a consolidated model with greater accuracy.

THE IMPACT

- Fully automated calculation of preferred, catch-up, split and final returns.
- Carry calculation on an actual and forecasted basis.
- Full shadow for fund administrator distribution calculation.
- Management fee calculations based on varying fee bases.
- Capital spread reporting for LP capital balances.



Transform your operating model with Anaplan and Lionpoint

Lionpoint Group is a global consulting firm with market-leading expertise and experience to help private equity firms gain operational and technology efficiency. We help our clients transform their operating models and successfully select, implement, enhance and integrate innovative technology solutions throughout the front, middle and back offices.

Lionpoint is a global Anaplan Gold Partner. Gold-tier status recognizes a partner's ability to drive high-value transformation and deliver exceptional customer success. Lionpoint's expertise with Anaplan includes its own IP in the implementation and integration of Anaplan's technology into existing technology systems of client organizations. Industry-specific Anaplan models address company budgeting and forecasting, investment, fund and waterfall modeling, and other key areas of the investment life cycle.



Start the conversation with Lionpoint

GET IN TOUCH FOR A CONFIDENTIAL CONVERSATION TO DISCUSS YOUR ORGANIZATION'S CIRCUMSTANCES.

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The Anaplan solution is dependent on the organization's strategy and existing technology stack.
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