



**Alpha**

**Alternatives**

Formerly Lionpoint Group

# Evolution of CRM at General Partners

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# Evolution of CRM at General Partners

## 10 YEARS OF STAGGERING GROWTH

Over the past decade, the private markets industry has experienced tremendous growth and transformation. As General Partners (GP's) diversify their strategies and venture into new stages of a private company's lifecycle, the need for more sophisticated data management and data capture through CRM has become paramount. In the last 10 years alone, private market performance has surged, with aggregate global buyout deal value increasing four-fold and assets under management growing six-fold since 2012.\*

## SOPHISTICATED TECHNOLOGY SOLUTIONS ARE NEEDED

As deal flow and fundraising pipelines expand, GPs face increasing challenges in managing their operational capabilities, demanding that technology used to oversee investments and operations evolve. CRM tools have become indispensable for private market firms and venture capital firms, as they track origination and deal flow, manage due diligence processes, monitor portfolio companies, and handle investor relations.

\*Source: Bain Private Equity Survey 2022 2) S&P Global Intelligence survey

## CHANGE AHEAD ASKS FOR A NEW TYPE OF EDGE

The competitive edge of private market firms has traditionally been built on the quality of their relationships and their expertise in deal-making and investor relations. However, technology is transforming the industry, demanding continued evolution and ever more sophisticated data capture methodologies, relying less on the individual investment professional to 'just know'. GP's are acknowledging this shift towards a central knowledge hub, with more than half of private market firms using or planning to use next-generation data and analytical tools, including artificial intelligence in the near future. The emergence of large language models such as OpenAI's ChatGPT in the past year is further fueling digital transformation, as these tools, intelligently connect vast sets of information to provide insights in a conversational setting. This backdrop makes the need for centralized and high-quality data capture & management through CRM systems more pressing than ever, as data volumes continue to grow exponentially.

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*The surge in digital transformation demand has led to an explosion of CRM options for GP's in private markets. Alpha Alternatives identifies three key trends: the need for tailored CRM solutions, the importance of a centralized data capture approach, and the emergence of intelligent systemization through large language models. Embracing flexible, integrated, and specialized CRM solutions is crucial for future-proofing a GP's business model in the evolving technological landscape.*

STEFFEN ELLE,  
DIRECTOR

# Explosion of CRM Solutions for General Partners

## EXPLOSION OF CRM CHOICE FOR GP'S

This escalating demand for transformation has driven the development of a multitude of CRM options for GPs in private markets, spanning from specialized solutions focused on distinct functions to comprehensive platforms that tackle multiple use cases within a firm across front and middle office.

### Alpha Alternatives Viewpoint

In recent years, Alpha Alternatives has observed three trends in the CRM landscape for private market firms:

- 1 Solutions with specialization by function for front office teams
- 2 The emergence of “walled garden” platforms that tightly control data and integrations
- 3 Solutions that are expanding horizontally, providing options for both front and middle office applications.

As GPs continue to navigate this rapidly changing environment, the need for tailored CRM solutions that offer flexibility, integration capabilities, and support for specialized functions will become ever more crucial to success.

To future-proof a GP's business model, it is becoming unavoidable to embrace a centralized data capture approach that is compatible with ever growing technological advancements.

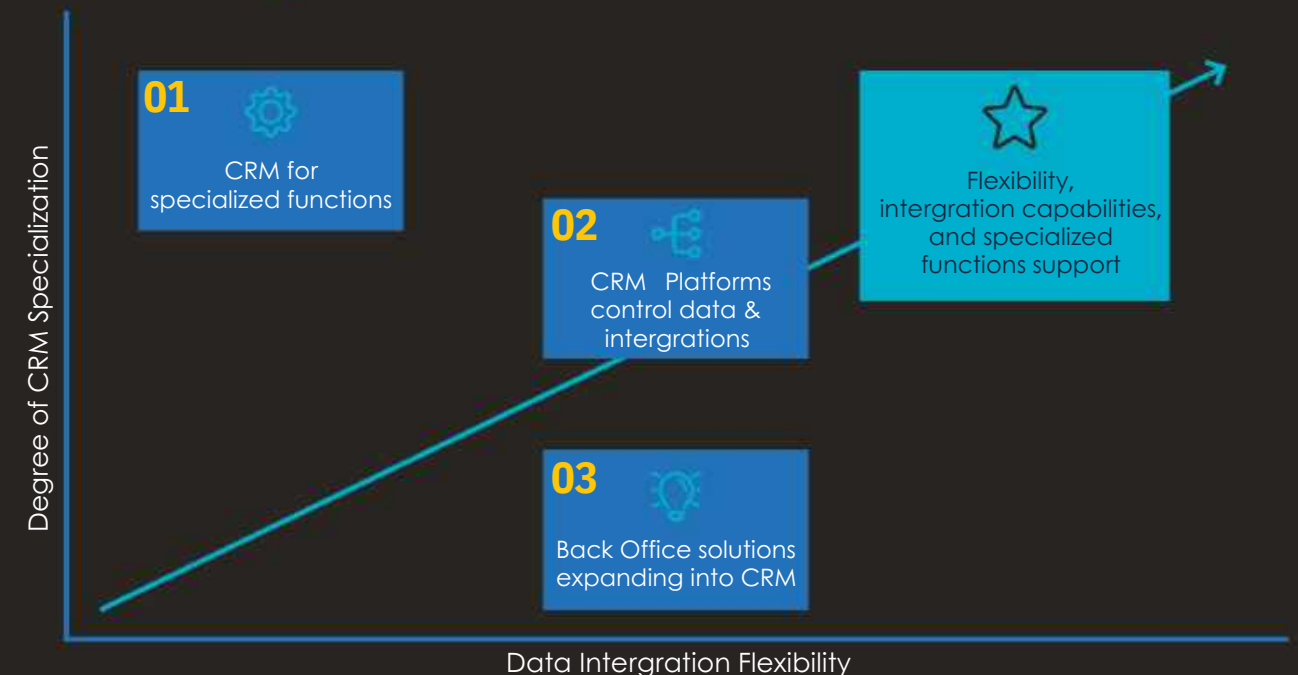
The new horizon of Intelligent systemization of data by machines, necessitates the preparation of data to tap into the potential of emerging large language models (LLMs), which are on the cusp of revolutionizing digital transformation by intelligently linking vast datasets to provide insights through conversational interfaces. This

necessitates advanced data capture techniques and a resilient data architecture specifically designed for central information collection and seamless integration into Machine learning models, ensuring efficient data ingestion, processing, and collaboration across diverse sources and systems.

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*In the evolving digital landscape, GP adoption of various CRM solutions has led to unintended consequences. The use of multiple disparate systems creates inefficiencies, reduces productivity, and hampers cross-functional collaboration. This results in challenges such as data inconsistencies, operational complexity, and a negative impact on critical areas like investor satisfaction and fundraising. Recognizing these issues, GP's are re-evaluating their CRM and Data Management approaches for sustainable growth.*

**STEFFEN ELLE,**  
DIRECTOR




# Disparate CRM Systems are creating challenges with data management

## EAGER ADOPTION WITH LACK OF COORDINATION


GP's in the private market space are faced with different type of CRM solutions to chose from – as explored in the previous section. Eager adoption of digital tools in the recent past has often times led to a lack of coordination and implementation of multiple disparate systems at GP's, resulting in inefficiencies, data inconsistencies, and difficulties in harmonizing information across teams and functions.

## CORE PAIN POINTS

Alpha Alternatives' CRM team has recently been hearing of numerous pain points associated with the use of disparate CRM & front office systems, including:

 Unnecessary operational complexity

 Reduced productivity

 Lack of trust in data accuracy

 Data silos

This ultimately leads to wasted time and loss of productivity across teams as they manually transfer data between systems, waste time communicating with team members on the hunt for information and navigate multiple platforms for different data. Additionally, questions of data ownership within a firm arise, making it challenging to identify the owner for a given dataset. Multiple systems also incur costs for licenses and personnel, increased security risks, and do not scale well as a GP grows. All leading to overall slower decision- making processes impeding business growth.

## UNINTENDED CONSEQUENCES

The challenges presented by disparate systems are an unintended side effect of the initial wave of digital transformation that GP's have undertaken in the past 5-10 years. The use of multiple systems for managing different aspects of front office operations, such as CRM systems for tracking client interactions, portfolio management systems for tracking investments, and separate reporting tools for generating reports for investors, has led to inefficiencies, data duplication, and inaccuracies.

## RESULTING CHALLENGES

As cross-function collaboration becomes ever more important; challenges are on the rise in areas such as



Tracking pipelines across different teams or investment strategies as they operate on separate CRM systems



Difficulties in obtaining quick answers on current investment portfolio or fund performance



Uncoordinated outreach to prospects & clients by different teams



Management lacking or delayed view of deal origination efforts and fundraising due to data silos



Front office investor relations lacking quick access to key LP performance indicators



Cross-collaboration on co-investment opportunities

These obstacles are now putting past advancements made in digital transformation at risk, impacting investor retention rates, investor satisfaction scores, growth in fundraising & deal execution, costs of LPs acquisition & deal discovery. Suppressing a fund's overall Return on Investment. This is prompting GPs to reassess their CRM and Data Management approaches.

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*In the swiftly evolving business landscape, GP's are redirecting their attention to reassess their front office technology stack and CRM tools. They aim to enhance data management strategies and are actively seeking guidance on comprehensive data management approaches*

**MICHAEL TRACEY,**  
SENIOR PARTNER

# An evolved approach to CRM is necessary

## DEFINING A FUTURE PROOF DATA & CRM STRATEGY

In a rapidly changing business environment, GP's are shifting their focus towards re-evaluating their front office technology stack and CRM tools for better data management strategies. The subsequent sections delve into solutions for emerging challenges in the GP landscape with the help of CRM and Data. They discuss the significance of future-proofing operations, the benefits of embracing a cross-functional approach, and the necessity of finding an optimal balance between specialized downstream systems and a centralized CRM for information access.

## ALPHA ALTERNATIVES NOTICES A SHIFT IN TECHNOLOGY CHOICE

Alpha Alternatives is observing that GP's are increasingly interested in reassessing their front office technology stack and CRM tools, seeking guidance on overall data management strategy. GPs now aim to reconcile the need for function specific data capture with the necessity of centralized information gathering and oversight for management. A sophisticated CRM setup that connects sales, marketing, client/investor servicing functions and fund products with relationship intelligence and reporting capabilities, supported by a robust, centralized distribution architecture and data warehouse, will help address these needs.

## THESE NEW SET OF CHALLENGES CHANGE THE PREMISE OF CRM

A suitable CRM solution in this evolved GP business environment should address the new set of challenges by reducing the number of disparate systems and siloed information. It should mirror the overall business data architecture, allowing employees quick access to information across the business, promoting collaboration and accountability. The CRM should allow input and offer a quick snapshot of business-relevant information across front office functions, providing decision-makers with the data they need to make informed decisions. While providing guardrails on access, adequate to an employee's role.

## FUTURE PROOFING OPERATIONS

Future proofing front office collaboration will succeed by acknowledging that different workflows and processes across GP functions are becoming increasingly intertwined. The secret sauce lies in recognizing the efficiency and quality of the operations of individual front office functions all impact each other. Successful Deal execution, Portfolio Exit and Investor Servicing will impact future fundraising, which in turn affects the amount of AUM readily available to invest in quality companies. Successfully achieving this balance may involve integrating separate systems or implementing unified platforms. However, the rise of niche solutions and proprietary platforms can complicate matters, making it essential to find the right balance of customization and integrability.



*In an environment where business dynamics are constantly evolving, General Partners are pivoting to refine their CRM and front office technology to enhance data management and operational resilience. Embracing a cross-functional CRM strategy that facilitates seamless information flow and aligns with overarching business objectives. This is critical for future-proofing operations and maintaining a competitive advantage.*

**STEFFEN ELLE,**  
DIRECTOR

# An evolved approach to CRM is necessary

## A UNIFIED APPROACH TO CRM AND DATA HAS POSITIVE IMPACTS IN GP OPERATIONS

By adopting a comprehensive approach to data collection and management, private market firms can enhance their operational efficiency and gain a competitive edge. A centralized approach for often queried front and middle office data can provide a quick snapshot of information via CRM such as investment portfolio performance, valuation or investor balances and transaction data points. Establishing a go-to hub of information within the business

that connects the wider organization and outlines ownership of certain data points will reduce communication bottlenecks.

### CAVEAT

The authors acknowledge that CRM should not replace many specialized downstream systems, however argue for a centralized and streamlined approach. Each CRM solution and downstream system has its place, but how they communicate with each other, and information is surfaced for the wider business will define success. An over reliance on disparate systems will lead to inefficiencies.

## MAXIMIZE DATA FLOW ACROSS FUNCTIONS

Establish a single place for investor & deal/investment information to ensure data quality, consistency and information sharing

Enable Deal Team Information discovery without manual data capture

Remove duplication of effort

Support Investor Relation teams workflows across different systems

Automate actions wherever possible

Drive efficiencies across Deal Teams, Fund Raising and Investor Relations

## FLY WHEEL OF CENTRALIZED GP FRONT OFFICE DATA

### ENABLING SHARED INSIGHTS ACROSS FUNCTIONS

Relationship Intelligence

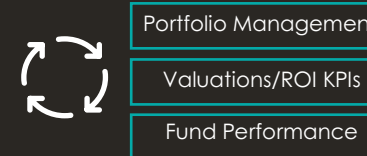
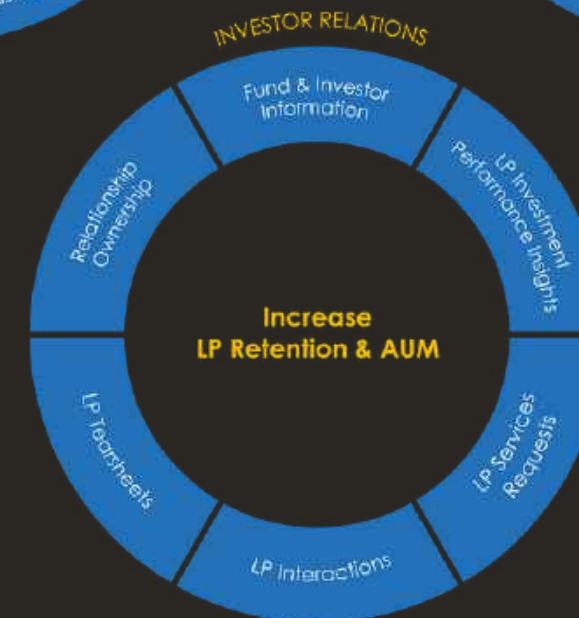
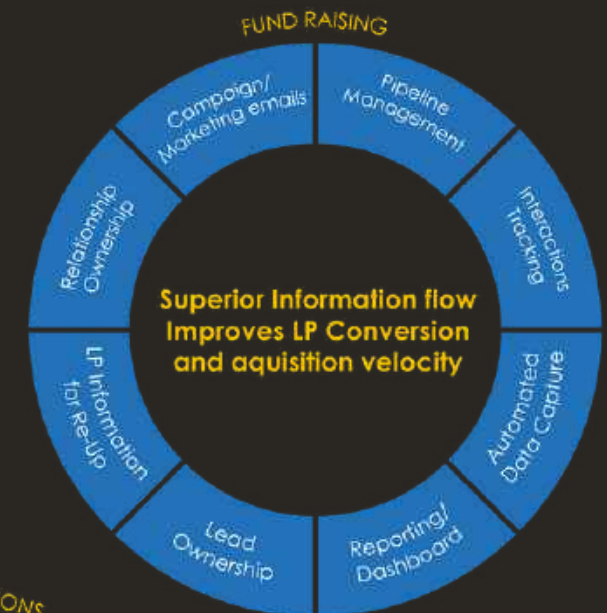
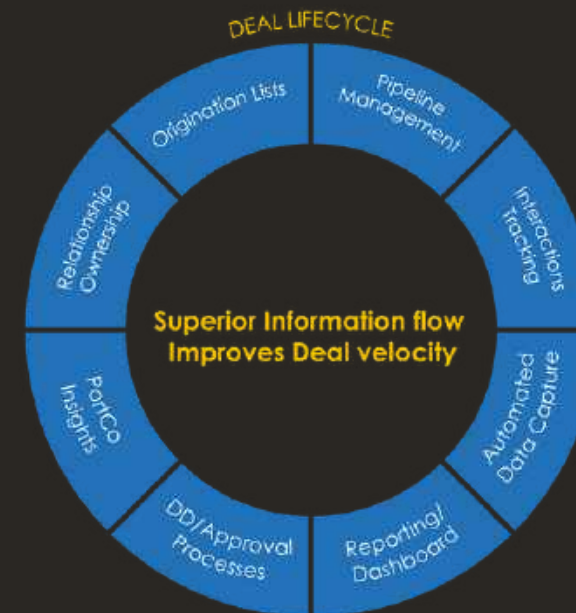
Pipeline/ Co-invest tracking

Reports – Cross Functional

Data Ownership

Fund Information

Fund Performance



The CRM flywheel is accelerated by leveraging downstream data sets

# The path to successful encompassing data capture

## APPROACH

As GPs contemplate their future approach to data capture and its application within the business, it is vital that the existing technology stack is re-evaluated and a future proof data management strategy is applied, providing employees frictionless access to information. It is of the utmost importance that this strategy is tailored to align with a GP's mission statement and unique differentiators, as these factors will influence the underlying data model and extraction of key metrics that directly apply to the fund's investment strategy and USP. CRM will most likely play a pivotal role in supporting this future state and provide employees an entry point into a firm's diverse information and further ensure that data is organically kept up to date.

## A SCORECARD TO HELP IDENTIFY NEEDS

GPs can take a first step towards such a solution by assessing themselves against critical needs that will drive success in their CRM approach:  
Subtitle

GPs can take a first step towards such a solution by assessing themselves against critical needs that will drive success in their CRM approach:

- Current state of data centralization/disparity
- Interoperability between systems
- Integration of custom business processes
- Expected future scalability needs
- Cross-functional reporting capabilities
- Data security measures
- Automation features
- Are relationship intelligence needs met
- Sufficient In-house or vendor support.

This will help identify entry points for immediate measurable impact on reducing friction within teams

## DETERMINE THE APPROPRIATE LEVEL OF INTEROPERABILITY

The outcome of this self-assessment will help GPs identify the appropriate level of interoperability and integration between their existing systems and third-party data sources. Solutions should be tailored to each firm's unique business model and operational style. There are several possible integration options to help improve on the dimensions mentioned above:

1. Reducing the number of systems & CRM solutions in use across the firm
2. Implementing direct point-to-point integrations for business-critical data
3. Centralizing data via data warehousing solutions, where key data streams are mastered to provide a single source of truth to the business.

### 01

#### Reducing CRM Complexity

- Assess CRM systems for redundancy & consolidation potential
- Onboarding teams of similar function on to a shared CRM tenant
- Improves data consistency and accuracy
- Lowers IT costs and complexity
- Enables collaboration for cross function workflows.

### 02

#### Point-to-point Intergrations

- Tactical consolidation of business-critical information that may live across different systems
- Introduces standardised synchronisation approach across CRM systems with less data engineering needs
- Ability to utilise preconfigured connectors that further simplify system intergration.

### 03

#### Data Centralization

- Provides a single source of truth for data points across functions
- Central location for all data tables and BI reporting sources
- Utilises relational databases to enforce consistency and data integrity
- Solidified data architecture supports scaling of additional data pipelines
- Future Proofing for technology advancements via centralised source for data.

## No Size fits all

Recognizing that no one-size-fits-all solution exists, GPs should consider their specific needs and the size of their organization when determining the best course of action. There are situations where a out of the box specialized CRM solution is the right fit for a specific investment strategy, or low maintenance requirements dictate the use of a platform solution.

Alpha Alternatives has found success with a holistic approach that helps GP's determine the right mix. Alpha Alternatives' approach typically involves the following steps:

- Assess current CRM/system architecture
- Rationalize technology stack, consolidate/eliminate excess CRM systems
- Determine robust data model for front office operations
- Consolidate into fewer efficient platforms, integrate/connect CRMs with data architecture
- Optimize/streamline data capture in effective systems
- Centralize data across systems in a central data warehouse
- Utilize efficiency gains from integrated, centralized data for real-time reporting & customized dashboards.

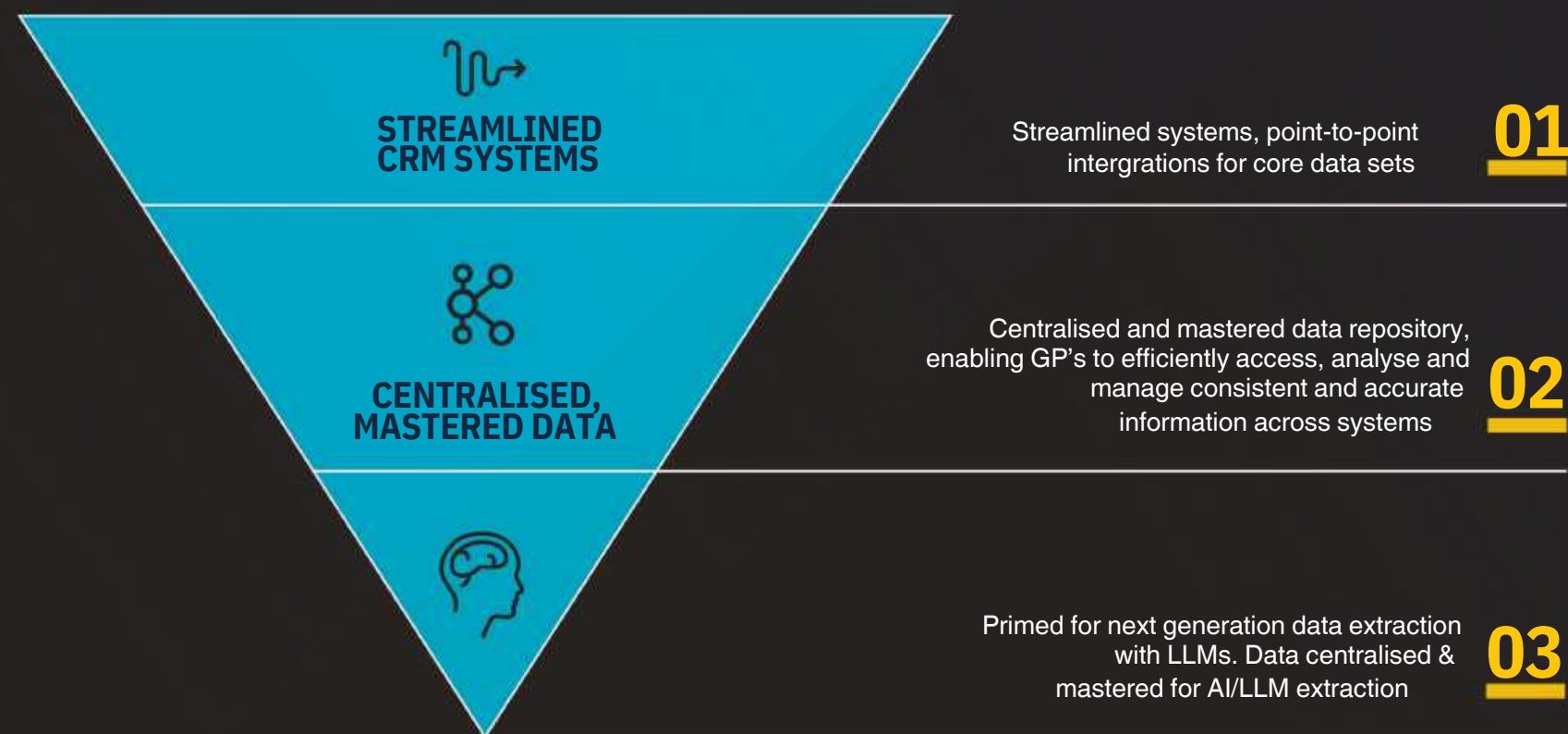
Such an approach ensures that all relevant information is accessible and actionable, leading to better decision-making and overall business performance

# Conclusion

Strides have been made in private markets in recent years to successfully combine scattered data into systems that simplify information access for different business functions. As technology evolves the digital transformation journey will continue. It becomes evident that a major challenge for GPs has emerged from data silos, caused by disconnected systems across the organization.

When systems are synchronized, optimized, and change management is effectively implemented, the business benefits from an easily accessible, and user-friendly data environment can be substantial. This well-integrated infrastructure enables users to easily maintain data accuracy and consistency, resulting in enhanced overall data quality and reportability for the business. High-quality data capture and management through CRM systems is crucial in preparing businesses for next-generation data extraction and organization capabilities, ensuring a solid foundation for leveraging advanced tools. Having data centralized and mastered, organizations are taking the first step towards future proofing their data capture capabilities and will be ready to effectively utilize large language models (LLMs) and artificial intelligence (AI) to extract valuable insights and automate processes even further as this technology advances. This next step in digital transformation of a well-structured data environment will enable businesses to stay ahead in the competitive landscape, driving innovation and growth through cutting-edge data-driven decision-making.

## FUTURE OF CRM DATA CAPTURE







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