

Next-Generation Impact Investing

A technology perspective



A New Investment Era

NEW REALITY

After years of record-breaking investment and fundraising activity and a faster-than-expected recovery from the pandemic, the private capital market seems to be facing a new reality. Inflation and rising interest rates result in higher costs of capital and have an impact on valuations.

POST PANDEMIC REALISM

These changing market conditions learned us the following:

- Investors increasingly focus on acquiring targets on with 'healthy fundamentals' and the market moves to more sustainable investment strategies;
- The ESG profile of a PortCo directly affects its valuation;
- An fast increasing number of traditional investors incorporate non-financial metrics in their post-investment plans;
- Impact investing is here to stay if impact investors manage to generate the projected financial returns for their LPs.



Data as Key Differentiator

CHANGING MODELS

Over the course of the last few years, the world's leading fund managers set themselves up for a new era of investing. Where the traditional venture model relied primarily on carefully cultivated personal networks, historical pattern recognition and "gut-feel" to make and manage investments, investors in the new era leverage their data.

FACTORS DRIVING CHANGE

Driven by an increasingly international playground, introduction of new reporting standards, growing requirements from LP's, and the need for deep domain expertise by ventures, returns will more and more be defined by the optimal use of the information dominant position of investors.

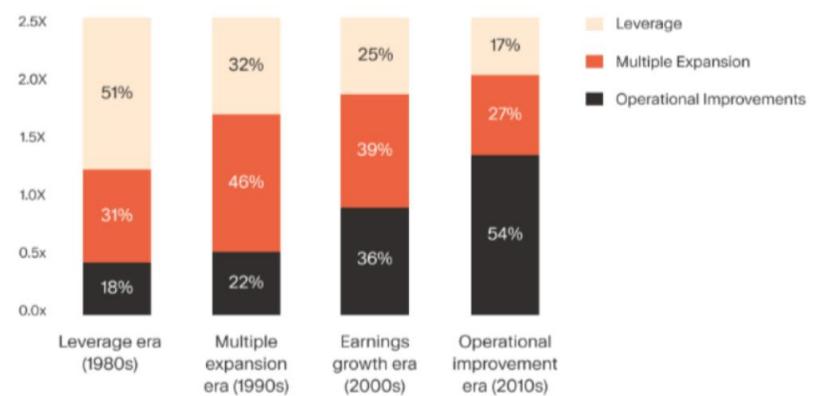


PROPRIETARY DATA

More and more investors realize they 'sit' on a lot of (unused) valuable proprietary data that could form their competitive advantage in the next years. They understand data is their key differentiator. Next-generation investment firms are built around data:

- when fundraising at and reporting to LPs
- when monitoring and working with management teams
- when sourcing, screening and analyzing potential investments

Private Equity has Shifted Away from Leverage As Share of Value Creation



Sources: Goldman Sachs; BCG-IESE estimate. % as source of value

Leverage Data as GP

So, how does data specifically help VC and PE investors? The application of a data-driven strategy makes sense in a few domains as it has most impact here:

1. **Fund management:** data helps a GP tell its story to LPs. For GPs without a track record, it quantifies their domain expertise, network and the potential of their investment strategy. GPs with a track record use data to proactively inform their existing LP base.
2. **Monitoring portfolio companies:** data supports both the investor and the management team in monitoring the PortCo's performance. Over time, it will become a source of truth that identifies value creation potential and enables investment managers to steer on key business drivers, both financial and non-financial. It will bring the discipline needed to realize a successful exit
3. **Screening for better targets to buy:** with hundreds or maybe thousand of leads to assess every year, the introduction of a standardized analysis framework that captures data in a consistent way, brings enormous value to the investor as it optimizes decision making by spotting opportunities and identifying risks at new incoming leads quickly.





What's Holding Investors Back?

UNTAPPED POTENTIAL

Despite the large potential of data to realize greater returns, investors struggle to incorporate data-driven investment strategies in their practices. This definitely holds for investors in the relatively young impact investment class, that feel an urgent need to start using data but have difficulties finding out where to start. Often, these investors already made a start by gathering and structuring their investment data, but quickly bumped into challenges that put their initiatives on hold.

KEY CHALLENGES

The following challenges make it hard for impact investors to use data as their key differentiator:

1. Takes a lot of time to gather and structure data
2. Lack of an overview that combines all data and provides one source of truth
3. Growing reporting requirements from multiple stakeholders that make reporting increasingly challenging

Venturelytic introduces: a dedicated

Investor Data Platform

that empowers investment teams
to run next-generation funds

- All data in one place
- A single source of truth for reporting
- Unlock portfolio value



Why Do Investors Move to a Data Platform?

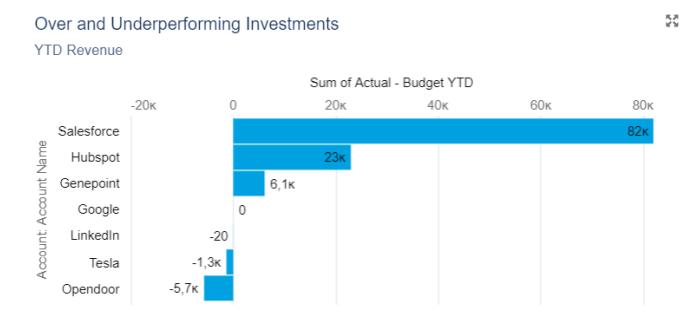
FOUNDATION FOR SUSTAINABLE RETURNS

Over the course of the last years, a huge spike in the adoption of tools could be observed among funds. While most investors to date use a combination of pipeline or CRM software and spreadsheets to manage their investments, a large majority feels they don't fully capitalize on their data dominant position. A few years into their investment period, fund managers usually start preparing the fundraising process for a follow-on fund. It's during that phase that GPs realize they need a dedicated investor data platform as a foundation for sustainable returns in the long run.

BIGGEST BENEFITS

The following elements of an investor data platform are named as the biggest benefits:

1. Streamline data collection: gather all sorts of investment data, automate monthly PortCo data requests and combine data from multiple sources into one view.
2. A single source of truth: all investment data within one platform allowing investors to fulfill any reporting requirement with ease and confidently inform LPs.
3. Redefined portfolio management: being fully in control by proactively monitoring investments and their performance allows investors to unlock company value.



Account	General	Team	ESG	Product	Market	Competition	Traction
Genepoint	55,00	50,00	25,00	55,00	45,00	40,00	75,00
Google	0,00	90,00	20,00	80,00	90,00	100,00	55,00
H&M	55,00	30,00	35,00	35,00	70,00	20,00	45,00
Palantir	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Salesforce	0,00	80,00	0,00	90,00	60,00	70,00	55,00



Take the First Step

INITIAL ASSESSMENT

The key to every investor's success lies in its strategy. In a first step, ambitious impact investors could assess the likelihood with which their current set of tools helps them reaching their fund's long term goals. During this analysis, investors often find out that their stack might be suited in the short-term, but lacks capabilities to realize significant long-term returns, by unlocking portfolio value.

IMPACT IN DIFFERENT FUND STAGES

The outcome of this assessment determines the impact an investor data platform could have on a GP's practice. Whether the fund just had its first close and the GP wants to build on a future-proof system, or is already up-and-running for years when the GP sees the need for something more professional than their pipeline or standard CRM system, investors in any stage will at some point want to identify how much added value could be delivered to their portfolio companies and their LP's with the adoption of a investor data platform.



SECTION 1 INVESTING IN THE FUTURE – WHAT DOES ESG MEAN FOR EUROPE'S TOP INVESTORS?



KEVIN
TURPIN
Colliers



ANNA
DUCHNOWSKA
Invesco Real
Estate



HAJO
ENGELKE
Westbridge
Advisory
International



ADRIAN
KARCZEWCZ
Skanska



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Activate your Capital

Let's talk about how Venturelytic's Investors Data Platform could empower your team to execute

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