INSIGHTS

SUPPORTED BY: Arcesium

MARCH 2025



ON THE RADAR

DATA TAKES CENTRE STAGE IN PRIVATE MARKETS

EXECUTIVE SUMMARY

Gone are the days when private markets were characterised by low volumes of slow, bespoke investments, with multiple expansion strategies playing out over long holding periods.

The market has evolved. The investor base has diversified, from institutions to wealth and families, and in some cases down to retail. New global centres of capital are emerging. Portfolios are made up of a diversity of products and asset classes, playing out over varying timelines. Operational value creation and bottom-line forecasting are more critical than ever. And in the backdrop, the reporting regime is intensifying – under pressure from regulators as well as an increasingly sophisticated suite of investors.

The parallel has been drawn with public markets – a comparison that, though not without its heavy-handedness, rings true in many respects. Most notably, the two investment paradigms are converging in their approach to, and use of, the most valuable commodity of the 21st century – data.

In section one of this report, we paint the big picture on the use of data across the private markets landscape – and how it differs across firm sizes, profiles and investment strategies. We also explore attitudes and expectation around future developments in this space.

Section two dives deeper into the most data-rich elements and functions across the private investment lifecycle, the biggest challenges being faced when it comes to implementing technology, and the secret to unlocking adoption – both within firms and across the industry as a whole. Also hear from our report partner, Arcesium, on the imperative to move beyond the spreadsheet – a big thank you to them for their support and expertise.

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METHODOLOGY

The data presented in this report is based on a survey of 100+ private markets fund managers. Data was collected over the course of Q1 2025 from senior leadership and C-suite respondents across North America, Europe, Asia Pacific and other key geographies.

Survey analysis is complemented with qualitative interviews with senior leadership at top-tier PE firms, alongside knowledge and insight aggregated from a range of media, news and research resources – including Bloomberg, Reuters and the Financial Times.

46% of firms classify their use of data across their operations as ‘advanced’ or ‘sophisticated’

33% of firms use advanced analytics most for research and origination, while a fifth do so for portfolio management

85% of private credit managers use data for risk management – far more than any other asset class

42% of firms say data unavailability/opacity is the biggest challenge when it comes to the use of data in private markets

THE BIG PICTURE

Firms with varying sizes and strategies will leverage data in unique ways – but the overall direction of travel is trending towards more data sophistication

For a conventionally analogue, bespoke industry, private markets appear to be making notable strides when it comes to using data across operations – and their portfolios. According to Private Equity Wire's Q2 2025 survey, nearly a third (31%) of firms classify their use of data in their day-to-day as 'sophisticated', while another 15% classify this as 'advanced' (see Figure 1.1).

Still, the majority (47%) are still developing their data management strategies – working through a number of challenges that we explore in more detail in section two of this report – while the remainder remain behind the curve.

No two firms are alike – particularly in the private markets landscape – and this is apparent when examining the use of data across firm profiles. Larger firms ($5bn+ AUM), for instance, are much further along their data journeys than their smaller counterparts. And strategies that are data-intensive, such as secondaries, have sparked more progress than traditional buyout models, and even private credit.

EVOLVING IN TANDEM

Market trends could go a long way in explaining these nuances. Larger firms, for instance, are likely to have a much wider pool of investors, and one upshot of the fundraising squeeze of recent years has been accelerated LP

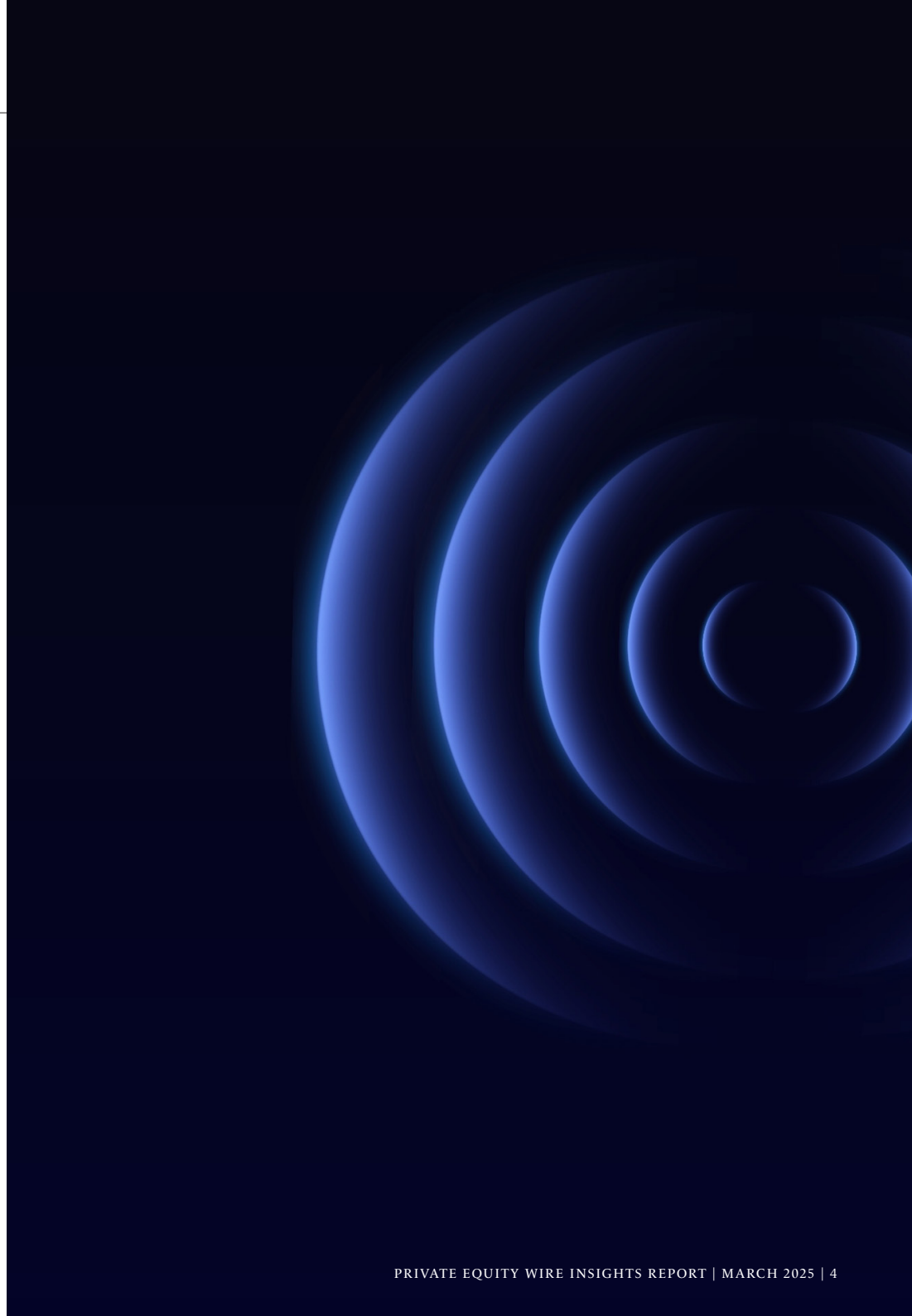
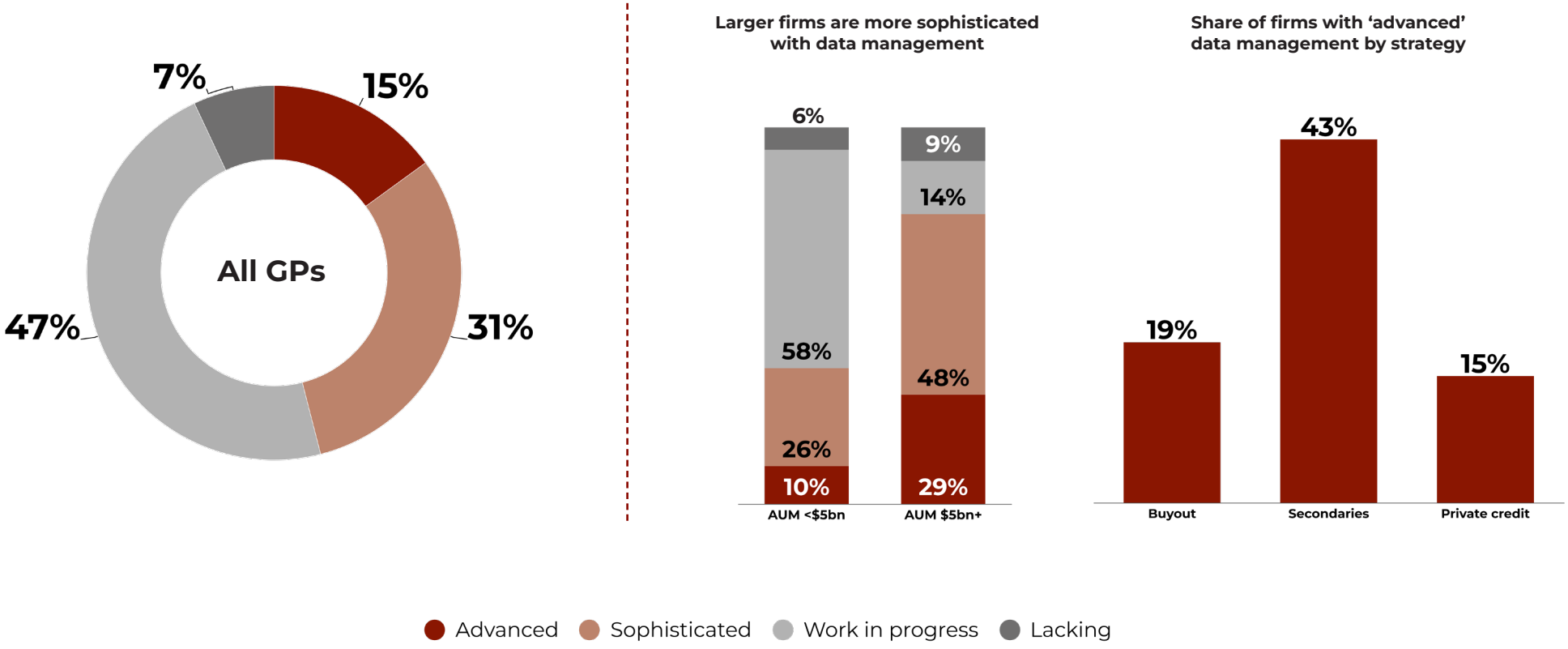
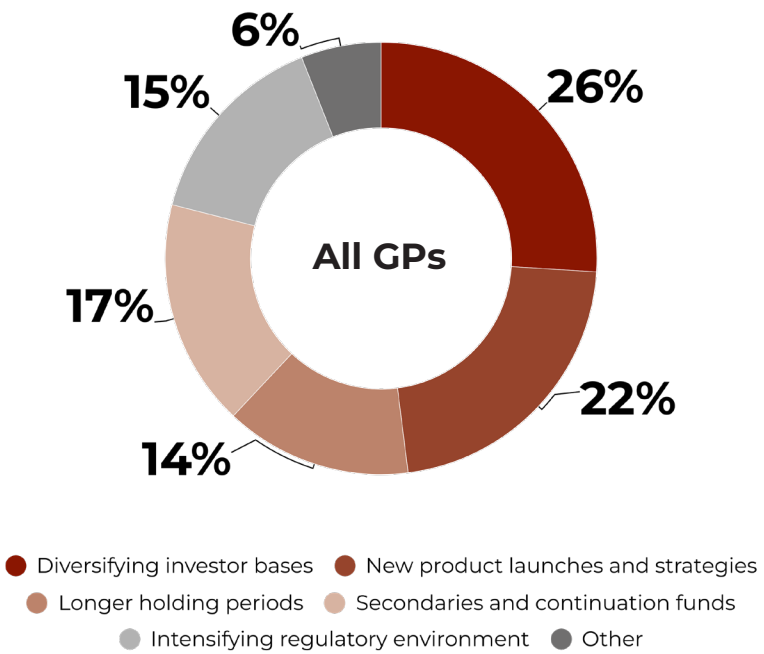


Figure 1.1 Firms' assessment of their data management in day-to-day operations



Source: Private Equity Wire GP Survey Q1 2025

Figure 1.2 Private market trends that necessitate better data management



Source: Private Equity Wire GP Survey Q1 2025

diversification – with firms tapping new regions and types of asset owners for capital.

Per our survey, this is the primary driving force behind the growing sophistication of data strategies – as cited by 26% of firms (see Figure 1.2). Dan Costa, Head of Technology at ICG, says: "Each institution will require information in their own unique format and template. Manually extracting this data from excel for each request is time and resource intensive – a challenge that is intensifying as the investor base further diversifies.

"Automating and standardising these processes not only improves the client experience, it also creates a strong platform for scale."

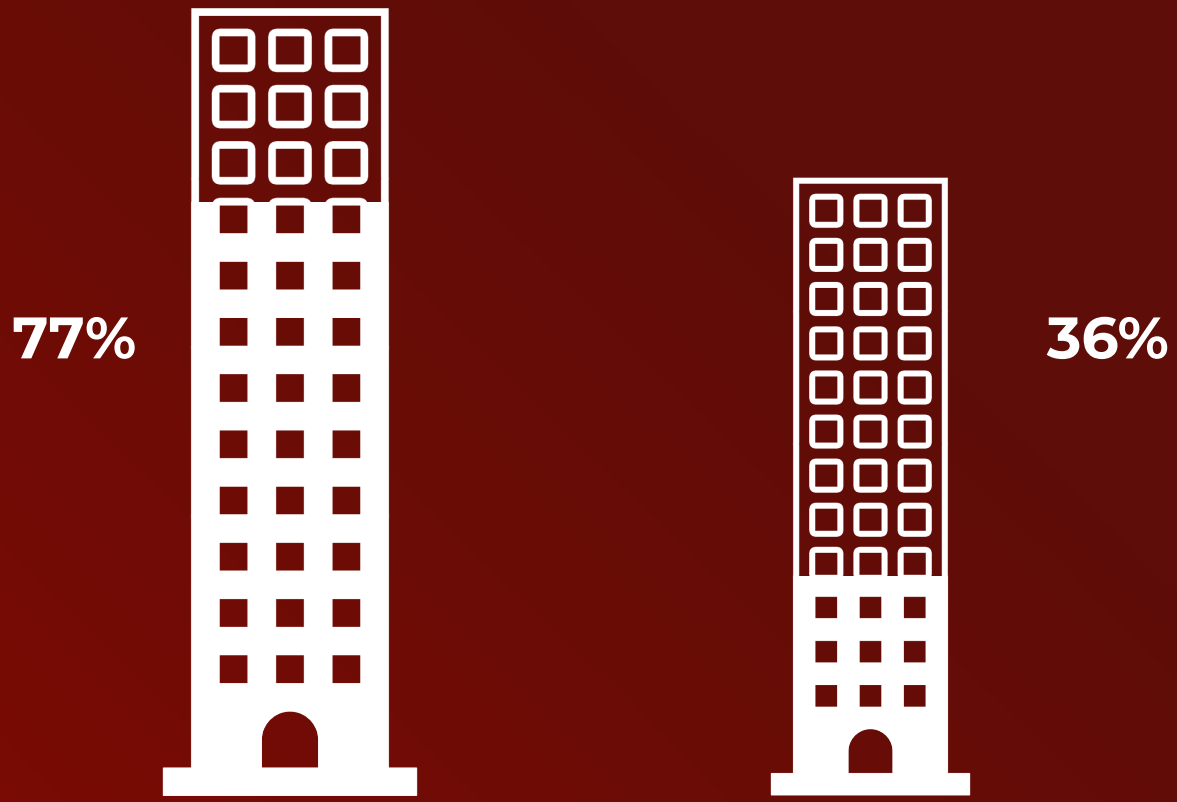
The same correlation can be drawn between firm size and diversity of the product suite – which ranked second in the driving forces for a more sophisticated approach to data, as cited by 22% of respondents. Private markets firms have been opportunistic in recent years, pivoting towards private credit, secondaries and a number of other asset classes that have enabled liquidity and return in an otherwise muted transaction landscape.

And as our survey shows, some strategies require a more systematic approach to data than others. Costa says: "On average, the volume of investments in a buyout fund is relatively small. A secondaries fund, by contrast, may have hundreds of positions to consider for each investment, which significantly expands the number of data points to consider.

KEY FINDINGS

The advantage of scale

Share of firms with advanced or sophisticated data management



INSIGHTS

Another data-rich area is multi-strategy investments, says Costa. “Investors engage across a variety of products, and demand unified overview of their exposures and performance across their portfolio.”

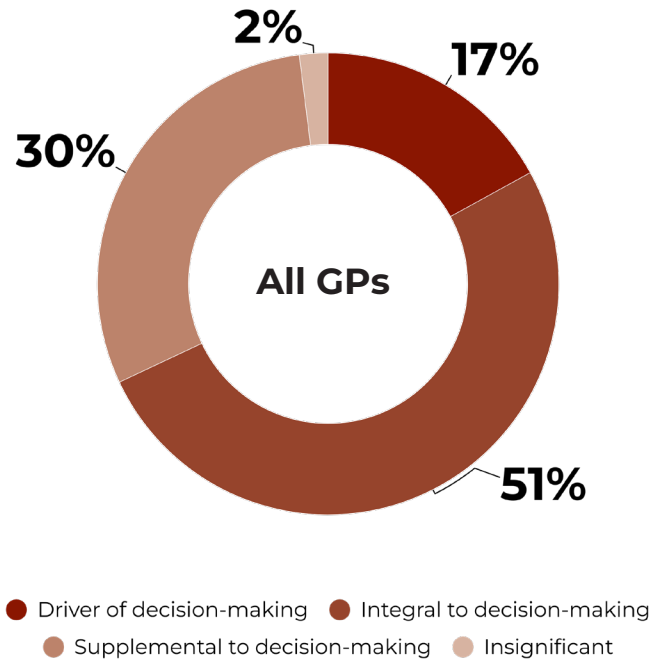
Clear distinctions can also be drawn in the manner in which data is leveraged from one asset to the next. Adri Purkayastha, the Global Head of AI Tech at a multinational bank compares private equity and private credit in this regard, placed in the context of due diligence. “In private credit, firms are fundamentally evaluating a company’s ability to service debt, as opposed to private equity – which requires a deep-dive into operational metrics. As a result, data when it comes to credit is broad but not deep, and lends itself more to a data marketplace where firms can benchmark returns and cashflows on multiple investments at the same time. New data models are also emerging for credit that enable better matchmaking.”

Private equity and the traditional buyout model presents a far more complex data problem, and longer holding periods amid a muted exit environment are only intensifying firms’ analytics and forecasting needs, says Purkayastha.

THE COMPETITIVE EDGE

These trends are not abating. The future investor base of private markets will very possibly contain a substantial retail element – taking diversification to the next level. The secondary market is growing more sophisticated each year, and private credit continues to see tremendous inflows. And as the market

Figure 1.3 Future role of data in private markets



Source: Private Equity Wire GP Survey Q1 2025

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Dan Costa
Head of Technology, ICG

Steps towards standardisation

In January 2025, the Institutional Limited Partners Association updated its reporting templates, in what CEO Jennifer Choi described as an effort to "usher in an era of even greater transparency, alignment and partnership".

The new standards were developed with input from the entire private markets ecosystem – including investors, managers and the service provider community. They feature the following:

- Tables to capture cash flows and fund- and portfolio-level transaction type mapping for transparency into the calculation methodology for performance metrics
- Standardized reporting for performance metrics, including IRRs and TVPI/MOIC, with designated breakouts for reporting the relevant gross and net figures with and without the impact of fund-level subscription facilities
- Two versions available to support GP's varying approaches fund level performance calculation methodology – one version on the basis of itemized cash flows (granular method), the other on the basis of grossed up cash flows (gross up method)

Implementation is expected to kick off in the first quarter of 2026, with firms now working to prepare ahead of that timeline.

continues to anticipate a deal rebound, valuations, value creation and forecasting will remain front and centre of the private equity playbook.

It's no surprise, then, that data is widely expected to take centre stage in the future of private markets. Per our survey, 17% of managers believe data will be a driver of decision-making in the future, and another 51% say it will be 'integral' (see Figure 1.3) . Nearly a third (30%) say it will act as a supplement, while only 2% consider this role to be insignificant.

Industry leaders believe it will present an all-important competitive advantage, and the advancement of AI will be a tremendous catalyst. Steve Jones, Head of Data Analytics at Livingbridge says: "Data will continue expanding beyond conventional financial metrics to include all kinds of digital footprints, customer usage data, web analytics, social media signals, and more.

"PE firms will likely capture and curate data far more selectively and purposefully, aligning it with specific business needs such as better forecasting, improved cash-flow visibility, or more targeted deal sourcing. AI and machine learning will become increasingly relevant, but to leverage them effectively, companies need to ensure the accuracy, completeness, and 'cleanliness' of their underlying data."

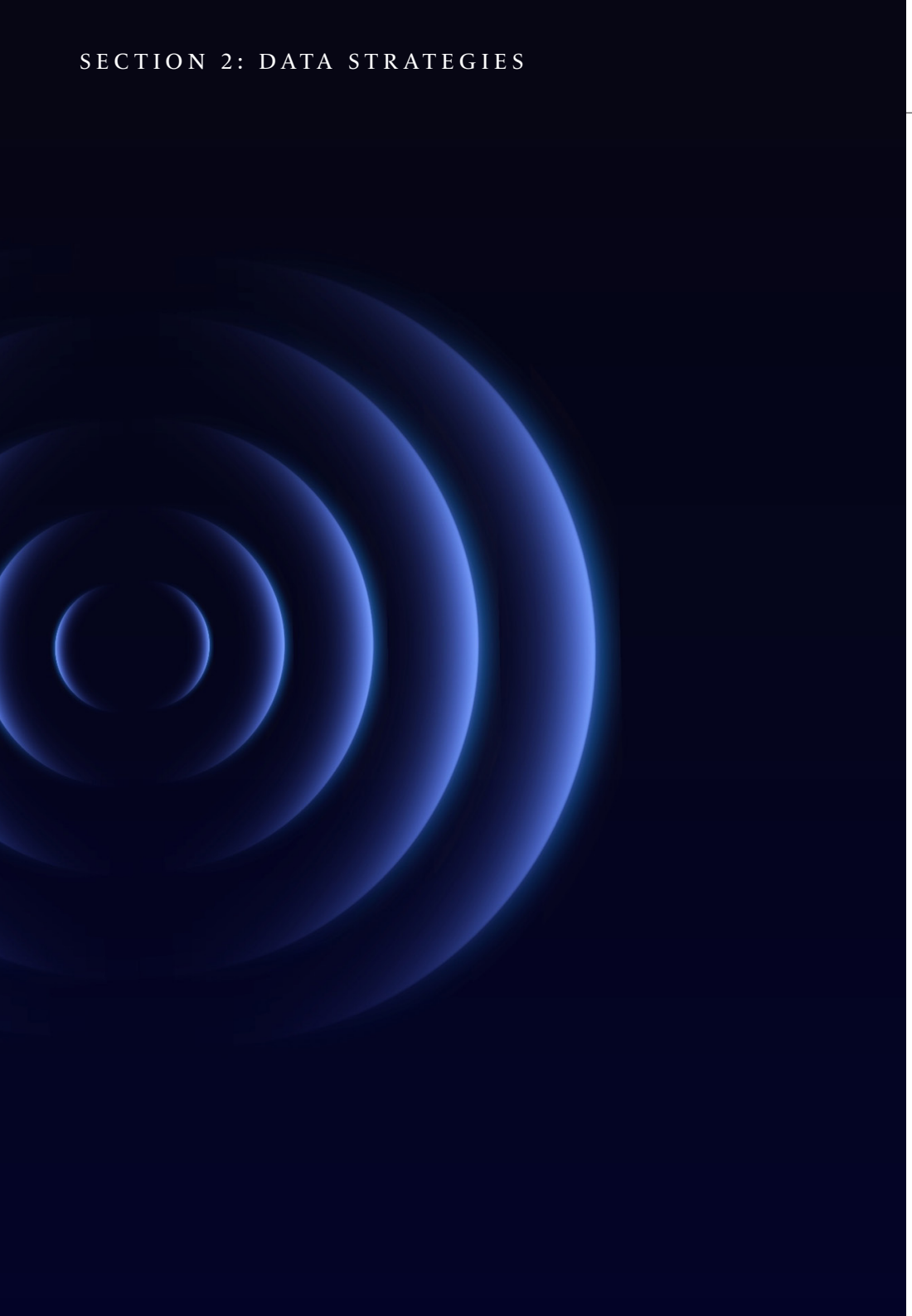
According to Luke Chan, Partner and Head of Private Credit at HighVista Strategies, firms that master these elements will "have greater speed to insight and a higher maximum level of insight". On the flipside, those that don't will "suffer from return degradation and a weaker ability to compete".

And there is much more value to be extracted. Jones says: "In practical terms, data will also be viewed as an asset, not just a tool for operational or financial reporting. Many companies will build 'data moats' – sets of unique data that differentiate them from competitors and may even be monetised directly. In time, the sophistication of data usage will factor into valuations, meaning that well-structured, 'AI-ready' data could boost exit multiples."

He adds that while widespread adoption is a few years away, data has undoubtedly moved to the "forefront of strategic thinking". In the next section, we will explore the most significant challenges facing firms when it comes to the implementation and adoption of data management strategies – and how these can be overcome to unlock future value.

KEY TAKEAWAY

Streamlining data is a slow process, but it's also just the first step – data can then be packaged, monetised and leveraged as a critical competitive advantage



A SINGLE SOURCE

The central challenge is to ensure data management initiatives are delivering tangible value – a pursuit that can be hindered at both the strategy and implementation levels.

A comprehensive data strategy is just as important as data itself. “Data, when seen as a commodity, is of little without being processed and packaged effectively – either to inform strategic decisions or to be sold as a product,” says Adri Purkayastha.

ACROSS THE LIFECYCLE

As it stands, the majority of firms leverage advanced data analytics either during investment research and origination (33%) or at the portfolio monitoring stage (20%) (see Figure 2.1). And when split by function, most firms (55%) leverage analytics for investment decision-making and performance (see Figure 2.2).

Steve Jones of Livingbridge explains: “Data is heavily leveraged at two main points: when first deciding whether to invest and later when accelerating value creation.

“Early in the lifecycle, particularly during diligence, firms need rich data to validate a target’s financial and operational performance. In many cases, this involves drilling down into customer metrics, churn rates, cohort analyses, pricing power, and so on. This is also where our in-house analytics teams help confirm or challenge the assumptions the deal team is making about the company’s growth prospects”

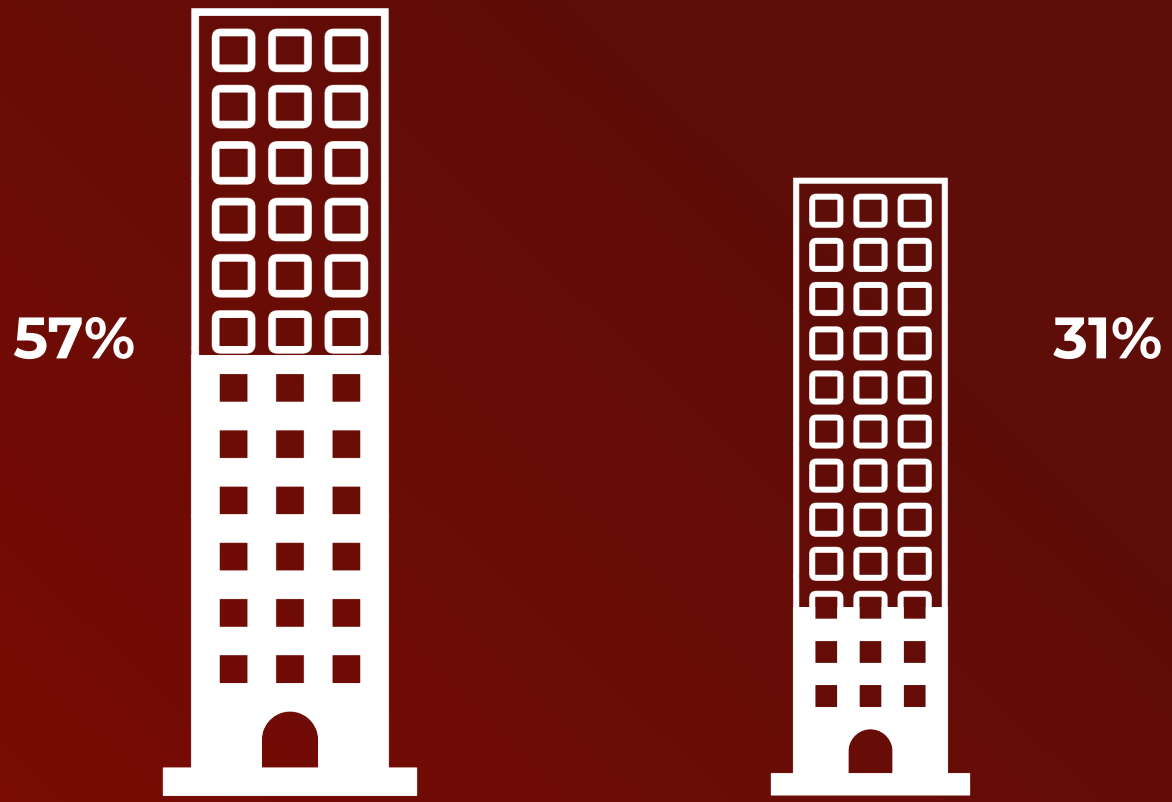
But there is far more value to be derived from data. Luke Chan of HighVista Strategies says: “It is a misconception to think data is most important during the front-end of an investment – that is, during research and origination. In fact, it is equally as important for monitoring/ managing investments and reporting to clients.

Dan Costa of ICG explains how creating a data package for investors is a substantial undertaking. “Firms need to collect data on: cashflows, which would come from an accounting engine; performance metrics, which

KEY FINDINGS

More to lose

Share of firms that leverage advanced analytics for risk management



INSIGHTS

are drawn from investments; reference data for classifications; valuation data; ESG metrics, to name a few requirements."

A lot has to happen behind the scenes to bring this information together, says Costa. A firm such as ICG has a broad range of investments and strategies – each with its own fund control and accounting team. Some strategies may have overlapping assets, while others will be unique. Where possible, there needs to be an alignment of naming conventions and data collection processes across all these teams for data to be consistent, making the data aggregation task easier.

Data has a role to play at the point of sale, too. Around 14% of firms use data to benchmark their transaction terms, while 8% directly state that they most leverage advanced analytics during exits. Purkayastha says: "Amid muted exit activity, price discovery is a significant challenge – as it's based on providing detailed operating metrics for potential buyers.

"Most of this is collected via third-party vendors that provide transaction or deals data with a 'point-in-time' view, which means the process needs to be repeated once valuations evolve."

He adds that the lack of standardisation in performance reporting from one sector and company to the next means valuations are still done on an ad-hoc basis. "Firms struggle to create predefined data models that can be used to underwrite investments, bucket their future asset value, measure operational value creation, or evaluate risk metrics for discounting."

The ideal would be a baseline data repository by sector, with information on a range of operating metrics – such as the costs of customer acquisition, sales and revenue – available de facto so it can be pre-computed and reported.

While many are focused on using data on various points of the investment lifecycle – primarily research and portfolio management – a notable 13% also state that they most leverage data analytics for internal/firm-level operations.

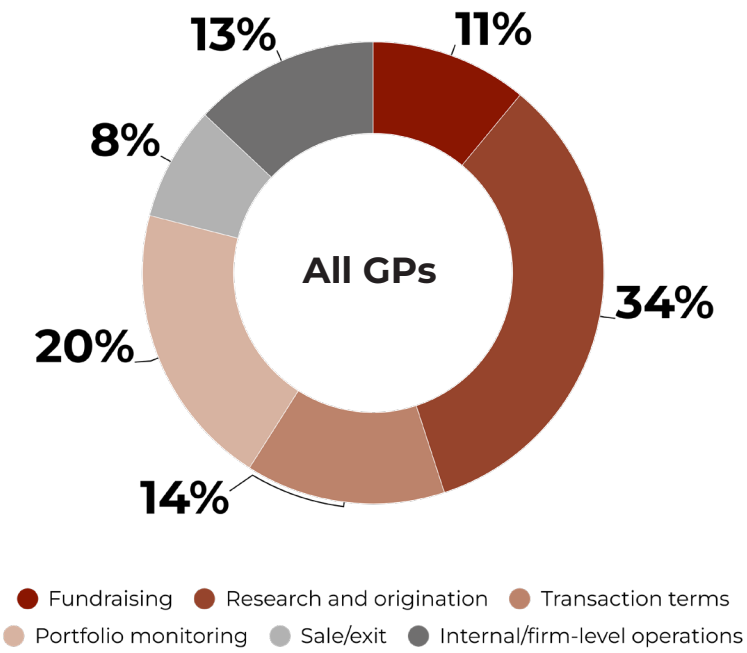
Split by function, more than a fifth (21%) of firms say they leverage analytics for risk management, while another 20% say they do so for accounting and reporting. A clear dichotomy emerges when splitting respondents by firm size – with risk management emerging as a key priority for larger firms ($5bn+ AUM) than their smaller counterparts.

And interestingly, a remarkable 85% of private credit managers leverage data analytics for risk management – far more than their counterparts in buyouts or secondaries – signalling the focus on managing exposure across an expanding set of lending portfolios, particularly in the non-sponsored space.

BUILDING COHERENCE

As firms build their data capabilities, there are significant obstacles every step of the way. The biggest, by some distance according to our survey, is data opacity and unavailability – cited by 42% of respondents (see Figure 2.3).

Figure 2.1 Phase of the investment lifcecycle in which advanced data analytics is most leveraged



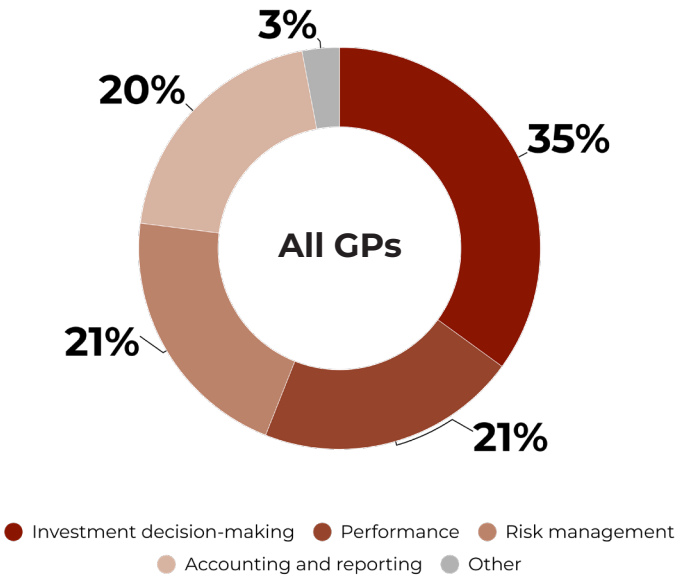
Source: Private Equity Wire GP Survey Q1 2025

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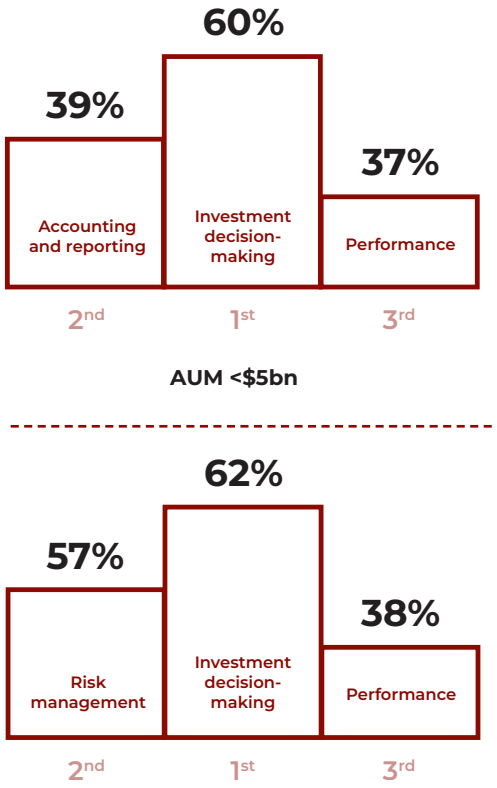
With so many databases available, the challenge is separating the relevant metrics from the noise.

Steve Jones
Head of Data Analytics, Livingbridge

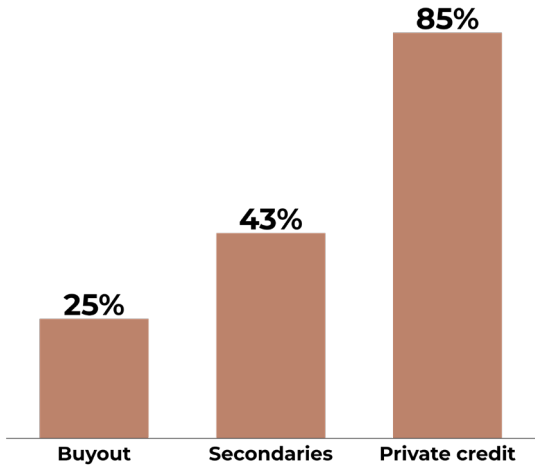
Figure 2.2 Function for which advanced data analytics is most leveraged



Breakdown of functions by firm size



Share of firms that leverage advanced data analytics for risk management – by strategy



Analyst note: Multiple choice question

Source: Private Equity Wire GP Survey Q1 2025



AMY KENNELLY
VP, **Arcesium**

SPOTLIGHT ON CUSTOMISATION

Spreadsheets remain at the heart of the data processing universe in private markets – both among investors and managers – according to Amy Kennelly of Arcesium.

She says: "When investors are aggregating their underlying exposures and performance in spreadsheets, they're demanding input in the same format from managers. And a significant amount of customisation is involved from one investor or institution to the next – in regards to how data should be represented."

Demand surge

Ongoing trends in private markets are challenging the long-term viability of the spreadsheet operating model, or of bespoke internal systems.

One is investor diversification, which brings a range of idiosyncratic data needs. "When it comes to due diligence questionnaires, for instance, large institutions will have different questions from endowments, or family offices. Some will require qualitative input, others quantitative. And depending on their level of sophistication, some will be happy with a standardised data set, while others will require more customisation," says Kennelly.

Longer asset holding periods in private markets are intensifying these demands. What used to be an annual investor report has transformed into regular updates on historical risks, exposures and performance reports – for investors increasingly seeking interim liquidity solutions.

Portfolios themselves are growing more complicated – with funds now diversifying into high-opportunity asset classes and industries. "Funds differ in the type and frequency of their audits and data collection for valuations. Some will gather information weekly, others monthly. Funds valuation committees may also differ in their assessment of the same assets or portfolios."

Investors and managers are faced with the tremendous task of collating and analysing these vast pools of disparate data.

The data core

In the best case scenario – at the cutting edge of the market – Kennelly says firms are equipped with a unified repository of formatted, queryable data. A single source of truth, where investors and managers alike are two clicks away from obtaining the information they need, in the desired format.

And there is certainly progress along these lines – a more sophisticated investor base is eliciting a data-driven approach from many of Arcesium's clients across the private markets landscape.

But there are sizeable barriers, too. Kennelly highlights that a single source of truth is the result of standardised practices across an organisation – with consistency of input, and subsequent harmonisation and hygiene.

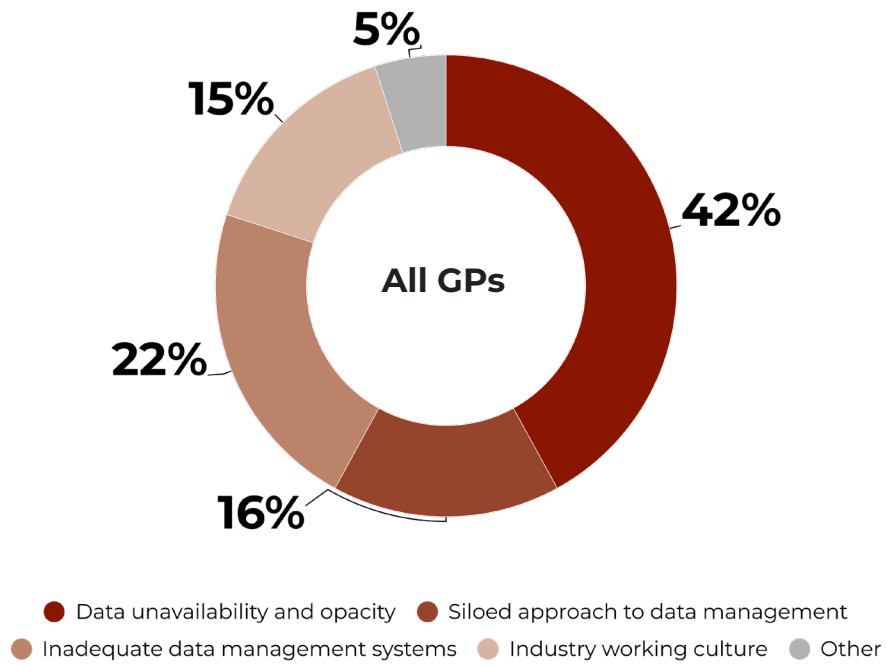
"Maturity is one factor to consider: A firm may have been in existence for 30 years, and have certain practices in place that need either to be maintained or adapted. Professionals are creatures of habit, and behaviours and workflows may differ from one department or generation to the next. Some may still work with pen and paper or whiteboards, others will use spreadsheets, and a few may be using an advanced suite of digital tools."

Catalysts at play

Standardising practices is a tremendous task, both within individual firms and when it comes to the private markets industry as a whole. Progress here hinges on a chain of incentives, says Kennelly.
"Effective organisational change comes when there is a strong and consistent message from firm leadership. The strength of this message, in turn, depends on two external forces – investor demand and regulatory pressure.

"Currently, the more sophisticated side of the investor landscape is pushing firms to develop their data strategies. Once this hits a critical mass, we'll see more widespread change. Regulatory pressure to standardise industry practices, meanwhile, has been an ongoing journey for a decade now – it remains to be seen how new administration and policy changes affect developments in this space."

Figure 2.3 Biggest barriers to use of data in private markets



Source: Private Equity Wire GP Survey Q1 2025

Indeed, in an industry that prides itself on bespoke-relationship-driven opportunities, many view opacity as a competitive advantage. Jones offers the contrary view, stating that an abundance of data may also present a problem. "With so many databases available, the challenge is separating the relevant metrics from the noise. The goal in an investment process is still to assess the fundamentals – management quality, product-market fit and long-term potential. If analysts obsess over the minutiae of data at the expense of these strategic questions, they risk missing the bigger picture."

The second biggest challenge cited by 22% of firms is the inadequacy of data management systems. Costa says: "AI can go a long way in solving the problem of unstructured data, by reading and digesting pdfs for instance. There are a range of other tools that can extract data from source systems, incorporate TPA systems and support with other functions. We work with third parties to support with implementation and integration of these systems across the lifecycle."

Still, when it comes to deal sourcing and origination, Costa says whilst there are tools out there to help make the process more efficient, there's no substitute for well curated networks and relationships to help source deals.

This may be partly due to the inadequacy of systems and reporting capabilities at the portfolio level. Jones says: "Not all portfolio or target companies are equally prepared to supply the necessary data. Some do not have good internal systems, or they capture the wrong

> Firms have ramped up the employment of data scientists and data-savvy portfolio executives in recent years.

data, or the data is riddled with inconsistencies. This means that even when a PE house wants to adopt a data-driven approach, they may be constrained by the company's operational realities."

According to Purkayastha, the systems available on the market have tremendous value to add – provided firms have a concrete idea of what they require. He says: "Tech investments boil down to the art of the possible – knowing the full breadth of features available within each tool, and across the market. In the past few years alone, there have been step changes in the manager in which unstructured data can be computed and leveraged for insights through Large Language Models. GenAI can be used to create decision-making engines that don't just repeat processes through loop codes, but decide the best course of action for each situation."

No doubt, talent will still be a crucial component to process these insights and make investment decisions, but the skillset is certainly evolving. Purkayastha observes that firms have ramped up the employment of data scientists and data-savvy portfolio executives in recent years. In time, firms will separate themselves based on how much leeway, time and decision-making power is given to these individuals.

This also raises the point of change management within the business – which requires a comprehensive data strategy, focused on value, and driven from the top (see Boxout). Purkayastha says: "Knowing what is available should certainly play a role in decision-making, but the supply should not purely drive demand and adoption – as this can lead to hype investing. Instead, it should be a combination of the two."

Jones says: "Simply stating 'we want a single source of truth' is not a strategy in itself; it is merely a technical capability. Aligning the data strategy with the commercial roadmap is the key. If you are not solving tangible business problems, the data strategy risks becoming a vanity project. Ultimately, a coherent, outcome-led approach ensures that data management efforts truly drive value creation rather than becoming an IT exercise."

In time, a value-driven data strategy not only promises a more coherent approach to data across the organisation, but also ensures a higher rate of adoption – both of which are lacking in significant parts of the industry.

KEY TAKEAWAY

A coherent data strategy, driven by clear value and implemented from the top down is critical for firms to unlock the potential of their vast data reserves.

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