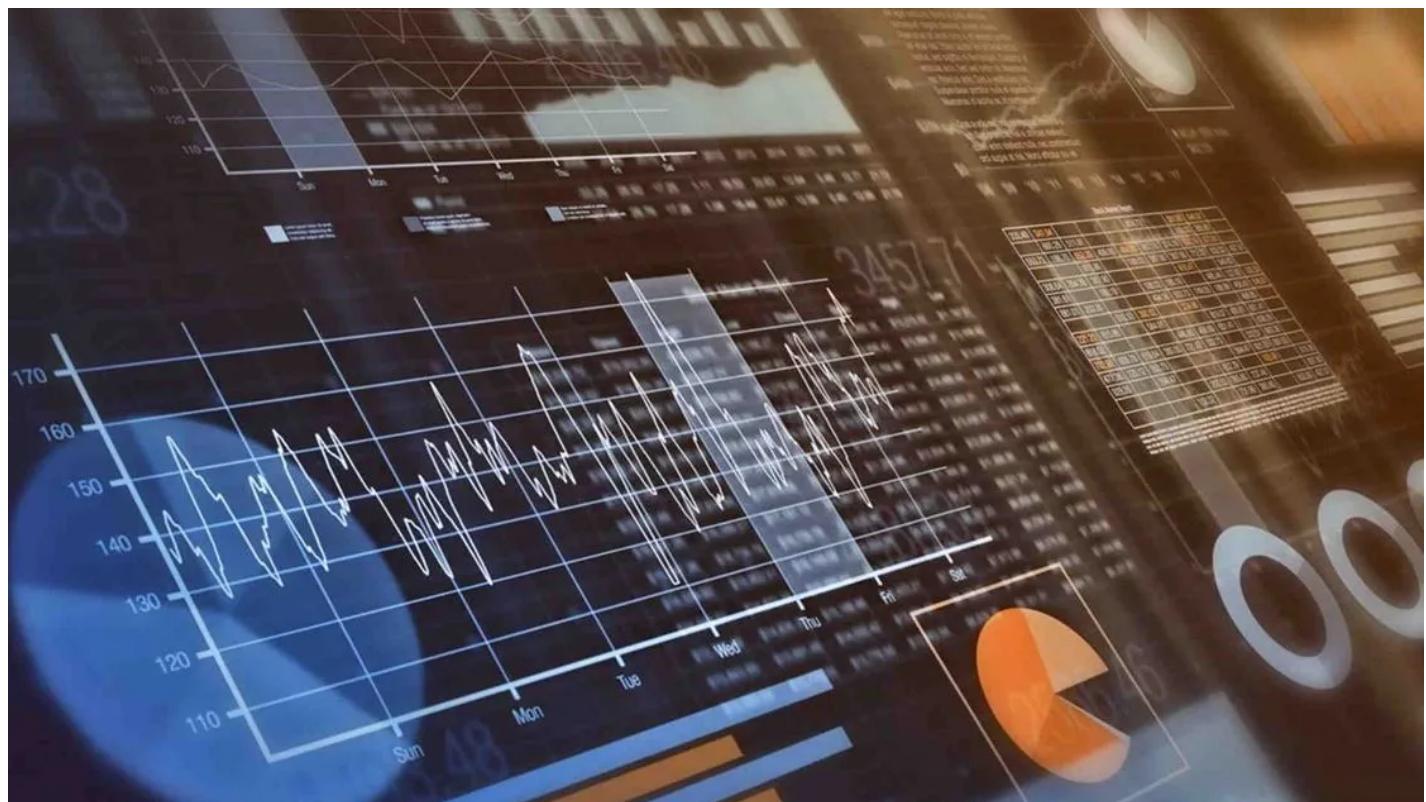


Private Equity: Why an integrated ecosystem is a must have

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The upheaval of Brexit, then a global pandemic. It's certainly been an interesting year for private equity (PE) firms. But with the industry's appetite for new deals growing all the time and SPACs making a splash — plus [global dry powder estimated to be around \\$1.9trn](#) — 2021 is promising to be a big year for PE firms.

However, uncertainty is rife and existing challenges that pre-date the pandemic still loom large. With investors demanding greater transparency on the ethical origination of funds, intensifying competition for both investment opportunities and top talent, and enhanced regulation - private equity firms have numerous key challenges to address in 2021.

The challenge and opportunity - where private equity firms are lagging

We see a huge opportunity for private equity firms to optimise their technology strategy through leveraging an integrated ecosystem. Our experience to-date has shown firms typically run very lean Technology & People operations, suffering from ad hoc processes, siloed client data and non-enterprise systems, creating significant inefficiencies – making it challenging for the business to take the full advantage of the growth opportunity in 2021 onwards.

To make the most of the predicted boom in private equity deals and to alleviate the pressure of these industry-wide challenges, you need a solid & scalable technology foundation. One that offers reliable collaboration, transparent insights and data services, robust security, and the agility to meet investor expectations and seize optimal investment opportunities in the blink of an eye.

The advantages of the integrated Microsoft ecosystem?

The Greek philosopher Aristotle once asserted that “the whole is greater than the sum of the parts” – there is a clear rational for the Microsoft ecosystem being a great example of this. The Microsoft platform is compelling for private equity firms, with each individual workload positioned as a Leader by Gartner, but when brought together as a single integrated ecosystem aligned to a tangible digital transformation strategy, the value is exponential and market leading.

With PE firms seeking to operate as efficiently as possible, choosing Microsoft as the central platform makes sense – you can integrate with your existing workplace platforms, whilst having the confidence to innovate in new areas of your business with the same trusted technology brand and common expertise.

For example, modernising your Fund Portfolio Monitoring may sound complex and daunting due to the scale of the challenge alone, and the question of selecting a risky boutique product for a business-critical process may slow down this project. By selecting the Microsoft ecosystem, private equity firms can be re-assured they are innovating with market leading platforms as positioned by Gartner, that natively adopt evergreen security updates and feature enhancements without the risk of 3rd party integrations breaking. Furthermore, firms have a choice between building upon their existing Microsoft expertise in-house – or can select the traditional private equity approach of outsourcing IT change and run due to limited internal headcount.

When embarking on digital transformation programmes, often the largest cost is the integration and operation of disparate 3rd party solutions, seeking to create an easy-to-consume ecosystem for end users. For this reason, there is an increasingly common theme across the IT industry towards providers seeking to create their own ecosystem. For example, Salesforce has recently sought to expand out of its CRM core area, acquiring workplace collaboration platform Slack, alongside API integration specialist Mulesoft, seeking to create a similar interconnected ecosystem.

With \$15 billion of R&D investment, Microsoft has been leading with this strategy for the past 10 years focusing on the benefits of an integrated platform for both delivery and operations. Leading with Microsoft Teams as the central employee collaboration hub, Microsoft has enabled an easy-to-consume ecosystem with native integrations and natural entry points into the rest of the platform. These can clearly be seen within each individual workload; for example, Power BI reporting natively integrated in Dynamics 365, two-way data & contact sync between D365 and Outlook, and Power Platform operating as the backbone stitching everything together just as a few examples.

Microsoft’s portfolio is a perfect for private equity firms that are trying to keep things simple, whilst delivering an efficient, standardised & scalable experience – flexible to rapidly expand in line with your growth & acquisition aspirations. IT can become a true enabler, not just a cost of doing business.

The 3 steps to accelerate your transformation

1) Develop a transformation roadmap to create executive support

An idea of where you’re going and where you need to be to best support your business means you can understand which systems to utilise, and when. With the breadth & depth of the Microsoft ecosystem, mapping your business priorities to tangible technology choices & digital themes is quickly achievable & rapidly rewarding. This doesn’t need to be a highly complex exercise initially – with the right minds and approach, a high-level roadmap & business case can be created in 2-3 days.

2) Leverage accelerators tailored to private equity to speed up your transformation

We’ve helped many private equity firms define their Microsoft transformation strategy and have developed various industry accelerators – a blend of software and methodology that increases a business’s speed and efficiency. A few examples of these are our Dynamics 365 accelerator for Investor Relations & Deal Teams, Workplace Experience Deal Team Provisioning Asset, and an Excel to Azure accelerator that breaks down legacy spreadsheet webs, moving firms to an intuitive Business Intelligence Data Platform leveraging Power BI and the wider Microsoft Power Platform.

3) Proof of value-based delivery approach – iteratively delivering value to ensure programme momentum and increased business support

It won’t be a surprise to anyone that the regulatory requirements and complex cross-region nature of Financial Services can often create challenging transformation programmes.

Our experience has taught us to take one step at a time. Through an 80/20 trusted advisor approach– 80% of the value in 20% of time – we recommend our clients focus on 3-5 key workstreams to deliver tangible business progress against the overall transformation plan in a rapid period of time, whilst not overwhelming their internal organisation with too much change at once.



With the Microsoft ecosystem you're able to work in an agile, iterative manner delivering a 'proof of value' first, and iteratively progressing towards a minimum viable product. This helps to continually prove the business case and justify investment, whilst allowing flexibility for business requirements and priorities to change.

Take the first step

If you'd like to hear more, understand how other private equity firms are operating, or compare your transformation blueprint vs our recommended approach, [register today](#) for Avanade's one-hour Capital Markets Innovation session.

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