

## SELECTING A PRIVATE EQUITY SYSTEM – AN INSIDERS VIEW



SunGard has completed over 300 successful implementations over it's 12 years in the private equity industry.

The motivations for investing in a software solution to support your private equity business are many:

- Operational efficiency
- Greater compliance
- New regulations
- More scrutiny from investors
- A constantly evolving investment strategy

That doesn't make the challenge of picking the **right** system and getting it successfully implemented any easier.

- There are many vendor solutions with seemingly little to differentiate them
- It's hard to be sure of system capabilities based on demos and workshops
- The consequences of failure are high
- The time to evaluate is limited
- There are many stakeholders, each with their own needs.
- The opinions of your peers and industry associations are often contradictory

Here is a [twelve step guide](#) to consider when deciding to centralise your operations from an insider's point of view.

### The Software



1

Decide what you really need to achieve with the system and what would be just nice to have. From experience, the real needs are:

- **Reliable numbers:** Reliable, trusted and accessible from a single source
- **Improved operational efficiency:** Free up your scarce resources to improve your operations, and effectively do more with less
- **Quicker response** to requests for information, both internally and from investors
- **Better management reports,** especially the ability to create custom reports as required



2

**Define possible future needs.** Consider strategies your firm could move into such as real estate, distressed debt, or maybe overseas operations? Future-proof your installation.



3

Use demos and RFPs at this point as a tool to help narrow the list of possible vendors. Done rigorously, you will be surprised how few vendors you have left at this point.

*Now that you have established which solutions can meet your functional needs, it is time to consider other factors that are probably more important in deciding whether you will achieve your goals.*

## The Company

**THE COMPANY YOU DO BUSINESS WITH IS AT LEAST AS IMPORTANT AS THE SOFTWARE YOU CHOOSE. HERE ARE FOUR WAYS TO ENSURE YOU FIND YOUR IDEAL PARTNER.**



4

**Has each vendor run your actual data through their software, so that you can observe how the system would work in real life?** Although this may be difficult and time consuming for the vendor, it will help you identify those that are committed to the success of your business. This will also help you identify any weaknesses in the solution that may have been avoided in the first demo. It will also help you determine how well they have understood your needs.



5

**Assess the vendor teams.** Can they answer your questions at the meeting or do they constantly have to get back to you with answers from the home office? Your business deserves the best. If the vendor does not inspire confidence during the sales process, it may be a warning of things to come.



6

Ask them to let you speak to a number of reference clients that are similar to your business. Every vendor will tell you that they have many happy clients. **Put each vendor's word to the test.** If they have as many referenceable clients as they claim, they should be able to provide you with relevant references in a timely fashion. If they cannot deliver on this promise, you should have concerns.



7

**Consider the stability of the vendor you may select.** Three of the major private equity software providers have been taken over in the past five years, while one is undergoing rapid growth and trading at a loss. A private equity platform is a major investment. Do your due diligence on the vendor company as you would with any investment. Be sure that the vendor you choose is financially stable and not likely to undergo major changes that could impact your business.

## After Purchase

BEFORE YOU SIGN A CONTRACT, TRY TO GET A FEEL FOR WHAT THE COMPANY WILL BE LIKE TO WORK WITH AFTER YOU HAVE SIGNED ON THE DOTTED LINE.



8

**Does the vendor you are considering have a credible plan for implementation, fully outlined with costs?** You should be very skeptical of claims that clients have gone live in “weeks”. Implementations are a serious undertaking and vendors that are not attentive to the period between contract signature and go-live are likely to have higher failure rates. Check the resumes/CVs of the team who will be working on your implementation to make sure the project lead has ample experience to make your project successful.



9

**Check the depth of capabilities available** to ensure there is a **deep enough set of skills to support your project**, even if someone on the team should leave. Ask the question, “How many people do you have on your team with more than three years experience with the system?”



10

**Will the vendor add value to your implementation by giving best advice on how to approach difficult decisions** that need to be made in the process or do they leave you to fend for yourself? Do they have the experience to help you get those decisions right?



11

**What follow up on support do they provide for existing clients?** User groups, training sessions and on-site services all help you to get the most from your investment and ensure the system doesn’t become a white elephant.



12

**How can the vendor mitigate your own risks?** Many firms can only devote one or two people to a software implementation so there is significant key person risk. Ask how the vendor can support you if something goes wrong on your side.



## Conclusion

Despite the considerable benefits that investing in a system can bring to many private equity firms, the perceived costs and the risk of failure leave many to put off the investment until it’s absolutely necessary. Sadly, the longer the decision is delayed, the greater the challenge in making the move as the largest part of any implementation is usually migrating historical data.

Selecting the right system is as much about choosing the right partner as it is about picking the right software. Software is continually evolving so whatever you choose today will look very different in only a few years. In that case it is much more important to pick a vendor which demonstrates commitment to helping you achieve your goals now and in the future.

## Investran-at-a-Glance

- Over 300 successful customer implementations in 19 countries
- Expertise in implementing private equity systems for 12+ years
- Part of SunGard since 2005, and has been stable and profitable since 1998
- Over 140 employees with collectively the most experience of any technology provider in the private equity space
- Average employee tenure: 5+ years at Investran
- Ongoing support after the sale including:
  - account management
  - extensive training programmes both online and in-person
  - user groups organised by client type in multiple locations



Awarded **Software Provider of Year in 2009** by Private Equity News

### Key Components:

- Front-office portfolio and investor relationship management
- Centralised portfolio and partnership accounting and reporting system
- Web-based investor relations and portfolio monitoring tool